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The accounting profession and the National Greenhouse and Energy Reporting System: a critical discourse analysis

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School of Accounting, Economics and Finance

The Accounting Profession and the National Greenhouse and Energy Reporting System: A Critical Discourse Analysis

Mohammed Khalaf Alshammari

This thesis is presented as part of the requirements for the Award of the Degree of Doctor of Philosophy from the University of Wollongong

2016
CERTIFICATION

I, Mohammed Khalaf Alshammari, declare that this thesis, submitted in partial fulfilment for the ward of the Doctor of Philosophy, in the School of Accounting, Economics and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Mohammed Khalaf Alshammari
2016
ABSTRACT

The Australian Federal Government in its effort to fulfil its commitment to solving the global issue of climate change established the National Greenhouse and Energy Reporting Act (NGER Act). The State through its Department of the Environment and Water Resources (DOEWR) initiated a consultative process to develop the National Greenhouse and Energy Reporting System (NGERS) and issued the Regulations Discussion Paper (RDP) in 2007. The public submissions from three professional firms are the focus in this thesis in order to examine the role that the accounting profession played in the development of the NGERS.

Critical Discourse Analysis (CDA) is used, as developed by Fairclough (1989, 1992, 1993, 1995, 2001, 2003, 2006, 2009), to interrogate the submissions from text level, discursive practice level and social practice level. In addition, the texts are analysed with an emphasis on their experiential, relational and expressive values. Consistent with CDA, the views of Fairclough on hegemony and ideology are used as theory to interpret the findings.

The analysis of the submissions reveals a dialectical relationship between the three professional firms and the State (DOEWR). Three agenda items or moments were common in the submissions and the RDP, namely: an Emission Trading Scheme (ETS), reporting system and audit and assurance. At the level of text, the three professional firms asserted their authoritative status in developing an ETS, reporting system and audit and assurance, based on their knowledge and experience of these moments. The level of discursive practice reveals a power struggle between the three professional firms and the State. The State selected international reporting standards, such as GHG Protocol and ISO 14064 while the three professional firms argued for standards set by the International Auditing and Assurance Standards Board (IAASB). The level of social practice revealed a possible compromise between stakeholders, as it can be inferred from subordinate legislation of the NGERS.

The transdisciplinary approach of this thesis contributes to the existing accounting literature on the role of the accounting profession in the global arena of climate change. This thesis shows the importance of analysing public submissions to an initial consultative process for NGERS. The culminating influence on the early legislation of NGERS signals a contested arena for the accounting profession and the State.
DEDICATION

To My country, the Kingdom of Saudi Arabia

إهداء لوطني المملكة العربية السعودية
ACKNOWLEDGEMENTS

I believe there is a God, continuously inspiring and showing me the way to light.

All thanks go to the Ministry of Higher Education, Saudi Arabia, for giving me the scholarship to accomplish my studies in the English Language, Master Degree and Doctor of Philosophy. My hope is that I can use my knowledge and experience to contribute along with others in building my country, Kingdom of Saudi Arabia, so help me God.

Inside me, in the bottom of my heart, deep respect down to earth, to my supervisors, the patient and the human being, A/Prof Mary Kaidonis and Prof Brian Andrew for their fairness, friendship and kindness. I believe I was able to immerse myself deeper in their knowledge and experience, so I have got it. They always keep advising me “Mohammed never stop reading knowledge”. And openly reveal to me, we, human being, are capable, creative and innovative beings, we have tremendous and wonderful potentialities. We are the human of the past, present and future, who undoubtedly construct and change the history. They open my mind to think logically not only about the accounting practices and rules, but the context where it operates. I also acknowledge the support of A/Prof Lee Moerman, for the comments and suggestion during my early journey in my PhD. I also acknowledge the support of the School of Accounting, Economics and Finance, University of Wollongong, Australia.

This thesis is owed to my father and mother, my father in law and my mother in law, to my wife and my creative and innovative sons, to my brothers and sisters. I am also so sorry for not having the opportunity to thank all those who help me to have my PhD done.
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KPMG submission to Regulations Discussion Paper

Ernst and Young (EY) submission to Regulations Discussion Paper

PwC submission to Regulations Discussion Paper

Concluding on social practice

Concluding on methodology

Concluding on textual analysis

Introduction

KPMG submission to Regulations Discussion Paper

Ernst and Young (EY) submission to Regulations Discussion Paper

PwC submission to Regulations Discussion Paper

Appendix 1: Submissions to the RDP in 2007

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<th>Description</th>
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<tbody>
<tr>
<td>AETS</td>
<td>Australian Emission Trading Scheme</td>
</tr>
<tr>
<td>AIFRS</td>
<td>Australian International Financial Reporting Standard</td>
</tr>
<tr>
<td>ALP</td>
<td>Australian Labor Party</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investment Commission</td>
</tr>
<tr>
<td>ARSB</td>
<td>Accounting Standard Review Board</td>
</tr>
<tr>
<td>CER</td>
<td>Clean Energy Regulator</td>
</tr>
<tr>
<td>CO₂e</td>
<td>Carbon dioxide equivalent</td>
</tr>
<tr>
<td>CAF</td>
<td>Compliance Assurance Framework</td>
</tr>
<tr>
<td>CDA</td>
<td>Critical Discourse Analysis</td>
</tr>
<tr>
<td>CPA</td>
<td>Certified Practising Accountant</td>
</tr>
<tr>
<td>CPRS</td>
<td>Carbon Pollution Reduction Scheme</td>
</tr>
<tr>
<td>DCC</td>
<td>Department of Climate Change</td>
</tr>
<tr>
<td>DCCEE</td>
<td>Department of Climate Change and Energy Efficiency</td>
</tr>
<tr>
<td>DOEWR</td>
<td>Department of the Environment and Water Resources</td>
</tr>
<tr>
<td>DOI</td>
<td>Disclosure of Information</td>
</tr>
<tr>
<td>ETS</td>
<td>Emission Trading Scheme</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EY</td>
<td>Ernst &amp; Young</td>
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<tr>
<td>FRRP</td>
<td>Financial Reporting Review Panel</td>
</tr>
<tr>
<td>GHG emissions</td>
<td>Greenhouse Gas emissions</td>
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<tr>
<td>GHG Protocol</td>
<td>Greenhouse Gas Protocol</td>
</tr>
<tr>
<td>GEDO</td>
<td>Greenhouse and Energy Data Officer</td>
</tr>
<tr>
<td>IAAASB</td>
<td>International Auditing and Assurance Standard Board</td>
</tr>
<tr>
<td>IASB</td>
<td>International Accounting Standards Board</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>IOD</td>
<td>Institute of Directors</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
</tr>
<tr>
<td>ISAE</td>
<td>International Standard on Assurance Engagements</td>
</tr>
<tr>
<td>KPMG</td>
<td>Klynveld Peat Marwick Goerdeler</td>
</tr>
<tr>
<td>LPA</td>
<td>Liberal Party of Australia</td>
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<tr>
<td>NGERS</td>
<td>National Greenhouse and Energy Reporting System</td>
</tr>
<tr>
<td>NZBR</td>
<td>New Zealand Business Roundtable</td>
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<td>PwC</td>
<td>PricewaterhouseCoopers</td>
</tr>
<tr>
<td>RIS in 2006</td>
<td>Regulatory Impact Statement in 2006</td>
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<tr>
<td>WRI</td>
<td>World Resources Institute</td>
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<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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CHAPTER 1: INTRODUCTION

1.1 Background

The realisation of the potential impact of climate change on current and future civilisation (Stern, 2006, Intergovernmental Panel on Climate Change (IPCC), 2007) has posed a substantial challenge to various disciplines, including accounting, to keep up with global change. Australia is considered the highest emitter of carbon emissions per capita (Garnaut, 2008, 2011). Figure 1.1 compares Australia’s per-capita emissions to the averages for Organisation for Economic Cooperation and Development (OECD) countries and the world.

Figure 1.1 Emissions per capita (Department of Climate Change (2008); International Energy Agency (2007), cited in Garnaut, 2008)

More specifically, the ratification of the Kyoto Protocol (1997), an international agreement administered by the United Nations Framework Conventions on Climate Change (United Nations, 2005), by the Federal Australian government urged to seriously reduce its Greenhouse Gas (GHG) emissions.
On 3 December 2007, the then Australian Prime Minister, the Hon Kevin Rudd, signed Australia's instrument of ratification of the Kyoto Protocol. This instrument was accepted on 12 December 2007. Australia's ratification came into effect on 11 March 2008 (Department of Climate Change, 2011).

Climate change constitutes a significant contemporary issue which has been addressed from a practical perspective within political and institutional arenas and across many fields of knowledge. Given the high priority of environmental discourses and the neoliberal social order (Andrew et al., 2010; Bailey, 2007; Bailey & Marech, 2009; Beder, 2006a, 2006b; Bulkeley, 2005; Dryzek, 2005; Lemos & Agrawal, 2006; Lippit, 2005; Lohmann, 2006, 2009a, 2009b, 2009c, 2010, 2011) and the call for substantial ethical consideration of economic growth (Maila & Pitsoe, 2012; Odekua et al., 2013), this thesis is informed by a number of disciplines. It adopts a “transdisciplinary way” with particular reference to the view of Fairclough (1992, 2006, 2009) on discourse in a serious cultural turn (Jessop, 2004) to investigate the disclosure of GHG emissions as significant scheme within NGER Act 2007. Bebbington et al. (2008) suggested the focus of accounting has dramatically shifted from pure traditional financial practices to include environmental matters.

Accounting has already started to be implicated in the consideration of environmental issues and the probability is that its involvement will develop further over the coming years. As greater acknowledgement is given to the role of human agency in the environmental sphere, the need for different approaches to both conceiving and acting upon human and organizational interaction with the environment has started to be recognized, albeit still far too slowly (Hopwood, 2009, p. 433).

Accounting is not a neutral act. It influences and is influenced by the context in which it operates (Burchell et al., 1980; Carmona & Ezzamel, 2007; Cooper &
I shall focus on how accounting might influence or be influenced within the phenomena in question:

Accounting is, above all, an attempt to intervene, to act upon individuals, entities and processes to transform them and to achieve specific ends. From such a perspective, accounting is no longer to be regarded as a neutral device that merely documents and reports “the facts” of economic activity (Miller, 1994, p.1).

In this sense, accounting may be seen as the visible hand of the accounting profession, which is “one of several organised groups that need to constantly negotiate its relationship with other core sets of interests” (Chua & Sinclair, 1994, p.672). Large audit firms such as Deloitte, Ernst and Young (EY), KPMG and PwC have been referred to as interchangeable with the accounting profession as a whole for a number of reasons including: they are sites of professionalisation (Cooper & Robson, 2005); they have dynamic alliances with major economic corporations (Cortese et al., 2010); and they have historically played a proactive role in influencing accounting practices and rules (Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994; Cooper et al., 1989; Cooper & Robson, 2006; Kaidonis, 2008; Mitchell & Sikka, 2011; Puxty, 1990; Puxty et al., 1987; Sikka, 2001; Sikka & Willmott, 1995). The government is said to rely on such expert groups to develop and to implement particular social policies.

State practices draw upon the power-knowledge of diverse bodies of experts - accountants, lawyers, statisticians, etc. In turn, these experts and their associations of practitioners are shaped and regulated to varying degrees by “state” practices and agencies (Chua & Sinclair, 1994, p.669).

This in turn reinforces the idea that accounting practices and rules are not value-free; instead, they are the product of institutional relationships. This thesis is consistent
with this perspective and explores one aspect of one institutional relationship; in this case, the Australian government’s Department of Environment and Water Resources (DOEWR) and the accounting profession and the consultative process of the National Greenhouse and Energy Reporting Act 2007 (NGER Act). In doing so, I shall address the following research question:

**How did the accounting profession influence NGERS with their submissions to the initial consultation process in 2007?**

### 1.2 The regulatory bodies of the NGER Act

The NGER Act was introduced and developed over a period of time when there were changes in government departments, as well as changes in government (See Appendix 4). The departments are DOEWR, DCC, Department of Climate Change and Energy Efficiency (DCCEE) and the Clean Energy Regulator (CER). Each of them has a set of tasks to carry out to successfully implement the objectives of the NGER Act. However, the DCC and DCCEE seem to have the same responsibilities over the NGER Act, even though they existed at different periods of time as will be shown below. The NGER Act was originally conceived during the Liberal Party of Australia (LPA) John Howard’s liberal government, in 2006. Australia’s ratification of Kyoto Protocol in 2007, the scientific evidence of the impact of climate change, activists in climate change along with academic pressure encouraged the Howard government to demonstrate a credible climate change response (Godden et al., 2013).

As the 2007 federal election neared, the Howard federal government came under increasing public pressure to demonstrate genuine climate change credentials. In response to such pressures,
Prime Minister Howard established in December 2006 a joint government-business Task Group on Emissions Trading. The Task Group released its report in May 2007, which, essentially in accordance with its name reference, incorporated a recommendation for the establishment of a national ETS... a cap and trade system beginning no later than 2012. Around the same time, the Howard government also enacted an important precursor for any ETS, *the National Greenhouse and Energy Reporting Act 2007* (Godden et al., 2013, p.157) emphasis in original.

A market-based system, such as ETS, explained later in the literature review, was linked to the NGER Act at the beginning. A cap-and-trade system means that a cap commences when the government initially generates or intends to create a wide-ranging target to determine the maximum level of GHG emissions. Therefore, the NGER Act, as a measurement database of GHG credential, is assumed to help Australian government to allocate a particular level of, and then to mitigate, GHG emissions. The trade commences when the government announces the introduction of an ETS. Where permits for GHG emissions are measured as “financial instruments”, which can be traded by corporations, there are also incentives to reduce GHG emissions. Even though the ETS was supposed to commence “no later than 2012”, was in fact abolished by the LPA Abbott government, after the introduction of an exposure draft to repeal proposed AETS on 15 October 2013 (Department of the Environment, 2014).

First of all, I shall point to DOEWR that was formed during an LPA government on 30 January 2007 and dissolved during an ALP government on 3 December 2007 (National Archive of Australia, 2015). Despite its short period, DOEWR played a significant role in the development of the NGER Act. In particular, the ALP Rudd government, approved the NGER Act in September 2007 (DOEWR, 2007) and gave

---

1 I use the term Australian Emission Trading Scheme (AETS) sometimes interchangeably to Emission Trading Scheme (ETS).
DOEWR official responsibility for administering a national response to climate change, with one of its significant tasks to coordinate greenhouse mitigation policies, (National Archive of Australia, 2015). On October 2007, it was formally appointed to inform stakeholders and gather feedback on the underlying parts of the National Greenhouse and Energy Reporting System (NGERS), in its initial stages through the RDP (DOEWR, 2007).

Second, DCC was formed on 3 December 2007 by the ALP and dissolved on 8 March 2010 (National Archive of Australia, 2015). DCC was appointed as the main regulator of the NGER Act when the reporting period for GHG emissions, energy production and energy consumption commenced on 1 July 2008. It was established to administer the reporting of GHG emissions, energy production and energy consumption for the first reporting year 2008-09 and second reporting year 2009-10 (Figure 1.3). In particular, it was also responsible to require facilities and corporate groups that emit over specified GHG or energy thresholds to register and provide reporting of their GHG emissions (Figure 1.3). DCC organised the introduction of subordinate legislations on 1 July 2008 (Figure 1.2). This phase of the NGER Act was very significant. In particular, on 1 July 2008, DCC was involved in the introduction of the Carbon Pollution Reduction Scheme (CPRS), an alternative proposed Australian cap-and-trade ETS, introduced by the ALP, led by the Rudd government following the 2008 Garnaut Review on climate change (Parliament of Australia, 2008). DCC was appointed to administer various forms of discussion and debate on the underlying issues of the CPRS during the Green Paper and White Paper policy process (Bailey et al., 2012). The CPRS Green Paper received more than 1000 submissions regarding the design of the proposed cap-and-trade scheme.
from various stakeholders in Australia, while the CPRS White Paper showed strong
evidence of corporate lobbying over a reduction target for 2000-2020 (Bailey et al.,
2012).

Third, DCCEE was established on 8 March 2010 by the Australian government and
dissolved on 25 March 2013 (National Archive of Australia, 2015). DCCEE
continued to have the same role as DCC, and was responsible for managing and
coordinating the climate change policies regarding greenhouse gas emissions,
promotion of energy efficiency, adaptation to climate change and shaping of global
solutions (National Archive of Australia, 2015). It was also responsible for the third
reporting year 2010-11 and the fourth reporting year 2011-12 of the NGER Act
(Figure 1.3). On 2 April 2012, CER was established as a statutory authority with the
regulatory responsibility of the NGER Act (National Archive of Australia, 2015). As
at August 2015, CER is officially responsible for administering the NGER Act
and/or any alternative environmental policy that will reduce the GHG emissions and
increase the use of clean energy resources.

As this brief background to the establishment of the regulatory bodies shows, the
NGER Act was subject to a number of important events. Each particular event has
had a particular influence on the direction of the NGER Act. This is actually
demonstrated with a number of the academic studies in this arena. Lodhia and Martin
(2012a) focused on the NGER policy paper issued by DCC, with particular reference
to 105 public submissions from various stakeholders to explore whether the issue of
climate change has been of significant concern. Martinov-Bennie and Hoffman
(2012) focused on the development of the NGER (Audit) Determination 2009, with
particular reference to RIS in 2006. Martinov-Bennie and Hoffman (2012) used interviews as a research method. From October 2010 to January 2011, they discussed “target issues” with particular set of stakeholders such as accounting and non-accounting audit providers, professional bodies, reporting corporations and standard setting bodies. In this thesis, I have focused on the RDP in 2007 where DOEWR was the main regulator of the NGER Act. This period of time constitutes the starting milestone for the journey of the NGER Act. This is because the reporting period under the NGER Act commenced after the submissions to the RDP in 2007.

1.3 The National Greenhouse and Energy Reporting Act 2007

The Australian government has set up a system to record GHG emissions, which at its centre is the NGER Act 2007. Therefore, this system or framework is considered to be an important step in Australia’s response to global climate change. The NGER Act is a forerunner requirement for Australia to determine its global and national objectives related to mitigating GHG emissions. It intended to introduce a compulsory national reporting framework for corporations that have substantial GHG emissions, energy production and energy consumption (DOEWR, 2007). The NGER Act is not about mitigating the impact of GHG emissions, energy production and energy consumption; instead, it constitutes a national reporting database. That is, it is established to gather reliable and consistent information regarding GHG emissions, energy production and energy consumption. This important information is to be used later by policy-makers to establish a specific mechanism, such as cap-and-trade scheme.

The National Greenhouse and Energy Reporting Act 2007 establishes a national system for reporting greenhouse gas emissions, energy consumption and production by corporations
from 1 July 2008. Its development was initiated through the Council of Australian Governments in 2006.

1- Inform government policy and Australian public
2- Help meet Australia’s international reporting obligations
3- Assist commonwealth, state and territory government programs and activities
4- Avoid duplication of similar reporting requirement in the states and territories
5- Underpin the introduction of an emission trading scheme (Department of Climate Change 2011).

The significant point here is that the NGER Act, as a national database, is very critical scheme, because of the sensitivity of the underlying objectives. Therefore, the reliability and consistency of the collected information from various public and private sectors is essential. The reliability and consistency of collected information may depend on how various stakeholders in Australia understand the NGERS, such as the disclosure of GHG emissions. I shall point to important definitions of key concepts in the NGERS.

The NGERS, as released from the Department of the Environment and Water Resources (DOEWR), defines a number of key terms.

The term “GHG” is defined by the NGERS as

(a) carbon dioxide; or (b) methane; or (c) nitrous oxide; or (d) sulphur hexafluoride; or (e) hydrofluorocarbon of a kind specified in regulations; or (f) perfluorocarbon of a kind specified regulations (DOEWR, 2007, p.6).

“Emission”² is defined as

the release of greenhouse gas emission into the atmosphere, covering direct releases of greenhouse gases (scope 1) and indirect

² Simnett et al. (2009a, p.348) indicated that “These GHGs are often measured as carbon dioxide equivalents (CO₂-e) some standards and initiatives used the phrase carbon emission interchangeably”. In NGER measurement, these constitute “carbon unit” (permits, certificates and/or allowances).
The NGER Act is the primary legislation that covers subordinate polices established to mediate the change and development of GHG policies as indicated by the Department of Climate Change (DCC) (Figure 1.2).

Figure 1.2 shows the parent and subordinate legislation. This thesis will mainly focus on a specific period of time related to the Regulations Discussion Paper (RDP) in 2007. This discussion paper is central to the consultation process established by the government and stakeholders (DOEWR, 2007). This period actually constitutes the early stages of the formation and evaluation of the NGERS. This makes the RDP in 2007 a significant form of discussion as it may expose a particular form of influence. Although I focus on the RDP in 2007, I will pay to particular subordinate policies, as they signal outcomes from the consultation process. That is, given the relationship between primary and subordinate legislation, any potential changes to the NGER Act might notably have a significant impact on subordinate legislation. Furthermore, the NGER Act was expected to continue to inform subsequent GHG emissions mitigation polices, particularly the AETS. Under the NGERS framework, controlling corporations and their entities that emit over certain thresholds have an obligation to
register and provide an annual report of their GHG emissions, energy production, energy consumption and any other information specified in legislations (DCC, 2011). Importantly, there is a specific threshold indicated within the NGER Act to specify the particular volume of GHG emissions that triggers the reporting requirements (Figure 1.3).

Figure 1.3 NGER Act 2007 thresholds (DCC 2011)

Figure 1.3 shows the specific thresholds for the first, second, third and fourth reporting years. Especially, the corporations that emit a specified threshold must provide a report of scope 1 (direct emissions) and scope 2 (indirect emissions) (DOEWR, 2007). Therefore, these thresholds signal attempts to establish a reliable and consistent framework for reporting of various aspects of GHG emissions, energy production, energy consumption and any other information. However, there was concern by various stakeholders that the reliability and consistency of the reporting requirement might be undermined and the development of the NGER Act itself diverted, because of the lack of such reporting practices (EY, 2007; KPMG, 2007; PwC, 2007; King & Simnett, 2010; Simnett et al., 2009). Especially, the DCC has suggested that there have been inconsistent approaches of reporting practices for GHG emissions in the initial years of reporting of GHG emissions as will be shown
in the literature review. Given these early concerns of accounting firms (EY, KPMG, PwC), it is important to consider the social context in which the consultation process occurred. The consultation process is a site of information exchange and potential influence on NGERS.

The significant point here is that the intended Australian Emissions Trading Scheme (AETS) is a significant and underlying objective of the NGER Act. DOEWR (2007) indicated that a streamlined greenhouse and energy reporting is developed in the context of a future AETS. This, in turn, clearly shows that a market-based system is attributed to the NGER Act. Given the critical implications of the NGER Act’s objectives - in other words, the introduction of AETS, this might have potential impact on underlying parts of the NGERS. This thesis will argue that this intended fiscal instrument to address climate change could influence the assurance and reporting practices for GHG emissions.

The political context in which NGERS developed indicated changing attitudes to an AETS. Although NGERS had support for an emergent AETS by both sides of government (see Appendix 4) it is also significant that the legislation for a future AETS was repealed in 2014, because of changes in the political leadership.

Opposition Leader Tony Abbott has poured scorn on Labor's new plan to move to an emissions trading scheme one year early, describing an ETS as "not a true market". "Just ask yourself what an emissions trading scheme is all about. It's a so-called market in the non-delivery of an invisible substance to no one," he said, when addressing reporters in Camden, in south-west Sydney, on Monday (Ireland, 2013).
It is outside of the scope of this thesis to explore this changing political context. However, the NGER Act has not been repealed, despite changes in Australia’s leadership. Therefore, the NGERS, the RDP and submissions thereto are significant and are the focus of this thesis.

1.4 The Regulations Discussion Paper

DOEWR (2007) issued a RDP in October 2007; its aim was to consult with and obtain responses from stakeholders in various economic and social domains. \(^{3}\) DOEWR asked interested parties to submit their views and suggestions on subjects and questions in the RDP in 2007. RDP in 2007 has seven chapters and each chapter has a specific set of questions. \(^{4}\) The submissions to RDP in 2007 are important as DOEWR (2007) denoted that they will be used to design the legislative framework for the National Greenhouse Reporting System (NGERS) (DOEWR, 2007). In this thesis, I focus on the RDP in 2007, and DOEWR as the regulatory body of the NGER Act. The submissions to RDP in 2007 were received before the commencement of the NGER Act 1 July 2008. Therefore, the submissions to RDP in 2007 are expected to provide evidence of cues to and underlying traces of the influence on the underlying parts of NGERS. Accordingly, they are the empirics of this thesis. The RDP in 2007 is made up of a number of chapters (Appendix 2) and, I pay close attention to Chapter 6: Disclosure of Information (DOI) and Chapter 7: Compliance Assurance Framework (CAF). These chapters will be shown to have significant themes to which the audit firms constructed their submissions.

\(^{3}\) Appendix 1 has detailed information regarding all stakeholders involved in the RDP in 2007. Even though I have a specific focus on the three professional firms, the indication of other stakeholders are very significant for conceptual purpose, as will be shown in Chapter 6.

\(^{4}\) Appendix 2 has more information about the name of each chapter and its related questions that are released from DOEWR during RDP in 2007.
1.5 Positioning this thesis

There is much accounting research which has turned its attention to the corporate responses to climate change (Kolk et al., 2008; Cowan & Deegan, 2011). Within this arena there has been attention paid to the NGER Act and climate change (Lodhia & Martin, 2012). Furthermore there has been research into specific aspects of the NGER Act including; the perception of influence of the accounting profession on NGER (Audit) Determination 2009 (Martinov-Bennie & Hoffman, 2012), the role of the accounting profession in developing technical standards for disclosing and auditing GHG emissions (Cowan & Deegan, 2011; Green & Li, 2010; Green & Zhou, 2010; Hasan et al., 2005; Simnett & Nugent, 2007; Simnett et al, 2009a; Simnett, et al., 2009b; Simnett, et al., 2009c). These studies collectively involve accounting practices in this new arena. My interest in this arena is to explore how accounting has been implicated. To answer the ‘how’ question, I draw on research which has been informed by critical theory.

This thesis focuses on the audit firms as a significant site of professionalisation (Cooper & Robson, 2006), as they have dynamic alliances with major economic corporations (Cortese et al., 2010) and play a proactive historical role in influencing accounting practices and rules (Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994; Cooper et al., 1989; Cooper & Robson, 2006; Kaidonis, 2008; Mitchell & Sikka, 2011; Puxty, 1990; Puxty et al., 1987; Sikka, 2001; Sikka & Willmott, 1995). Many accounting researchers have acknowledged the contradictory nature of the dominant social order along with accounting discourse (Cooper, 1995; Cooper & Sherer, 1984; Tinker, 1980); this thesis acknowledges the power of the dominant social order and the accounting profession, but takes this idea further by
incorporating the view of Fairclough on discourse. These studies have, however, demonstrated the influence of various and complex elements of the social context such as power relations on traditional financial accounting practices. In this thesis, I focus on the influence of the accounting profession on another level of regulation, never before seen in our society, since climate change is a new phenomenon on the global scale and has become a recent concern of most states.

This thesis also builds on research using the work of Fairclough on critical discourse analysis (CDA) used in organisational and management studies (Chiapello & Fairclough, 2002; Dick, 2005; Fairclough, 1989; 2000b; Fairclough & Fairclough, 2011; Hardy et al., 2000; Leitch & Davenport, 2005; Phillips et al., 2004; Munir & Phillips, 2005; Phillips et al., 2008; Tienari et al., 2005). However, few accounting research papers also use CDA (Cortese et al., 2010; Gallhofer et al., 2001; Malmmose, 2014; Merkle-Davis & Koller, 2012; Zhang & Andrew, 2013). This thesis builds on discourse analysis and extents its application to the new arena of the accounting profession and government responses to climate change.

1.5.1 The accounting profession: a fluid concept

In this thesis, the reference to the accounting profession will be used in a more “fluid” way and not in the literal meaning established decades ago. Greenwood (1957) suggested a number of functional attributes that may differentiate professionals from non-professionals in any particular profession, such as having a system of knowledge, educational programs for its members, ideals of service to the public, autonomy and independence, a code of ethics for its members, unique culture, application of professional judgment and the existence of a governing body. Whilst
this view of a profession is still upheld, there have also been shifts in how the term “accounting profession” has been used. Cooper and Robson (2006) argued that the Big Four were significant sites of professionalisation and suggested the use of the term “profession” conceptually and in a “liberal way” and commented on the functionalist view of the accounting profession, noting that they:

consider theories of profession that treat ‘profession’ and ‘professional’ as specific constructions of practice and discourse and there are grounds for viewing accountants as implicated in the process of construction and presentation of the professional self (Cooper and Robson, 2006, p.417).

These specific constructions of practice of and discourse on the accounting profession in large part inform this thesis. The accounting profession has also been subject to the view of closure theory where the profession is seen as seeking market control because of rivalry with other professions and/or to achieve privileges for its members (Preston et al., 1995; Richardson, 1987, 1988; Willmott, 1986). Others challenged the closure view of the accounting profession, suggesting that the accounting profession continually works with other cores of interests, such as government and regulatory bodies (Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994). Carnegie and Napier (2010) discussed the activities of traditional accountants and business professionals as portraying the image of the accounting profession and noted:

(i)n some parts of the English-speaking world, the word “accountancy” is commonly used to refer to the work of the activity of accountants. However, in the USA, the term “accounting profession” is more likely to be used … we have used the term “accounting” instead of “accountancy” (Carnegie and Napier, 2010, p.360).
Therefore, the term accounting profession can be used to refer to those in the practice of accounting (or accountancy) as well as the institutional bodies of those in practice. This reinforces the fluid meaning of the accounting profession. Another view denotes that the accounting profession can be viewed as a representative of its clients and is acting as spokespersons for powerful clients (Levitt, 2001, cited in Cooper & Robson, 2006, p.425).

Other research has focused on the role of specific accounting firms with respect to the notion of the accounting profession. The firms, EY, Deloitte, KPMG and PwC are so well known internationally, that they collectively are known as “the Big Four” (see Bigfour 2016). Gillis (2014) has emphasised the prominent role of the Big Four audit firms in the development of the accounting profession in China and suggested that the:

Big Four have been the focus of a large portion of professional service firm research mainly because they are large, influential organizations with a global reach. Larson (1977) wrote that the professions are a project in which an occupation attempts to translate its special knowledge and skills into social and economic rewards, and in that respect the Big Four have been very successful (Gillis, 2014, p.38).

Therefore Gillis (2014) recognises that the knowledge and experience of the Big Four allows them to play a prominent, even dominant, role in the accounting profession and this perspective also informs this thesis. Mitchell and Sikka (2011) have argued that the Big Four are powerful networks and have a strong relationship with clients in most national and international institutions that are described as influential and with leading economic participants such as governments, industry and agriculture. Therefore, there is evidence from the literature that there is a significant influence of the Big Four on the construction of the concept of the accounting
profession to the extent that they can be seen as representing the accounting profession.

This thesis will look at submissions from three of the Big Four, namely EY, KPMG and PwC. It was not possible to establish whether Deloitte (being the fourth member of the Big Four) made a submission at all, as there were some submissions to the RDP which were confidential and so not public (Appendix 1 lists names of submissions and also indicates “hidden response because of confidentiality”).

1.6 The research aim

In this thesis, I focus on the RDP issued by DOEWR in October 2007 and the submissions made by three professional firms, namely: EY, KPMG and PwC. Especially, I will examine the potential influence of the three professional firms on the underlying parts of the NGERS, such as DOI and CAF. It is important to focus on 2007 as it is the year in which the consultation process commenced and this may help to answer how the accounting profession is implicated in the development of NGERS.

Lodhia and Martin (2012) have focused on NGER regulation policy issued by DCC in 2008 using content analysis to explore 105 submissions of various stakeholders in Australia. In this thesis, I focus on RDP issued by DOEWR in October 2007, and I have a particular focus on 3 submissions of accounting profession, namely: EY, KPMG and PwC. Martinov-Bennie and Hoffman (2012) focused on NGER Audit Determination 2009, as subordinate legislation of NGER Act (Figure 1.2), to examine whether public interest is met. They used interviews with a number of
stakeholder, such accounting audit providers, and non-accounting audit providers as well as submissions (Martinov-Bennie and Hoffman 2012). In this thesis, I have a particular focus on the submissions of accounting profession to the RDP using CDA as a critical methodology. The significant point here is that it may be possible to see influences on the NGER Act in general through mainstream and critical accounting methodologies. Even though I shall limit my focus on the responses of the three professional firms made during the RDP in 2007, I will also trace significant changes and/or amendments on the underlying parts of NGER Act and this will be analysis of the social context or social practice.

1.7 Thesis contribution

This thesis responds to Fairclough’s imperative:

One must work in a transdisciplinary way, either in research teams which bring together specialists in relevant disciplines, or by engaging with literature in such disciplines (Fairclough, 2009, p.169)

In doing so, it shifts the focus within the literature review from accounting studies to different but relevant research in various disciplines to understand how it has theorised the dominant environmental responses to climate change. This can then be linked to the issue in question, and in specific to how the selection of market-based mechanisms such as ETS might involve the accounting profession to direct the underlying schemes of NGER Act in the context of future AETS. This thesis uses CDA as its methodology which Fairclough (2001, p. 230) considers to be “inherently interdisciplinary”. He argues that CDA opens a dialogue between disciplines concerned with linguistics and semiotic analysis (including discourse analysis), and disciplines concerned with theorising social processes and social
change. If the dialogue is to be fruitful, it has to be ‘transdisciplinary’ rather than just interdisciplinary - committed to producing new theories and new methods of analysis which cut across existing disciplines (Fairclough & Chouliraki, 1999). For instance, when discourse analysts work on specifying analytical categories of discourse analysis, such as ‘genre’, or indeed ‘discourse’ itself, they can draw upon and incorporate thinking from other disciplines (Fairclough, 2001, p.230).

CDA will be further enhanced through dialogue with other disciplines and the inevitability of the issue of climate change being addressed in many fields of knowledge. These fields include human ecology, environmental discourses (Beder, 2006a), free-market missionaries (Beder, 2006b); sustainability accounting and accountability (Unerman et al., 2007); neoliberal ideology (Andrew et al., 2010); and environmental regulation (Bulkeley, 2005; Lemos & Agrawal, 2006; Bailey, 2007; Bailey & Marech, 2009). This thesis will also contribute to the environmental discourses regarding the role of accounting profession.

Furthermore, previous critical accounting research has mainly been interdisciplinary, moving the study of accounting from particular social settings to a wider social and institutional context (see, for example, Miller, 1994). This thesis builds on this tradition to offer an example and insight into discourse studies through reviewing other studies using CDA in organisational and management studies (Chiapello & Fairclough, 2002; Dick, 2005; Fairclough, 1989; 2000b; Fairclough & Fairclough, 2011; Hardy et al., 2000; Leitch & Davenport, 2005; Phillips et al., 2004; Munir & Phillips, 2005; Phillips et al., 2008; Tienari et al., 2005) and in accounting (Cortese et al., 2010; Gallhofer et al., 2001; Malmmose, 2014; Merkle-Davis & Koller, 2012; Zhang & Andrew, 2013).
1.8 The structure of the thesis

This thesis is structured as follows.

Chapter 2 works in a transdisciplinary way, as indicated above, looking at the studies on GHG emissions to see the critical areas that need more attention within the underlying objectives of NGER Act (such as future AETS, disclosure and assurance of GHG emissions). It will explore the dominant philosophical assumptions of accounting as interpretive social science. It will also look at other research that examines dominant discourses on environmental issues and the influence of particular groups on dominant responses to climate change. Moreover, it will review accounting research on the standard-setting process to understand how such discursive practice (e.g. consultation) involves a critical consideration as might be with the political concern to influence particular outcomes and interests. The chapter will discuss the main features of the political economy approach, as well. The chapter will also look at the state-accounting profession relationship to examine the influence of the accounting profession on traditional financial practices and rules.

Chapter 3 provides the theoretical framework. Especially, it adopts the idea of political economy as developed by Fairclough (1992). This links both theory and methodology since Fairclough views discourse explicitly as integrated with various political economy concepts such as hegemony and ideology.

Chapter 4 introduces CDA as the research methodology – the analytical framework. The chapter shows how the discourse is dialectically linked to social context and identifies the external and internal sides of the order of discourse and how it
influences the development of social change (Fairclough, 2006). Moreover, it will look at various critical discourse studies using Fairclough’s analytical framework and determine its usefulness in examining underlying power relations. It will also review the main principle of CDA as a critical approach, with particular emphasis on the differences in the views of van Dijk and Fairclough regarding analytical devices and linkages of dialectical relationship between discourse and social context.

An external order of discourse, in this thesis, is taken to be the state or DOEWR which offers the dominant response to climate change. An internal order of discourse in this thesis is argued to come from the accounting profession or three international audit firms. The chapter also articulates the significant factors in collecting and analysing data, with a particular focus on text, discursive and social practices along with significant analytical devices (Fairclough, 1989, 1992, 2001, 2003).

Chapter 5 provides the textual analysis portion of this thesis and describes the main textual features, in terms of three values being: experiential, relational and expressive values (Fairclough 1989, 2001). These values are used to further analyse the responses of the three professional firms. This, in turn, will require an analysis of the use of language together with genre and style to examine the process of meaning-making. At this textual level, the responses are treated as separate or isolable. The next two chapters consider the responses of the three professional firms as parts of discursive practice and social practice. Each of these practices offers a broader context within which to understand the textual analysis.
Chapter 6 provides a discursive analysis involving the question of meaning; that is, the ascription of meaning to particular phrases and sentences in an intertextual process. This involves the manifest and constitutive intertextuality for the analysis of the process of text production, consumption and interpretation with particular reference to social context. This points to how underlying discursive practices have a stable and combinable sense; however, they are more likely subject to power relations and therefore mobilised (Fairclough, 1992).

Chapter 7 provides an analysis in terms of a social practice. It points to an external order of discourse, (by the state or DOEWR) and an internal order of discourse (by the three professional firms). It will be shown that these external and internal orders of discourse indicate a complex, dialectical and dynamic relationship, ultimately shaping the underlying parts of NGER Act.

Chapter 8 provides the conclusion of this thesis and it presents the main research findings, the contribution to literature review, the contribution to theory and methodology, the research limitation and suggestion for future accounting researchers. In this chapter, I shall reassess the aim of this thesis with particular reference to the role of the accounting profession in the development of the NGERS. In addition, I shall present the contribution of this thesis with an important research topic, being the regulation of GHG emissions, which is a new arena not only for the accounting profession, but also for the global community. I shall also denote how the use of the CDA and the view of Fairclough on discourse can offer a rich analysis and explanation for the role of the accounting profession realised in their submissions to the consultative process. Furthermore, I will indicate the main limitations of this
thesis, and then I will set out a number of important arenas for future accounting research.
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This literature chapter includes accounting studies on GHG emissions, environmental discourses as well as social and institutional research. These studies may help to denote the influences on the development of accounting practices and rules. This may also reinforce the underlying motivation of this thesis to work in a transdisciplinary way. While previous critical accounting research has mainly focused on the influences upon traditional financial accounting practices and rules, this thesis is primarily concerned with the influence of the accounting profession on another area of regulation: GHG emissions. This thesis deals with the regulation of GHG emissions can be said to be a response to Hopwood’s (2009) call for more research in environmental accounting. There have been significant contributions to the discursive analysis of accounting in the context of the environment. Given the significant nature of environmental discourses and the neoliberal social order (Andrew et al., 2010; Bailey, 2007; Bailey & Marech, 2009; Beder, 2006a, 2006b; Bulkeley, 2005; Dryzek, 2005; Lemos & Agrawal, 2006; Lippit, 2005; Lohmann, 2006, 2009a, 2009b, 2009c, 2010, 2011), this thesis will build on these studies to understand the forms of influence on the issue in question. There have also been calls for more ethical consideration of economic growth (Maila & Pitsoe, 2012; Odekua et al., 2013; Zhang-Debreceny et al., 2009), where accounting and the environment are also seen from an ethical perspective.

The first section of this literature review will explore the dominant philosophical assumptions of accounting as interpretive social science. The second section will
examine accounting studies on GHG emissions. The third section will review the dominant discourses regarding environmental issues. The fourth section will look at the politics of accounting standard setting. The fifth section will review the main features of the political economy approach. The sixth section will look at accounting in its social and institutional context. The seventh section will look at the state-accounting profession relationship. The final section will provide the research focus.

2.2 Accounting as an interpretive social science

Indeed a position on being (ontology), on the role of the investigator (human nature), on perceptions of society (society), on perceptions on understanding (epistemology) and ways to investigate the worlds (methodology) are implicit in the various approaches to empirical research (Laughlin, 1995, p.66).

I shall start with the position that accounting is a social practice (Dillard, 1991) in that it influences and is influenced by the context in which it operates, as indicated in the literature (Burchell et al., 1985; Carnegie & Napier, 1996; Gaffikin, 1998; 2008; Hopwood, 1978; Laughlin, 1987; 1988, Miller et al., 1991; Napier, 1989). Especially, I shall focus on the underlying philosophical assumptions of accounting as an interpretive social science, and integrate it with a critical-realistic position as developed by Fairclough, Jessop and Sayer (2004) to fulfil the cultural turn associated with CDA. CDA involves a value judgment about factors and causes of social wrong (Fairclough, 2003, 2009). I acknowledge my position as a critical researcher with specific reference to the pronoun “I”.

Dillard (1991) has notably provided and commented on the underlying philosophical assumptions of accounting as an interpretive social science. Interpretive accounting
research assumes that accounting is socially produced; that there is a voluntarism account of social agencies; and that there is a stability of social order and conflict modified through a common scheme (Dillard, 1991). Epistemologically, accounting researchers gain knowledge through experience by engaging in the social world. Methodologically, accounting researchers mainly imply an ideographic approach in investigating accounting practices promoting “subjective, historical, individual accounts of action” (Dillard, 1991, p.12). Some accounting researchers have turned the attention to language using different research perspectives mainly based on the view of Foucault or Derrida (see, for example, Arrington & Francis, 1989, 1993; Armstrong, 1993; Belkaoui, 1978, 1984; Burchell et al., 1980, 1985). Moreover, many critical accounting researchers have used critical investigative enquiry and/or historical analysis to examine the constitution of accounting practices and rules (Chua, 1986; Cooper, 1983; Cooper & Sherer, 1984; Kaidonis, 2008; Puxty, 1990; Richardson, 1987; Sikka & Willmott, 1995; Tinker, 1980, 1984; Tinker et al., 1982).

Dillard (1991) has suggested that the underlying philosophical assumptions within the interpretive accounting research disregard the fundamental aspects of social context, and therefore might sustain a particular impact on dominant groups within society regarding accounting practices. Accounting is a discourse mainly used to further the interests of elite groups (Chua, 1986; Cooper, 1983; Cooper & Sherer, 1984; Kaidonis, 2008; Puxty, 1990; Richardson, 1987; Sikka & Willmott, 1995; Tinker, 1980, 1984; Tinker et al., 1982). The position taken in this thesis takes these views further in embracing CDA as developed by Fairclough (1989, 1992, 2006).
2.3 Accounting studies on GHG emissions

The reporting of GHG emissions is a very significant step, as it will help inform various stakeholders such as the government, investors, corporations and the public when making decisions about GHG mitigations, energy production and energy consumption (Department of the Environment and Water Resources DOEWR, 2007). Previous accounting research on GHG emissions were primarily focused upon the corporate responses to climate change (Kolk et al., 2008; Cowan & Deegan, 2011) and to the NGER Act (Lodhia & Martin, 2012).

Accounting researchers have also pointed to the financial implications of a carbon trading scheme in implementing a market based system as a response to climate change (Bebbington and Larrinage-Gonzlez, 2008; Lodhia and Martin, 2012b). One aim of the NGER Act is to underpin a future AETS and this thesis will look at how the three professional firms responded to this issue. Lodhia (2011) reviewed the NGER Act and its implications for accounting practice and research and called for a critical role of accounting researchers in this arena. This thesis examines the responses of the three professional firms to the NGERS.

The perception of influence of the accounting profession on NGER (Audit) Determination 2009 was examined by Martinov-Bennie & Hoffman (2012). The role of the accounting profession in developing technical standards over disclosing and auditing GHG emissions has also been a feature of recent research (for example, Green & Li, 2010; Green & Zhou, 2010; Hasan et al., 2005; Simnett & Nugent, 2007; Simnett, 2009a; Simnett et al., 2009b; Simnett, et al., 2009c). Further work focusing on the factors influencing the disclosure of GHG emissions and even social
and environmental performance have been considered in the literature (for example, Deegan & Rankin, 1996; Deegan et al., 2002; Islam & Deegan, 2008, 2010; Freeman & Jaggi, 2005; Pardo-Lorenzo & Rodríguez-Domínguez, 2009). These studies have mostly raised concerns over the lack of appropriate reporting practices for GHG emissions and argue that this compromises the objectivity and reliability of financial-reporting information and the reporting of GHG emissions. For example, the DCC (2010) has commented on the quality of disclosed information by 237 corporations for the period 2008-2009;

Given 2008-09 was the first year of reporting under the NGER legislation, it is recognized there have been some inconsistent approaches to applying reporting methodology between different corporate groups, particularly in relation to reporting on energy consumption. Therefore, caution should be taken when comparing different corporation’s reported totals. The GEDO will be undertaking further education activities, including publishing supplementary guidance, to assist stakeholders applying consistent methodologies in future reporting years (Department of Climate Change, 2010).

The accounting researchers studying corporate responses to climate change have raised the issue of objectivity, consistency, divergence of corporate accountability and reliability in carbon accounting. In particular, Kolk et al., (2008) have investigated corporate responses to climate change under the European Emission Trading Scheme (EU ETS) the largest scheme for trading in emissions, which gives corporations the right to emit a specified level of emissions under a cap-and-trade system. Kolk et al., (2008) have focused on the Carbon Disclosure Project (CDP) an international voluntary mechanism providing criteria for reporting practices for GHG emissions. They have pointed out that CDP has encouraged corporations to disclose substantial information in relation to their climate-change practices. They argue that
this has implications for the information disclosed as being not essentially valuable to investors, non-governmental organizations or policy-makers. This in turn raises the question about objectivity and consistency within the current reporting practices for GHG emissions under any potential market-based system such as a potential AETS.

Cowan and Deegan (2011) have examined corporate disclosure responses in Australia, with particular focus on the National Pollutant Inventory (NPI) as part of the first National Emissions Reporting Scheme (NERS). NERS was established by the National Environment Protection Council (NEPC) to provide the public with extensive and voluntary information about corporate emissions and various sustainability activities (Cowan & Deegan, 2011). These authors have found that while corporate disclosures are characterised as being responsive to the introduction of actual emissions regulation, the level of disclosure is not comparable between corporations (Cowan & Deegan, 2011). Therefore, the NGER Act details the current reporting practices of GHG emissions in Australia; it is an important site for investigation. This thesis considers how such reporting practices for GHG emissions have come into being, with particular reference to social context.

An important study of corporate responses to climate change was conducted by Lodhia and Martin (2012). They examined the stakeholder responses to the NGER Act and highlighted particular submissions from corporations and other stakeholders to the NGER policy paper. Lodhia and Martin (2012) used a mixture of concept analysis, mapping and content analysis to consider the role of agenda-setting and to
understand how the issue of climate change is framed within the submissions of corporations and other stakeholders. Their results indicated:

a divergence in the responses of corporations and other stakeholders, with the former focusing primarily on the NGER policy paper, while the latter presented significant concerns over carbon pollution and climate change, an issue that was not the primary concern of the policy paper. Moreover, corporations also acknowledged the close link between the NGER process and a future emissions trading scheme, and expressed concerns over the development of a mechanism that would put a price on carbon (Lodhia & Martin, 2012, p.126).

This thesis picks up on the concept of agenda-setting and considers it from the perspective of political economy theory. This thesis also investigates the three of the Big Four international audit firms in further depth, and considers these using Fairclough’s (1989, 1992, 2001, 2003) textual analysis.

Martinov-Bennie and Hoffman (2012) examined GHG and energy auditing under the NGER (Audit) Determination 2009 using an interview method and public interest and capture concepts. The authors pointed out that the NGER (Audit) Determination 2009 was extensively influenced by the perception and views of the accounting profession. This in turn suggests that the accounting profession has played a significant role in the development of the NGERS and in specific subsequent regulations. This thesis examines the influence of the accounting profession on the development of the NGERS, with particular reference to Fairclough’s (1992, 2009) view on discourse.

A number of studies have indicated that the reporting and assurance practices of GHG emissions can be developed by the accounting profession (Green & Li, 2010,
Green & Zhou, 2010, Hasan et al., 2005, Simnett & Nugent, 2007, Simnett, 2009a, Simnett et al., 2009b, Simnett, et al., 2009c). These studies are consistent with views explicitly expressed by professional representatives in Australia (see, for example, EY 2007; KPMG; 2007, PwC, 2007) which were also the focus of research by Dellaportas (2008) and Kemp (2008).

Notably Simnett et al. (2009b) have examined various measurement and disclosure standards such as the GHG Protocol, developed jointly in 2004 by the WBCSD and the WRI, and ISO 14064 (standards for emissions monitoring, reporting and verification) ISO 14065 (standard for the accreditation of GHG verifiers) and ISO 14064-1. In particular, Simnett, et al. (2009b) indicated that appropriate criteria for assurance and disclosure standards for GHG emissions and energy production and consumption must be developed in accordance with, and be based upon, qualitative accounting principles such as relevancy, completeness, reliability, neutrality and accuracy.

Green and Zhou (2013) have examined the international assurance practices on GHG disclosure documented within the CDP such as the International Standard on Assurance Engagements (ISAE) and specifically ISAE 3000 “Assurance Engagements other than Audit or Review of Historical Financial Information” developed by the International Auditing and Assurance Standards Board (IAASB), ISO 14064/19011, developed by ISO, and AA1000AS AccountAbility. The authors have indicated the significance of assurance services provided by the four largest audit firms and that the use of ISAE 3410 International Standard Assurance
Engagement on Greenhouse Gas Statements is expected to cause other assurance standards to decline in significance.

One reason for this shift may be due to the view noted in prior research that accountant assurors, and in particular the Big Four, are higher-quality providers of assurance (Green & Zhou, 2013, p.56).

Kemp (2008) examined sections under the NGER framework, such as the disclosure of GHG emissions and indicated:

The institute is concerned that the obligation to report in accordance with the NGER Act 2007 does not require all the data provided to the scheme to be audited by an independent auditor and considers this a significant oversight (Kemp, 2008, p.63).

Although the NGER Act does specify the data to be assured, this statement indirectly implies that the NGER Act should implement the reporting and assurance standards developed by IAASB. This in turn means that professional accounting firms are to participate as main providers of assurance services which might in principle exclude other providers of assurance services (see, for example, Huggins et al., 2011). Haslam et al. (2014) have criticised reporting practices in UK and Australia adopted by the DCC and suggested that:

… existing approaches to framing carbon disclosures generate malleable, inconsistent and irreconcilable numbers and narratives (Haslam et al., 2014, p.200).

However, Haslam et al. (2014) reinforce that the disclosure of GHG emissions is also a social practice. The accounting profession’s research into GHG emissions reinforces the social role of accounting and accountants, although now in the relatively contemporary context of climate change. Earlier studies have examined accounting and its influences in its social context (for example, Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994; Cooper et al., 1989; Cooper & Robson, 2006;
Accounting rules are the outcome of political processes. Rule-making bodies are not solely concerned with the resolution of technical issues; they may not place much weight on the findings of academic researchers; nor may they show much interest in promoting research that will shed light on contentious issues (Walker & Robinson, 1993, p.4).

Mainstream accounting research has been strongly criticised by many accounting researchers (see, for example, Baker & Bettner, 1997; Christenson, 1983; Findlay & Williams, 1985; Hines, 1988, 1989; Kaplan & Ruland, 1991; Morgan, 1988; Mayer, 1983; Mouck, 1990; Robson, 1993; Tinker, 1980, 1984; Tinker et al., 1982; Whitley, 1988; Williams, 1989; Willmott, 1983) as it does not pay attention to social context.

The next section focuses on the dominant discourses regarding environmental issues.

### 2.4 Dominant discourse regarding environmental issues

Many researchers have acknowledged the significant impact of the dominant capitalist “idea” of economic growth perpetuated within environmental discourses on how a particular environmental issue is represented (Beder, 2006a, 2006b; Dryzek, 2005; Lippit, 2005). Beder (2006a) critiqued the convention by which economic growth is represented as a universal objective and showed how environmental principles such as sustainability are politically motivated and institutionally driven.

In one sense, contemporary governments have relied heavily upon the market mechanisms widely implicated in times of crisis to meet expectations of major corporations. Beder (2006a) argues:

Economics-based environmental policies were thus primarily designed to achieve economic efficiency, facilitate economic growth, and allow businesses to decide how they would meet
environmental expectations. Governments, particularly in English-speaking countries, believed that economic-based policies would allow them to set an environmental goal and let the market decide how it would be met (Beder, 2006a, p.275).

This suggests that environmental policies are framed to take into consideration the interest of dominant groups in any society. Kaidonis et al. (2010) have demonstrated the shift in the meaning of sustainability as the business community and accounting profession used the term to prioritise the economic aspects of sustainability. Even though the topic of sustainability is more general than climate change, it is relevant as the United Nations’ response to both has prompted numerous international reactions. In this thesis, I consider the explicit use of CDA in the process of meaning-making to expose the potential direction of the NGER in the context of a future AETS.

Although economic growth is essential for any society, growth should be scrutinised (Lippit, 2005). Much research has called for a substantial ethical consideration of economic growth through particular emphasis on various elements of human ecology such as water, food and the carbon footprint. Maila and Pitsoe (2012) and Odekua, et al. (2013) highlighted the dynamic role of transdisciplinary research in the process of knowledge creation. A further example of accounting issues considered in transdisciplinary research is the study by Bebbington et al. (2006) which challenged cost-benefit analysis as the main corporate indicator of corporate environmental performance. Bebbington et al. (2006) favour ethical initiatives that, in principle, entail a “move away from technocratic decision-making and towards more dialogic approaches to decision-modelling and analysis” (p.225).
Lohmann (2006, 2009a, 2009b, 2009c, 2010, 2011) has demonstrated a neoliberal influence at an international level, tracing the establishment of global responses to climate change such as ETS. Andrew et al. (2010) are consistent with Lohmann in their examination of how liberalism dismisses carbon taxes; that is, how government regulation tends to be in favour of ETS. Aguiar and Bebbington (2014) have demonstrated the influence of dominant social order over the nature of disclosure under the UK ETS. This thesis examines the dominant social order as an external order of discourse and institutional participants such as the accounting profession as an internal order of discourse (Fairclough, 2006). Andrew (2008) suggested a significant historical point of view and has highlighted the role of market and major economic industries in the arena of mitigating GHG emissions:

(fo)or over 200 years, we have had pollution from a range of industries which have never born the full cost of their production in the greatest examples of market failure ever witnessed (Andrew, 2008, p.393).

This point challenges the market-based solution and suggests a particular focus upon the market and industries as locations and institutions that participate in - and are more likely to have an influence over - the development of an NGERS. The market-based mechanism has also been investigated in the spatial politics of environmental governance, with particular focus upon the role of neoliberalism (Bulkeley, 2005; Bailey, 2007; Bailey & Marech, 2009; Lemos & Agrawal, 2006). Bailey and Marech (2009) have investigated scales and networks of neoliberal climate governance with a specific focus on the EU ETS and have argued that the dominant neoliberal approaches to environmental governance have extensively motivated industry to participate in international and national climate governance. The authors pointed out that the design of the EU ETS has been strongly influenced not only by alliances
between state and industry actors but also by the capacity of complex market networks to interrupt territorially-based climate governance (Bailey & Marech, 2009). This thesis builds on such studies, as it considers climate governance policy, and the NGER Act, in the light of industrial actors, particularly the accounting profession to expose their influence upon the development of the NGER Act.

Market institutions that have been involved in providing reporting initiatives and guidance regarding reporting practices for GHG emissions and corporate climate activities have been challenged. Adams and Narayanan (2008) studied the standardisation of sustainability reporting and argued that the existence of market-standardisation institutions such as the Global Reporting Initiatives, ISO and WBCSD have made it easy for the corporate sector to select voluntary guidance over social and environmental reporting. The NGER Act sets out a compulsory reporting of corporate environmental performance, and it might be redirected to include particular guidance developed by the mentioned institutions above. There is indeed a need to examine how particular reporting practices for GHG emission are adopted within the NGER Act and therefore which form of influence is implicated in the development of reporting practices for GHG emissions overall. Andrew and Cortese (2011) have demonstrated the influence of the dominant environmental discourse of neoliberalism on the carbon-disclosure focus of the CDP and GHG Protocol. The importance of considering market discourses, that can be institutionally characterised as appropriate guidance for the reporting of GHG emissions is relevant to this thesis on Australian regulation of GHG emissions disclosures.
Accounting for GHG emissions rights as tradeable commodities can also be influenced by neoliberal discourse (Zhang-Depreceny et al., 2009). The influence of the International Accounting Standards Board (IASB) on carbon permits in terms of an ETS was problematized, from an ethical perspective of social change (Zhang-Depreceny et al., 2009). The central purpose of this thesis is to shed light on, and therefore contribute to understanding how the accounting profession has influenced the disclosure of GHG emissions.

The literature within the dominant discourses on environmental issues has raised many questions about the neoliberal order, particular institutional sites, and market-based mechanism such as ETS. Moreover, authors have suggested the need for more critical investigation and ethical consideration of such developments. In this thesis, I examine the role of the accounting profession through their responses to the underlying parts of the NGER Act.

2.5 Accounting as political process

This section highlights the significance of discursive practices within consultation processes, not only as lobbying methods but also as determinants of underlying conventions. The accounting research discussed below has demonstrated the significance of consultation processes as discursive practices, and I shall develop this idea further based on Fairclough (1992). Much critical accounting research has demonstrated that accounting practices and rules can be (and have been) influenced during the consultation process and/or initial proposal development (see, for example, Brown & Terca, 2001; Chand & Cummings, 2008; Cortese et al., 2010;

Since the rise of economic theories of regulation within the classical political economy (Stigler, 1971; Posner, 1974; Peltzman, 1976), accounting research has paid significant attention to various political processes involved in standard-setting to expose particular forms of influence on accounting practices and rules (Zeff, 1978). Cooper and Robson (2006) reviewed the accounting research in this domain and indicated that traditional financial reporting has implications for various groups in society; therefore these tend to work together to influence particular regulatory outcomes at the expense of others. Bryer and Brignall (1986) have suggested that the substantial interventions of government and major economic corporations in standard-setting date back to the major profit crisis of the 1970s as a response to the problem of capital maintenance in an era of rapidly increasing prices and little growth. Cooper and Robson (2006) indicated that this was justified on the basis that accounting practices and rules have significant economic consequences for profit, and therefore raised concerns regarding the legitimacy of accounting practices and rules.

Cooper and Robson (2006) have also proposed two significant ideas in relation to the intervention of government and professional accounting firms. Firstly, they suggested that the decline of Anglo-American economic performance has led to the enduring intervention of governments. More specifically, that regulatory bodies have led particular accounting firms to arrange for a legal monopoly over auditing and insolvency. Secondly, they have indicated that the regulatory bodies’ intervention
intensified, entailing more details about audit procedures and methods, and this in turn opened the way for accounting professional firms, particularly the big audit firms, to engage in the process. Holthausen and Leftwich (1983) and Stamp (1985) also emphasised the significance of the economic consequences of accounting rules and standards, when particular economic corporations and particular groups within society exert an influence on some accounting practices and rules for the reporting of cash flow, income and financial position.

However, consultation processes are not only a lobbying method but also a discursive practice that has a dialectical relationship with other discursive practices (such as discourse and style) involved in appropriating social change (Fairclough, 1992, 2003, 2001, 2006). Walker (1987) has demonstrated the influence of accounting professional bodies such as the Institute of Chartered Accountants in Australia (ICCA) and the Australian Society of Accountants, on the Accounting Standards Review Board in Australia (ASRB) during the proposal process. Brown and Tarca (2001) have also demonstrated the influence of accounting professional groups such as the Certified Practising Accountants (CPA) and the Institute of Chartered Accountants in Australia (ICAA), along with other regulatory agencies, such as the Australian Stock Exchange and Australian Securities and Investment Commission (ASIC) on the development of the Corporate Law Economic Reform Program in the early proposal process. Chand and Cummings (2008) have empirically investigated the international influence of powerful states (such as, the USA, the countries of the EU) and the implications for Australia’s experience. According to Chand and Cummings (2008), the IFRS has become a product of

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3 The name has recently changed from The Institute of Chartered Accountants in Australia (ICAA) to Chartered Accountants Australia and New Zealand (CAANZ)
political initiatives rather than conceptual underpinnings. Godfrey and Langfield-Smith (2005) have also demonstrated the political influences over the process of globalising accounting standards:

Drawing upon experiences in Australia, the United States, and the European Union, we identify political influences on initiatives to reform accounting-standard-setting environments, politics and processes (Godfrey & Langfield-Smith, 2005, p.1975).

Lobbying has been most effective in the early stages of the development of accounting practices and rules. This thesis will show that the early development of the NGER Act was another important period during which lobbying was effective. I will consider lobbying as a dialectical process where discursive practices (Fairclough, 1992) can be explored and made explicit.

The literature on the politics of accounting practices and rules has highlighted the perceived significance of economic consequences. However, assertions of this significance have been criticised by many accounting researchers (see, for example, Booth & Cocks, 1990; Robson, 1993; Walker & Robinson, 1993; Cooper & Robson, 2006). It was noted that:

focusing on standard setting and negotiations and politics associated with specific accounting rules can lead to a serious neglect of more systemic, institutional similarities in the structure, form and assumed purposes of accounting and audit rules (Cooper & Robson, 2006, p.425).

Although the research within this stream has presupposed a pluralistic configuration of interests, it denotes a historical view of the political process in Australia showing the role of the state agencies, the accounting profession and the powerful economic corporations in influencing the development of accounting practices and rules
In this thesis, I shall focus upon the influence of the accounting profession in another area of regulation, specifically the disclosure of GHG emissions. At one level, this work reinforces and offers another arena in which accounting, through the power of the accounting profession, becomes complicit. However, the significant point that will be argued is that the regulation of GHG disclosure is shaped by the discourse dominant within the accounting profession.

2.6 Political economy approach

Many critical accounting studies have referred to the accounting profession, and accounting itself, as having various political roles. For example:

Not only is accounting policy essentially political in that it derives from the political struggle in society as a whole but also the outcomes of accounting policy are essentially political in that they operate for the benefit of some groups in society and to the detriment of others (Cooper & Sherer, 1984, p.208).

Unlike some of the previous critical accounting research accounts of dominant social order, the political economy approach considers:

the state, whose essential function under capitalism is to legitimate and maintain the position of the class which owns the economic means of production (Cooper, 1995, p.176).

The political economy approach emphasises power and conflict, social context and the role of human and accounting in society (Cooper & Sherer, 1984). In relation to power and conflict, accounting is seen to be an ideological practice mainly controlled by elite groups (Tinker, 1980, 1984; Tinker et al., 1982). Accounting is only understood through recognising the influence of social context as shown and indicated within the literature review (see, for example, Chua & Poullaos, 1993,
This requires an emancipated view of human potential and the possibility for accounting to move toward promoting fairness (Cooper, 1995; Cooper & Sherer, 1984).

Cooper and Sherer (1984) suggested that the researcher needs to embrace three imperatives in a political economy approach: to “be explicitly normative”, “be descriptive” and finally “be critical” (Cooper & Sherer, 1984). In following these suggestions, I shall acknowledge my value judgment, evidenced with the use of the pronoun “I” to denote how the development of the NGER Act might be influenced by various aspects of social context. I shall also adopt CDA as research methodology as developed by Fairclough (1989, 1992, 1993, 1995, 2001, 2003, 2006, 2009) and Chouliarakie and Fairclough (1999), which provides a significant analysis of the dialectical relationship between accounting discourse and social context. Furthermore, I shall be critical, in that I shall show how the underlying aspects of the NGER Act are not value-free; instead, they may be constructed based on the power of the knowledge, experience and expertise of the accounting profession.

Accounting is frankly recognised as ideological practice as long as it is used to sustain relations of power, and therefore to maintain the interests of a particular group at the expense of others (Cooper, 1995). Significant problems assigned to the accounting system are conceptually attributed to the new marginal and classical political economic models embracing the “ideal” of market forces involved extensively in reductionist accounts of various social factors, no matter how many
implications of accounting practices have been lost (Cooper & Sherer, 1984; Tinker, 1980). This in turn reinforces the significant collapse of the “right” idea of mainstream accounting research, in which accounting is merely recognised as a reflection of economic reality (Cooper & Sherer, 1984; Dillard, 1991; Tinker, 1980, 1984; Tinker et al., 1982). The political economy approach in accounting research supposedly challenges mainstream accounting accounts of social dynamics, leading to accounting now being recognised as a merely technical system. The political economy approach in principle essentially problematises social factors (Tinker, 1980, 1984; Tinker et al., 1982). Such social factors do not only alienate the understanding of prevailing dominant relations between groups in a particular society but also implicate ideological accounting techniques in the process (Dillard, 1991). Hence, accounting techniques are a significant material resource (Tinker, 1980, Cooper & Sherer, 1984) used to legitimate powerful and major economic corporations’ practices, and therefore isolate particular groups in society (Tinker, 1980, Richardson, 1987).

Cooper (1995) argued that accounting has the remotest possibility to be a part of social reality. She adopted a cultural-Marxist perspective using concepts such as hegemony, ideology and accounting discourse to examine the dialectical relation between an economic system and its superstructure - the state, classes, language, values and institutions - and the possibility for accounting to act in a revolutionary manner. Cooper (1995) uses as a case study of the UK’s National Union of Journalists (NUJ) between 1978-1988. This is because it was affected of the huge developments in the UK newspaper industry in the mid-1980s. These let to new institutional arrangements, the introduction of new technology and working
procedures and the development of Union legislation. Cooper (1995) demonstrated that accounting was used to legitimate the actions and sustain the dominance of an existing powerful group in the NUJ. The current study reinforces the perceived significance of understanding the underlying relations evolved in specific social change.

The literature of the political economy emphasised the significance of power relations and the influence of the social context. However, the political economy approach has involved accounting research to understand the development of accounting profession at the level of social practices.

The perspective has not been applied extensively at a lower level of analysis, for example, to the interaction between accountants and other members of organisations (although see Armstrong, 1985) or to the development of accounting profession itself. The analytic power of this perspective, I believe, lies at this level of analysis and such work will appear in the near future (Richardson, 1987, p.351).

Richardson (1987) suggested a further investigation of accounting practices as dynamic ideological tools involved in social struggle and perpetuated by the relations of power. Thus, in this thesis, I shall integrate the political economy approach with CDA which provides a significant internal analysis of the responses of the accounting profession to the NGER Act, even though the link to social context should be established in varying degrees.

2.7 Social and institutional context of accounting

Accounting research within this stream is involved in a constructionist orientation of accounting practices and rules. Especially, Dillard (1990) indicated that the main philosophical assumption of accounting is the idea that it is socially produced. A
number of studies have critically investigated and call for more research on the relationship between the accounting profession and the state (Burchell et al., 1980; Hopwood, 1983; Richardson, 1987; Miller, 1994) and exposed and/or indicated how financial and management accounting practices are shaped by their social context. These studies have demonstrated that the accounting profession, despite promoting itself as taking a value-free position, has always played a dynamic role along with the state in allocating economic resources, coordinating and organising various and different market schemes, monitoring economic activities, accumulating capital, distributing the wealth of nations, and underpinning power relations (Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994; Cooper et al., 1989; Cooper & Robson, 2006; Kaidonis, 2008; Mitchell & Sikka, 2011; Puxty et al., 1987; Puxty, 1990; Sikka, 2001, 2013; Sikka & Hampton, 2005; Sikka & Willmott, 1995, 2010). In this thesis, I shall examine the state and its regulatory body as an external order of discourse and the accounting profession as an internal order of discourse.

Puxty et al. (1987) have developed a corporatist framework for investigating how accounting practices are legitimated in advanced capitalist societies, focusing on the governments of Germany, the UK, Sweden and the USA in a comparative-historical manner. They have relied heavily upon the work of Streeck and Schmitter, 1985, embodying a model of allocation and coordination in capitalist systems through three principles of social order: market, state and community (Figure 2).
Although each mode shown at the points of the triangle has its own principles, mostly they overlap. That is, there is no pure principle for each; instead, the market principle intertwines with state or community and so on. The accounting profession are said to always play a significant role in the development of accounting practices and rules within these principles.

Chua and Poullaos (1993) have investigated and questioned the underlying assumptions within the concepts of closure, in which only one group sharing a particular value (e.g. religion, class, language) within a society can close off opportunities for others through dynamic strategies. Through an empirical focus on the case of the professionalisation project of the Victorian Charter Attempt 1885-1906, the authors pointed out that the accounting profession is fundamentally a product of the mutual relationship between state and profession. Chua and Sinclair (1994) synthesised the work of Marx, Weber and Foucault to reconsider previous research on the state-accounting profession relationship through a historical case of the emergence of the Australian Public Sector Accounting Standard Board (PSASB) in 1983. Specifically, they have demonstrated the relativity and contingency of any
social practice through examining significant and hard economic conditions, changes in the processes regulating the accounting profession which took place in Australia between 1975 and 1985.

Chua and Poullaos (1998) have re-examined Weber’s class-status-part model with particular focus on the activities of the Incorporated Institute of Accountants from 1886 to 1903 and demonstrated the relativity of and contingent nature within of closure theory. More specifically, the authors have demonstrated that the concept of monopolistic closure is inaccurate, and that the activities of the institute are based on numerous and mutable divisions within and between the association, rival colonial and imperial associations, the intervention of the state regulator’s agencies and pressures between the political and social domains. This in turn suggests that discourse is historical in that it is influenced by the characteristics of a particular era. In this thesis, the contemporary global problem of climate change and national responses to it during the consultative process of the NGERS Act can also be considered from the institutional and political setting.

Kaidonis (2008) has contested the underlying assumption of capital markets that they serve the public interest and questioned the capacity of the Australian accounting profession to support the public interest, with particular reference to the CLERP Act 1999 developed by ASIC. Significantly, Kaidonis (2008) pointed out the influence of the state (through ASIC) on the accounting profession and the setting of accounting standards. This thesis examines the potential influence of the state through its regulatory body DOEWR and the accounting profession during the consultative process of the NGER Act.
2.8  **State-profession relationship and the international audit firms**

The mode of corporatism has been explicitly, and sometimes implicitly, evidenced in many developed countries such as the UK and Australia within the state-accounting profession relationship (Sikka & Willmott, 1995; Sikka, 2001; Ryan et al., 2007). Sikka and Willmott (1995) have studied the state-accounting profession relationship in the UK and investigated 82 reports authorised and released via the UK Department of Trade and Industry between 1971 and 1992-93 as a result of a large number of inspections of errant corporations implicated in crisis of misleading reporting of financial information. The authors denoted that the state agency had heavily drawn upon and involved members of international big audit firms to investigate the reports of misbehaving corporations, even though the firms had been associated with the scandals and the corporations were clients of the firms. This suggests that the accounting profession has a longstanding history and proactive role along with the state agency in influencing various aspects of state practices. In this thesis, I shall focus on the role of Ernst and Young (EY), KPMG and PwC in the development of the NGER Act because they made their submissions to the RDP publicly available.

The large audit firm Deloitte & Touche makes up the fourth member of the group commonly referred to the “Big Four”, however, their responses have not been included in this study because they were not publicly available. In this thesis, when I am referring to three of the Big Four audit firms collectively (ie. EY, KPMG and PwC) I use the phrase ‘the three professional firms’ for simplicity.

Sikka (2001) also looked at the relations between the UK state and the accounting profession with particular reference to the UK’s institutional structures of financial reporting and auditing, as a response to Briloff’s (2001) study of the regulation of
dishonest financial reporting in the USA. Specifically, Sikka (2001) focused on the role of state agencies in administering the Companies Act 1985. These agencies include the Financial Reporting Council, the Accounting Standards Board and the Financial Reporting Review Panel (which was responsible for the identification of defective financial reporting as a response to many claims released by the Financial Reporting Review Panel through careful investigation of defective audit reports) and the Institute of Chartered Accountants in England and Wales (which claimed to investigate and to play an active role in cases referred by the FRRP concerning major accounting firms such as PwC, KPMG, Arthur Anderson, Coopers & Lybrand, Kingston Smith and Touche Ross between 1992 and 1996. Especially, Sikka (2001, p.200) pointed out that “the UK regulatory structures are unwilling or unable to introduce effective sanctions against major firms (international capital)”.

Even though Sikka’s (2001) study focuses on conventional financial accounting practice, it reinforces the idea of a longstanding relationship between the state and the accounting profession. In this thesis this relationship is scrutinised from a discourse perspective with respect to the development of the NGER Act to reveal the influence of the three professional firms on the regulation of the disclosure of GHG emissions. Perhaps it is not surprising that they took such an active role in the regulation of their profession.

Cooper and Robson (2006) reviewed much literature concerning the development of accounting regulation and standard-setting, and emphasised the significance of locating the sites of professionalisation in which the Big Four audit firms have had a
Cooper and Robson (2006) suggested that these professional firms have a historical role realised as leading participants along with the various governments, regulatory bodies, major economic corporations and neoliberal market institutions in modelling accounting rules and standards. Cooper and Robson (2006) argue that the historic roles of the Big Four reflect their powerful and authoritative positions. Further, they argue that this powerful and authoritative position is over-controlled, and therefore excludes others from claiming professional status; that is, only members of the Big Four are considered to have knowledge and information about any accounting matter. In practice this excludes other audit firms from participating in the standardisation of accounting. Hence, the accounting profession is said to be represented by the Big Four, which can therefore be considered to have legitimate right and power to be active participants in regulatory processes involving the development of accounting rules and standards. In this thesis the submissions of EY, KPMG and PwC are considered individually and as a group called here the three professional firms. These findings will be reconsidered in the light of the influence of the accounting profession and the regulatory site during the consultative process of the NGERS.
Ryan et al. (2007) have also demonstrated and reinforced the dominant role of the accounting profession in the development of and setting of accounting standards for the public sector in Australia. This thesis will focus on EY, KPMG and PwC as they made public responses to the RDP in 2007 as a part of the process of developing the NGERs. These bodies are proactive in their role in past and emergent issues in society. Mitchell and Sikka, (2011) have demonstrated that the Big Four audit firms (PwC, KPMG, Deloitte & Touche and Ernst & Yong) are a dynamic site of the accounting profession, noting:

(t)hey have become the new masters of the universe and have close links with the UK government, advising it on privatisations, Private Finance Initiative (PFI) and the demise of the National Health Service (Mitchell & Sikka, 2011, p.3)

This thesis considers three of the Big Four audit firms and their dynamic influences during the consultative process of the NGER Act, examining their reactions to various accounting issues, and in particular accounting for the disclosure of GHG emissions.

The literature of institutional social research denotes the perceived significance of understanding many modes of regulation. In addition, the state-accounting relationship embodies a number of theoretical frameworks ranging from the work of theorists such as Marx, Weber and Foucault (for example, Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994; Cooper et al., 1989; Cooper & Robson, 2006; Kaidonis, 2008; Mitchell & Sikka, 2011; Puxty et al., 1987; Puxty, 1990; Sikka, 2001, 2013; Sikka & Hampton, 2005; Sikka & Willmott, 1995, 2010).
2.9 The research focus

In this thesis, I have a particular focus on text as an isolable part of social context and hence extensively and systematically examine vocabulary and grammatical relations; in other words, I examine the responses of the accounting profession as isolable part of the social context, exposing their underlying experiential, relational and expressive values. In addition, I have given a comprehensive account of underlying elements of the order of discourse, such as genre, discourse and style, to show that order of discourse has underlying conventions and ground assumptions. I shall show how the discourse of the three professional firms influences the underlying parts of the NGERS; how the underlying conventions associated with particular forms of discussion such as RDP in 2007 have underlying influences on institutional relations; and how the style based on multidimensional identities has an influence on subject positions. In turn, it will be argued that not only accounting discourse but also other aspects (such as genre and style) are involved in appropriating the development of the NGER Act. In this thesis, I shall examine the influence of the accounting profession on the regulation of GHG emissions. I embrace the view of Fairclough on discourse, a focus on the state and regulatory agencies as an external order of discourse, while the accounting profession as an internal order of discourse was involved in appropriating the underlying parts of NGER Act.

2.10 Concluding on literature review

The literature review provides an account of many accounting studies on GHG emissions. It suggests that there is a lack of critical accounting studies in the arena of the NGER Act. Most accounting researchers have focused on corporate responses to
climate change; the role of the accounting profession in developing technical standards for disclosing and auditing GHG emissions; factors influencing the disclosure of GHG emissions and even social and environmental performance; and the perception of influence of the accounting profession on NGER (Audit) Determination 2009 (Martinov-Bennie & Hoffman, 2012). This thesis implicates accounting in the context in which it operates, and will therefore examine the potential influence of the accounting profession on the underlying parts of the NGERS.

Given the transdisciplinary orientation of this thesis, relevant research has been extensively reviewed from a number of fields. Many leading researchers in various disciplines have acknowledged the influence of the neoliberal order on environmental discourses. Therefore, in this thesis, it is expected that there is some influence of the neoliberal order in the development of NGER Act. However, how this influence occurs will be revealed in three chapters covering the text analysis, discursive practice and social practice (being Chapters 5, 6 and 7, respectively).

Many accounting researchers have demonstrated that accounting is also implicated in political processes. That is, accounting practices and rules are said to be influenced in the process of setting accounting standards. Many critical accounting researchers have investigated accounting in the context in which it operates and demonstrated the influence of and on accounting practices and rules through a particular emphasis on the state-accounting profession relationship. In this thesis, I shall extend the focus from the influence of the accounting profession on financial accounting practices and rules to the regulation of GHG emissions since it is a recent concern of the state. I
shall also develop the idea that the accounting profession is implicated in the internal order of discourse which, as will be shown, is involved in appropriating the underlying parts of the NGERS.
CHAPTER 3: THEORETICAL FRAMEWORK

3.1 Introduction

The aim of this chapter is to provide the theoretical framework used to construe the underlying conventions and common assumptions associated with the discursive and non-discursive practices involved in the development of the NGER Act. The theoretical framework used is compatible with the methodology applied in this thesis, being Critical Discourse Analysis (CDA). Taken together, it may help to provide a conceptual bridge to explain the underlying phenomena and the findings, with particular reference to social context. More specifically, I have drawn upon the view of Fairclough on discourse that it is integrated with political economy concepts such as hegemony and ideology, as well as Foucault’s conception of discourse and Kristeva’s conception of intertextuality. These concepts are expected to provide a significant and rich explanation of the role of the accounting profession in the development of the NGERS. This may help to explain how the three professional firms are involved in the development of the NGERS.

The theoretical framework is organised as follows. The first section of this chapter will look at discourse as moment of social context. The second section of this chapter will look at discourse as an ideological practice. The third section of this chapter will look at discourse as a hegemonic practice. The final section will provide a conclusion for the theoretical framework.

3.2 Discourse as a moment of social context

Fairclough has mainly derived his view on discourse from Foucault’s work (1971, 1972, 1984, 1980, 1994). In particular, Fairclough (2009) has conceptualised
discourse as meaning-making dialectically related to social context, the particular practice of a particular group in society; and the dominant way of thinking over groups in society. The significant point here is that discourse in its various meanings (text, order of discourse and language) is seen as a dialectical “moment” of social process:

Like Harvey (1996) I regard discourse as one element or “moment” of the social process which is dialectically related to other elements (“moment” is used precisely for elements whose relations are dialectical). To say that the relations between moments is dialectical means that although they are different from one another and one cannot be reduced to another, they are not discrete, i.e. the boundaries between them are fluid - they “flow into” each other (Fairclough, 2006, p.30, emphasis added).

The emphasis on discourse as a moment of social context means that I shall initially examine discourse in its various meanings as separately from social context. That is to say, I shall examine the process of meaning-making to understand how particular social values, relationships and subject positions are actually represented, enacted and placed within discourse. However, I shall ascribe meaning to discourse in its various forms by reference to social context. Especially, Fairclough (2009) has conceptualised discourse as:

(a) Meaning-making as an element of the social process,
(b) The language associated with a particular social field or practice (e.g. “political discourse”)
(c) A way of construing aspects of the world associated with a particular social perspective (e.g. a “neoliberal discourse of globalisation”) (Fairclough, 2009, pp.162-163).

In relation to point (a) meaning-making as an element of the social process, discourse can be seen as various semiotic ways that agencies use to make meaning, in particular, as part of social change. For Fairclough, agencies make meaning through
text, order of discourse and language, each with a set of conventions, rules and ground assumptions. Fairclough’s conception on text, order of discourse and language is as follows. First of all, text can be simply seen as a transcript of written and spoken words (Fairclough, 2003). In addition, text simultaneously involves the representation of particular aspects of the social world structuring social relations and setting subject positions in a specific social event. Secondly, an order of discourse can be seen as genre, discourse and style, each with a set of stable and combinable conventions (Fairclough, 1992) (Table 3.1).

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<tr>
<th>Table 3.1 Order of discourse (Fairclough, 2003, p.26).</th>
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<tr>
<td>Order of discourse</td>
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<tr>
<td>Genres</td>
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<td>Discourses</td>
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<td>Styles</td>
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Table 3.1 shows that genre, discourse and style can be seen as having underlying conventions controlling the ways of acting and interacting, representing various aspects of social world and placing particular subjects in specific positions. Fairclough (1992) has argued that the order of discourse has a stable and combinable sense; however, it is mobilised, as will be shown below, within the discourse as hegemonic practice. Finally, language can be seen as “verbal language - words, sentences, etc. we can talk of ‘language’ in a general way, or of particular languages such as English or Swahili” (Fairclough, 2003, p.3). In the paragraph below, I shall point to discourse as a moment of social context.
Discourse in its three dimensions (text, order of discourse and language) is dialectically related to social context. For Fairclough, social context is indicated as in:

(t)he social process can be seen as the interplay between three levels of social reality: social structures, practices and event” (Fairclough, 2009, p.164, emphasis in original).

That is to say, each level of social context has its own semiotic dimension: text is a moment of social event; order of discourse is a moment of social practice; language is a moment of social structure (Fairclough, 2006) (see Table 3.2).

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<th>Social Process</th>
<th>Semiosis</th>
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<tr>
<td>Social Structures</td>
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<td>Social Practices</td>
<td>Order of Discourse</td>
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<td>Social Event</td>
<td>Texts</td>
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Fairclough (2006) has argued that social practice mediates the relationship between social structure and social events, as indicated in Chapter 2. Social structure defines possibilities and social event defines potentialities:

“(b)ut the relationship between structures and event, the possible and the actual, is not directed. It is mediated, and mediated by ‘social practice’” (Fairclough, 2006, p.30, emphasis in original).

Social structure does not simply determine the social relations and positions, but defines their possibilities. Social agencies are not simply the constructors of their own will. This provides a perspective on the NGER Act as defining possibilities, and the responses of all stakeholders - even to the level of the single citizen - as what actually happens. The relationship between the NGER Act and the responses to it is mediated by DOEW and the three professional firms through understanding the
discourse of DOEWR and the three professional firms, institutional relationships and their identities.

In relation to point (b) language associated with a particular social field or practice, discourse can be seen as the particular language of a particular group in society such as educational discourse or professional discourse. Many accounting researchers have acknowledged the perceived significance of the accounting profession discourse in influencing and appropriating the development of accounting rules and practices (see, for example, Chua & Poullaos, 1993, 1998; Chua & Sinclair, 1994; Cooper et al., 1989; Cooper & Robson, 2006; Kaidonis, 2008; Mitchell & Sikka, 2011; Puxty et al., 1987; Puxty, 1990; Sikka, 2001, 2013; Sikka & Hampton, 2005; Sikka & Willmott, 1995, 2010). I shall focus on the discourse of the accounting profession and how it appropriated, and therefore mediated the development of the NGER Act.

In relation to point (c), a way of construing aspects of the world associated with a particular social perspective, this suggests that the concept of discourse can be seen as a dominant way for specific aspects of social change for particular groups in the society. Chouliaraki and Fairclough (1999) have differentiated between the external and internal order of discourse:

> (E)ach practice is located within a network of relationships to other practices, and these ‘external’ relationships determine its internal constitution (Chouliaraki and Fairclough, 1999, p.22).

This suggests that the discourse of the dominant group in the society (in the case examined in this thesis, this is the neoliberal order) can be seen as an external order of discourse, while the discourse of a particular group in society (in this thesis, the accounting profession) can be seen as an internal order of discourse.
3.3 Discourse as an ideological practice

Fairclough (1992) suggests:

(d)iscursive practices are ideologically invested in so far as they incorporate significations which contribute to sustaining or restructuring power relations (Fairclough, 1992, p.91).

Fairclough (1992) has drawn upon the view of Althusser on ideology, stating:

I shall understand ideologies to be significations/constructions of reality (the physical world, social relations, social identities), which are built into various dimensions of the forms/meanings of discursive practices, and which contribute to the production, reproduction or transformation of relations of dominations (Fairclough, 1992, p.87).

Ideology has underlying conventions and common assumptions involved in specific ways of valuing particular aspects of the social world; enacting social relations and positioning particular subjects in specific positions. Discursive practices are ideologies insofar as they sustain or restructure power relations in the sense that they partly set and limit particular social values, relations and positions. As a result, discourse in its various meanings (text, order of discourse and language) might be seen as an ideological practice. Given the view of Fairclough on social practices, as indicated in the previous section, I shall focus on the dominant social order as external order of discourse and the three professional firms as an internal order of discourse to expose how their discursive practices involve ground assumptions framing particular values on the disclosure of GHG emissions, and institutional relations and positions. More specifically, Fairclough has integrated discourse within ideology in three significant claims, conceptualised from a critical-realist point of view:
1- It has a material existence in the practice of institutions, which opens up the way to investigate discursive practices as material forms of ideology.

2- Ideology “interpellates subjects”, which leads to the view that one of the more significant “ideological effects” which linguistics ignores in discourse (according to Althusser, 1971; 161 n.16) is the constitution of subjects.

3- “Ideological state apparatuses” (institutions such as education or the media) are both sites of and stakes in class struggle, which points to struggle in and over discourse as a focus for an ideologically oriented discourse analysis (Fairclough, 1992, p.87).

In relation to the first point, discourse as moment of social context can be seen as ideologically materialised and institutionally motivated. Fairclough (2003) has also theorised the concept of discourse as an ideological means involved in valuing and representing different sides of the world. This suggests that discursive practices are the strategic and material means and tactics, and therefore the material forms, of ideology if they are implicated in sustaining relations of power in specific ways (Fairclough, 1992). This, in turn, presupposes that discursive practices have ideological tendencies only if they combine values and representations implicated in sustaining the power relations which sustain or restructure particular values within the particular social change in question. Moreover, Fairclough’s conception of ideology is connected with the view of discourse as a moment of social process. That is, text, order of discourse and language as moments of social process are the material forms of ideology. This in turn suggests a focus on these elements of discourse and their underlying conventions to expose how particular discursive strategies are involved in sustaining or restructuring the relations of power. Such discursive strategies are motivated to include particular institutional participants and selective values, and therefore to potentially exclude other social participants and alternative and available values.
The second point suggests a significant focus upon particular discursive strategies. These dynamic discursive strategies might be involved unconsciously or reflexively in the constitutions of social participants in specific social change. Fairclough (1992) has suggested that discourse contributes to the overall production and constitution of social participants and it is constituted by a particular group in the society. It suggests a focus on how the dominant discourse of social order involves particular social-change strategies to include particular values and participants as particular elements of change are negotiated and discussed. This will be illustrated through an examination of discursive strategies in question and how they are ideologically framed within such discursive devices. Furthermore, the focus can be on how other and internal social institutions mobilise discourse, and therefore expose particular values within the social change in question. This in turn suggests that the discursive strategies have underlying conventions and ground assumptions resulting from social conditions and situations of production and interpretations.

The third point highlights the perceived significance of social institutions as locations and sites in social struggle. Social institutions are, in Fairclough’s conception, the external and internal orders of discourse. Specifically, social struggle takes place based on social conditions of production and interpretations; as a result, the discourse should not be isolated from the social context in question. It reflects the focus upon the dominant social order as an external order of discourse and its dynamic role in structuring the general features of social change. Moreover, it also suggests a focus on internal social institutions as an intermediate level of social structuring of specific features of selected policy. This also requires an investigation of the discursive
practices of powerful institutions and how they ideologically select discourse for particular economic and social ends.

3.4 Discourse as a hegemonic practice

Fairclough (1992) has integrated the concept of discourse within hegemony to explore the idea that the order of discourse is internally heterogeneous; that is, intertextual in its constitution. This suggests that even though the order of discourse (genre, discourse and style) has a particular set of stability and combinability, under such significant conditions it is more likely subject to power relations and therefore mobility in a specific way (Fairclough, 1992). Given that discourse is more generally implicated in ideological practices that isolate humans’ perception of them (Fairclough, 1992), the emphasis should be on the intertextual space of discursive practices, especially within orders of discourse, their dynamic designs and features, their underlying origins, sources and their limitations. Fairclough’s perspective of discourse incorporates this relationship through a focus on discourse as a hegemonic practice with specific reference to intertextuality:

The concept of intertextuality points to the productivity of texts, to how texts can transform prior texts and restructure existing conventions (genres, discourses) to generate new ones. But this productivity is not in practice available to people as a limitless space for textual innovation and play: it is socially limited and constrained, and conditional upon relations of powers. The theory of intertextuality cannot itself account for these social limitations, so it needs to be combined with a theory of power relations and how they shape (and are shaped by) social structures and practices (Fairclough, 1992, pp.102-103).

The concept of intertextuality points to examining the order of discourse as moments of social practice to explore such significant and often hidden strategies implicated in
power relations and therefore social struggle. Given that the order of discourse is internally heterogeneous, I understand that examining social change should point to the external order of discourse as colonising social change while internal order of discourse as appropriating it. Fairclough (2006) has realised this through the process of recontextualization:

Recontextualization can be seen as a dialectical relation which is simultaneously a relation of colonization and a relation of appropriation (Fairclough, 2006, p.34).

I acknowledge the way in which external order of discourse might colonise the social change, as well as the degree to which an internal order of discourse might involve in appropriating it, through the intertextuality of orders of discourse. As discussed in the literature review, the neoliberal order attributes a market-based system to any emergent environmental issue, while major economic corporations are involved in appropriating particular market discourses. I pay attention to the intertextual process and various non-discursive elements involved in the construction of an order of discourse. Fairclough has suggested the synthesis between the concept of intertextuality and the concept of hegemony, stating:

the adoption of a hegemonic model points in the same direction, leading to a view of orders of discourse as unstable equilibria, consisting of elements which are internally heterogeneous - or intertextual in their constitutions - the boundaries between which are constantly open to being redrawn as orders of discourse are disarticulated and rearticulated in the course of hegemonic struggle (Fairclough, 1992, p.124).

The indication of “unstable equilibria” suggests a focus on orders of discourse as having stable and combinable conventions and rules for representing various aspects of social change, constructing social relationships and placing particular subjects in specific positions. However, orders of discourse are more likely subject to the power
of particular and internal groups in society, and therefore more likely to be mobilised in a specific direction.

3.5 Concluding on theoretical framework

This chapter discussed the view of Fairclough on discourse which integrates various critical concepts mainly from political economy, such as hegemony, ideology and intertextuality, along with the discourse. In this way, discourse is seen as a significant way of representing, enacting, and identifying a particular object in specific situations of social change. Discourse is seen also as an ideological practice insofar as it is involved in processing power relations within any particular social change. Orders of discourse are seen as having external and internal dimensions that are stable and combinable in processing and sustaining power relations; however, they are also mobilised under particular social conditions. In this thesis, I consider the dominant social order as an external order of discourse which will be shown to colonise specific discourse within the NGER Act; and social institutions will be discussed in terms of the three professional firms as an internal order of discourse which are involved in appropriating, and therefore directing, the development of the NGER Act in a specific direction. In addition, I shall demonstrate orders of discourse such as discussion papers, institutional relations and subject positions as interacting and representing particular aspects of underlying parts of the NGER Act.
CHAPTER 4: METHODOLOGY

4.1 Introduction

This chapter enunciates the research methodology adopted in this thesis. I have adopted CDA as a research methodology for this thesis as developed by Fairclough (1989, 1992, 1993, 1995, 1997, 2000, 2001, 2003, 2005, 2006, 2009). Given the transdisciplinary way of doing research, the view of Fairclough on discourse as having three dimensions incorporates three significant analytical traditions: linguistic, macrosociological and interpretivist analysis (Leitch and Palmer, 2010). In this chapter, I shall point to each analytical category with significant discursive devices to examine the responses of the accounting profession to the NGER Act. In doing so, I will denote significant factors, some mentioned in early parts of this thesis, that are associated with the selection of particular responses and their dialectical relation to social context.

This chapter is organised as follows. The first section of this chapter will look at CDA. The second section will provide extensive details of CDA as an analytical framework.

4.2 Critical discourse analysis

I will look at different views of CDA mainly those of van Dijk and Fairclough, but in this thesis, I adopt Fairclough’s framework of CDA. This thesis is also informed by accounting studies which have used Fairclough’s framework to varying extents (Cortese et al., 2010; Gallhofer et al., 2001; Malmmose, 2014; Merkle-Davis & Koller, 2012; Zhang & Andrew, 2013). This thesis builds on these studies in its views of CDA.
I have adopted CDA as the research methodology for this thesis as developed by Fairclough (1989, 1992, 1993, 1995, 1997, 2000a, 2001, 2003, 2005, 2006, 2009), and in particular the version of CDA that fulfils the cultural turn within the view of Fairclough on discourse (2006). Ontologically, I adopted a critical realist position as developed by Fairclough, Jessop and Sayer (2004) in which reality lies in mutual hierarchal levels and dialectical relations between discourse and social context (social structure, practice and event). This is a dominant critical realist assumption by social scientists (Bahskar, 1986, Bourdieu, 1991) shared by scholars in linguistic-sociological traditions; its most recent version is ‘Critical realism and semiosis’ (Fairclough, Jessop and Sayer (2004).

CDA has a number of principles which have already been discussed in Chapter 2. In particular, CDA attempts to address the dialectical relationship between discourse and social context. It tries to illuminate the link between text and social context. Text is a transcript of a social event, where something was communicating (Fairclough, 2003). Text has no meaning without reference to the social setting where it occurs. Fairclough (1992) suggested that the analysis of text involves an attention to discursive practice as it has underlying conventions involved in setting social relationships, representing social life and positioning subjects. This thesis involves the interpretation of accounting discourse along with consultation processes and institutional participants to ascribe particular meaning to the submissions of the three professional firms, but also to show the intertextual influence in a specific way. In doing so, I shall examine the discourse of the three professional firms, the consultation process RDP in 2007 and their multidimensional identities as dialectically related.
My understanding of a social structure (the NGER Act) will be according to Fairclough’s definition of “what is possible”, which completely delimits “what actually happens”, and his assertion that external and internal orders of discourse mediate the relationship between social structures and social events (Fairclough, 2003, 2006). That is to say, I will pay attention to the submissions of the three professional firms as they may mediate the underlying parts of the NGERS. This involves the examination of underlying themes within the RDP to see whether they are able to enclose a particular theme to the process. In the next section, I focus on CDA as an analytical framework.

4.2.1 Empirical studies using Critical Discourse Analysis

CDA has been primarily developed under the influence of “Western Marxism”, which sees language as a significant social practice (Fairclough & Wodak, 1997). Western Marxism is a new movement that emphasises placing power relations in the language rather than the economic domain which has led many critical researchers to conceptualise how discourse as ideological practice produced and reproduced power relations (Chouliarakie & Fairclough, 1999; Fairclough, 1989, 1992; Fairclough & Wodak, 1997). The main concern of CDA is the analysis of written and spoken texts linked by addressing discursive practice and social practice (Fairclough, 1992, 2005). Leitch and Palmer (2010) have suggested that CDA is consciously reflected in its own name: critical, discourse, analysis. CDA is critical in the sense that it addresses causes and factors of social wrong such as power and domination within the dominant social order; it emphasises the “turn to language” and therefore the
significance of discourse and discursive practices in building power relations; and it analyses text as non-isolable to examine the impact of context and history. This in turn suggests that CDA has a particular focus on text, discursive and social practices as non-value-free and as shaping society and being shaped by it.

In this thesis I shall adopt the view of Fairclough on CDA. Many leading researchers in critical-discourse studies (Alvesson & Kärreman, 2011; Curtis, 2014; Brannan, Parsons & Priola, 2015; Iedema, 2011; Jessop, 2004; Leitch & Palmer, 2010; Locke, 2004; O’Mahoney, 2011; Poole, 2010; Wodak & Meyer, 2009; Vaara, & Tienari, 2008; Van Dijk, 1993; Widdowson, 2004) have acknowledged the significant position of Fairclough along with other scholars:

My first debt of gratitude is to those thinkers about language and its place in the world whose pioneering work made this book possible, in particular, Michel Foucault, Mikhail Bakhtin, Norman Fairclough, James Gee, Ruth Wodak and Tuen van Dijk (Locke, 2004, p.1).

While Fairclough’s analytical framework has been widely used in many fields of knowledge such as management and organisation studies (Chiapello & Fairclough, 2002; Dick, 2005; Fairclough, 1989, 2000b; Fairclough & Fairclough, 2011; Hardy et al., 2000, Leitch & Davenport, 2005; Phillips et al., 2004; Munir & Phillips, 2005; Phillips et al., 2008; Tienari et al., 2005), there has been other influential accounting research in this field (Cortese et al., 2010; Gallhofer et al., 2001; Malmmose, 2014; Merkle-Davis & Koller, 2012; Zhang & Andrew, 2013). Lowenstein (2012) has acknowledged the significance of Fairclough’s framework in analysing professional vocabularies as a key source of organising:
Professional vocabularies are sources of categories that non-professionals borrow and use. Accordingly, professions play a key role in divisions of linguistic labour, generating and distributing, but maintaining control over, words that other use to guide their thinking and behaviour (Lowenstein, 2012, p.65)

This suggests that professional vocabularies play a vital role in influencing the understanding of others. CDA, when used to analyse specific texts, has a focus on the vocabulary and grammatical relationships in the text to expose their influence on content, relations and subjects actually represented.

Fairclough (1989) used CDA to examine an interview between the UK’s former Prime Minister Margaret Thatcher and Michael Charlton on BBC Radio 3 in 1985. At the level of textual analysis, the author investigated relational values within vocabulary and grammatical relations such as pronouns, euphemistic expressions and relational modalities, and showed their structural effect upon the interviewer and the public. At the level of discursive practice, the author examined the underlying devices of intertextuality such as negative sentences and emphatic assertion and showed a struggle between Mrs Thatcher and her opponents and the determinant effect of intertextual context. In addition, the author showed the influence of discursive practices on content, social relations and subject positions. At the level of social practice, the author showed that the Thatcherism discourse was an ideological struggle insofar as it had particular influence on social relations and subject positions, and that this ideological struggle had been determined by the dominant nature of the social order; in this case, the capitalist system. This study enforces the significance of CDA in analysing the dominant social order, discursive practices along and textual analysis. It should be noted that Fairclough’s (1989) study focused on an interview, while this thesis will solely consider public discourse.
Gallhofer et al., (2001) illustrated the influence of dominant stakeholders over the takeover legislation in New Zealand during 1990-93. CDA was used to investigate the submissions made by influential representatives such as the Institute of Directors (IOD) and the New Zealand Business Roundtable (NZBR) to the Takeover Panel Advisory Committee or to the Ministry of Justice. At the level of textual analysis, the authors demonstrated the perceived significance of vocabulary exposing different points of view between IOD and NZBR and suggested that examining key words might uncover significant cues to ideological struggles. At the level of discursive practice, the authors investigated the process of text production, with particular focus on the process of argumentation. Gallhofer et al., (2001) demonstrated that the differences in arguments between IOD and NZBR over the introduction of the takeover legislation could be examined in terms of underlying discursive conventions associated with building power relations. They found that the credibility of argumentation was influenced by discursive practices in which the IOD was promoting a particular type of discourse such as “the practical experience”, while the NZBR was promoting “the support of experts”, Gallhofer et al., (2001). At the level of social practice, the authors emphasised the hegemonic struggle and its implications over power relations, and pointed out that the view of the NZBR was included as a result of being associated with influential and dominant institutional networks and alliances. Gallhofer et al., (2001) also indicated that these power relations were the result of the New Zealand government’s more determined pursuit of neoliberalism than was found in other western societies. The study of Gallhofer et al., (2001) reinforced how ideological struggles over legislations can be demonstrated using CDA, and this thesis builds on these finding, in an Australian
setting. In addition, Gallhofer et al., (2001) demonstrated the stability and combinability of discursive practice; however, they also demonstrated that these discursive practices are subject to mobility by the NZBR. In addition, the authors emphasised the significance of the consultation process in New Zealand and how hegemonic struggles can be exposed at these stages of policy development. These findings inform this thesis which is considering the consultation process of the development of regulation of GHG disclosure in Australia. This thesis also builds on the use of CDA by adding Fairclough’s experiential, relational and expressive values in the analysis of text. In addition, it examines other types of legislation, the NGER Act, since climate change is a recent concern of states.

Chiapello and Fairclough (2002) encouraged transdisciplinary research by approaching the language of new capitalism, with a particular focus on sociological traditions and CDA. In particular, the authors suggested that the language of new capitalism is involved in framing social practices such as “new management ideology” (Chiapello and Fairclough, 2002). This in turn denotes that CDA can be used to investigate and to demonstrate the significance of understanding various forms of social structure such as neoliberalism. It can be applied to investigating their implications not only for the colonisation of social practices but also for how discursive practices play a constitutive role in appropriating social change. In this thesis, I shall use CDA to examine the way in which a dominant social order - specifically, neoliberalism - has colonised the dominant response to climate change and the involvement of the three professional firms in appropriating the underlying parts of the NGERS such as the DOI and CAF.
Dick (2005) applied CDA to an interview to examine how the work of police officers and their use of coercive power reflect the dominant social order. The author demonstrated the significance of CDA and suggested that it can be used to examine any role that exercises power within any organisation or work-group culture. In this thesis, I shall use CDA to examine how the responses of the three professional firms might have reflected the dominant social order during the consultative process of the NGER Act. Fairclough (2001b) provided a significant framework of CDA in analysing texts, with reference to social context, (discussed in Chapter 4).

Hardy et al. (2000) used CDA to examine the discourse as a strategic resource involved in “localising” the activities of an organisation and used the example of an international NGO in Palestine as a case study. They turned their attention to discursive practices and pointed out the significance they perceived in the identities of and relationships between the subjects and emphasised the power of social agencies in mobilising these discursive practices. In this thesis, I shall emphasis the point that discursive practices are integral to social practices which implicate power and ideology. Phillips et al. (2004) used CDA to develop a theory explaining how objects are shaped under the process of institutionalisation. Munir and Phillips (2005) used CDA to demonstrate how discursive practices have shaped meanings through the use of new technologies. Tienari et al. (2005) used CDA to show how discursive practices are involved in gender inequality in corporate hierarchies. Phillips et al. (2008) used CDA to understand the relationships between the ways particular management strategy is shaped and how the dominant logic comes into being and who shapes it. This in turn reflects the significance of CDA in analysing the discursive practice involved specifically social change. The discursive practice
has underlying conventions and ground assumptions that are specific to institutional relationships and their subject positions.

Leitch and Davenport (2005) examined the politics of discourse and its implications for the “marketisation” of the New Zealand science and innovation system. The authors mainly focused on the submissions produced by the Foundation for Research, Science and Technology (the Foundation) or invoked from different types of stakeholders, such as the nine Crown Research Institutes (CRI) and eight universities. In addition, the authors focused on various forms of discursive practices and in particular the Foundation’s strategic use of communication such as “the 1999 statement of intent”, with particular emphasis on discourse practices such as excellence and relevance as a way of mobilising change and therefore the investment. The authors emphasised that these discursive practices have played a significant role in the internal transformation process that supports the external focus of government’s long-term efforts to liberalise the economy. However, the resistance of CRI demonstrated that social change is only one example of social struggle. The authors reinforce how the politics of discourse can be demonstrated using CDA, which is an important concept in this thesis. The analysis of text in this thesis is deeper, in that there is attention to experiential, relational and expressive values.

Leitch and Davenport (2005) also highlight how the consultative processes of a government instrument in the public arena in New Zealand can be swayed and influenced by various stakeholders; this is consistent with the consultative process in Australia. Of course the actual arena is different, since the thesis focuses on a government response to climate change. Moreover, Leitch and Davenport undertook interviews, while this thesis focuses solely on public discourse.
Fairclough and Fairclough (2011) emphasised the significance of textual analysis for examining the influence of dominant political discourse on social change. They focused on the UK government’s response to the economic crisis in the 2008 pre-budget report. By analysing many responses with devices such as argumentation schemes, “the November 2008 Report” was shown to be an important stage in social change. Fairclough and Fairclough (2011) pointed out that analysing text with reference to discursive practices (such as genre) and their underlying devices (such as deliberation, debate and consultation) and social practice (such as power and ideology) can provide a rich understanding of social change. In addition, the authors pointed out that textual analysis should focus on the main argument within any particular text to avoid subjectivity. In this thesis, I have used textual analysis to examine the main arguments within the responses of the three professional firms, with particular reference to discursive practices such as consultation, being a significant stage in the development of NGERS and in the social practices in which power and ideology are implicated. In doing so, I shall expose how the analysis of text is a significant cue to the social struggle involved in building and rebuilding relations of power.

A number of influential studies within the accounting discipline have used CDA to examine text in a social context. Cortese et al. (2010) demonstrated the influence of the accounting profession on a specific accounting standards through the use of CDA and the concept of capture. The authors mainly used two significant levels of CDA discursive practices (such as the consultation process) and social practices (such as the powerful role of the accounting profession along with other major economic
corporations). This in turn suggests that the consultative process is a significant discursive practice in which the accounting profession might exercise its influence. The authors demonstrated that the influential position of the accounting profession can be exposed using CDA, a significant concept in which this thesis is built. Zhang and Andrew (2013) also used CDA to examine discursive practices such as Fair Value Accounting and social practices, such as neoliberalisation, that characterised China after the adoption of free-market principles to expose the influence of accounting practices as ideology. In this thesis, the influence of the accounting profession to instil neo-liberal ideology is examined in Australia with specific reference to the NGER Act with a specific focus on disclosure of GHG emissions.

Malmmose (2014) studied the discourse relating to the management accounting profession versus the medical profession in Denmark. The author highlighted the significance of CDA in investigating text, discursive practice and social practice during the introduction of New Public Management. The author investigated vocabulary and grammatical relations in textual analysis; the discursive practices resulting from this change, such as budget and performance measures; social practice e.g. the use of management-accounting discourse as ideology implicated in structuring and building power relations. Merkl-Davies and Koller (2012) used CDA to examine the statement of a UK defence firm’s chairman, with specific focus on the grammatical devices. The authors pointed out that grammatical devices are strategically used to obscure the agency of, and hence the responsibility for, such actions.
4.2.2 Stance of van Dijk vs Fairclough regarding the main principles of CDA

Fairclough and Wodak (1997) have established the main principles of CDA:

1- CDA addresses social problems.
2- Power relations are discursive.
3- Discourse constitutes society and culture.
4- Discourse does ideological work.
5- Discourse is historical.
6- The link between text and social practice is mediated.
7- Discourse analysis is interpretive and explanatory.
8- Discourse is a form of social action (Fairclough & Wodak, 1997, pp.271-280).

In this chapter, I will use these principles in another way; that is, I shall show how different methodological stances and views of van Dijk & Fairclough have different conceptions as to how we understand discourse, power and ideology.

Principle no 1: CDA addresses social problems.

van Dijk and Fairclough agreed that CDA is an approach to studying social problems, with specific and complex links between text and context (Fairclough & Wodak, 1997; Fairclough, 2005; van Dijk, 1993, 1997, 2009). That is to say, they used CDA to examine discourse, power and ideology as sources and causes of social problems based on different methodological views. As a result, different views will have different interpretations in relation to how power, ideology and discourse are actually produced, reproduced and transformed in specific social change. For van Dijk, the fundamental methodological stance is based on a socio-cognitive approach to address the fundamental nature of social problems through a specific theoretical framework. This distinguishes his main contribution to CDA, taking such forms as the Discourse-Cognition-Society (DCS) Triangle. Within the DCS framework, discourse can be seen as a form of social action:
discourse is obviously a form of action, as we have claimed before. It is mostly intentional, controlled, purposeful human activity: we do not usually speak, write, read or listen accidentally or just to exercise our vocal chords or hands (van Dijk, 1997, p.8, emphasis in original).

As van Dijk has emphasised, the rationality of the language user, and cognition as significant dimensions of DCS have been conceptualised based on different but analogous disciplines such as psychology, linguistics, philosophy, logic and brain sciences that examine mind, cognition, memory, episodic memory semantics, mental models, goals, contexts, knowledge, ideology and cognitive processes (van Dijk, 2009). That is to say, the language user who has mind, knowledge and ideology will control the discourse. van Dijk (2009) has conceptualised society as a significant dimension of DCS, which serves as an intricate setting of situational and societal structures. For example, the DCS framework has been used to study a specific social problem such as racism (van Dijk, 2005, 2007).

For Fairclough, the fundamental methodological stance is critical realism using a dialectical relational approach to address the fundamental nature of a social problem through a specific theoretical framework: CDA. I shall refer to CDA as the view of Fairclough on discourse; I discuss this later within the theoretical framework. Fairclough has used a dialectical relational approach to study a specific social problem such as neoliberalism (Fairclough, 2006). In this thesis, neoliberalism will be handled indirectly within the theoretical framework, and will be shown to reinforce the concept CDA and the theoretical stance of the thesis are closely aligned.

Principle no 2: Power relations are discursive.
In terms of the second principle, I shall provide another methodological difference. Power relations are discursive and I shall explain another methodological difference by specific reference to power relations as being discursive. van Dijk and Fairclough have agreed that power is an essential notion in studying social relations in discourse (Fairclough, 1989, 1992, 2001; van Dijk, 1997, 2001). That is to say, power relations are not simply the reflections of a dominant economic system, as in Marxist tradition, but are produced by discourse. Given the methodological stances, van Dijk has suggested:

Powerful groups control the actions of others through controlling the minds (knowledge, attitudes, ideologies) of groups, and they largely do so through discourse (van Dijk, 1997, p.20).

This means that power relations are actually embodied in any discursive event, and therefore these events cannot be assumed to be neutral. This means discourse can appear “rational”, but may in fact have a subversive control over the minds of others. The emphasis on cognition here as a significant dimension of the DCS framework has essentially reduced the discourse, and hence its constitutive power, to cognitive variables such as knowledge, attitude and ideology; these are mainly used to control power relations in discourse. For Fairclough, power relations are produced, reproduced and even transformed by discourse in mutual dialectical relations. That is to say, Fairclough (1989, 1992, 2001a) rejects van Dijk’s conception of power; instead, arguing that power stems from the dominant social order and social institutions as external and internal orders of discourse (Fairclough, 2006) (this will be explained within Chapter 3). In this thesis, I shall consider power relations to be an external order of discourse exercised by the government through DOEWR, and an internal order of discourse by the three professional firms and their submissions.
Principle no 3: Discourse constitutes society and culture.

In terms of the third principle, I shall discuss another methodological difference by reference to discourse as constituting society and culture. Given that power relations are discursive, this in turn has influenced the way in which discourse contributes to the production of society and culture, and vice versa. For van Dijk, discourse is seen, as indicated above, as a specific outcome of causal explanations of local and global contexts, such as cognition and society, as two significant dimensions of the DCS framework. Hence, for van Dijk, discourse does not directly contribute to the production and reproduction of power but discourse has special social conditions that do not simply pertain to a direct sense of dominant social order but to specific aspects of cognition such as mind, knowledge, ideology and society, as embodied in current situational and societal structures (van Dijk, 1993, 2009). For Fairclough, discourse and social context constitute each other in a dialectical and in a mutual sense.

Every instance of language use makes its own small contribution to reproducing and/or transforming society and culture, including power relations (Fairclough & Wodak, 1997, p.273).

This in turn suggests that discourse in its various meanings (e.g. text, order of discourse and language) contributes to the production, reproduction and transformation of society and that society contributes to production, reproduction and transformation of discourse. van Dijk has attributed the production and reproduction of power relations in discourse to cognition and society, and Fairclough has attributed the production and reproduction of power relations to discourse and the dominant social order in a dialectical sense. In this thesis, I shall embrace the view of
Fairclough on discourse to show how discursive and social practices can produce, reproduce and transform the text within the submissions of the three professional firms and how DOEWR’s production and reproduction of this can transform the NGER Scheme. It will be argued that power and ideology as embedded within these practices contributes to the mutual production, reproduction and transformation of the power relations between DOEWR and the three professional firms.

Principle no 4: Discourse does ideological work.

There is another methodological difference as to how discourse accomplishes ideological work. For van Dijk, ideology is attributed to cognition as a significant dimension of DCS framework and hence sees ideology as:

> the shared, fundamental and axiomatic beliefs of specific social groups (socialism, neoliberalism, feminism, (anti)racism, pacifism, etc.) (van Dijk, 2009, p.65).

In this manner of thinking, one might argue that van Dijk’s DCS framework is an ideology insofar as it is shared by a number of his followers. Because of his conception of ideology, van Dijk has been accused of reducing the social struggle to something merely “natural” (see, for example, Chouliarakie & Fairclough, 1999; Fairclough & Wodak, 1997). Instead, Fairclough (1992) argued that discourse is an ideology if it is implicated in building and rebuilding power relations. That is to say, discourse has an embedded ideology. Therefore, the analysis of discourse in this thesis will reveal embedded ideology, in particular, neoliberalism, and its associated impacts on social practice. The thesis adopts the view of Fairclough, which integrates discourse and hegemony along with ideology to examine the development of the NGERS.
Principle no 5: Discourse is historical.

There is another methodological difference; discourse is historical. For van Dijk, the emphasis on the DCS framework and in particular on local and global contexts such as cognition and society has led to ignoring the study of the development of how specific discursive practice has come into being; hence the focus should be only “for-them-now”. van Dijk emphasises:

that context, as I define it, is not simply some kind of social environment, situation or structure – such as the social variables of gender, age or ‘race’ in classical sociolinguistics. Rather, a context is a subjective mental representation, a dynamic online model, of the participants about the for-them-now relative properties of the communicative situations. I call such a representation a context model (van Dijk, 2008a, 2009). It is this mental ‘definition of the situation’ that controls the adequate adaptation of discourse production and comprehension to their social environment (van Dijk, 2009, p.66, emphasis in original).

The emphasis on cognition as a significant dimension of DCS framework is apparent here, that is, context is recognised as having predetermined elements including history along with other discursive properties. For van Dijk, history is emphasised, as “for-them-now”, as he is mainly concerned with the development of discursive practices in an extensive sense. For Fairclough, history refers to significant social conditions as his analytical framework emphasises the social practices:

When a particular social entity (e.g. a particular nation-state) is subject to globalisation processes, we can expect change in its institutions and organizations, i.e. change in its social practices, change in how they are networked together, change in order of discourse, in discourses, in genres and in styles (Fairclough, 2006, pp.32-33).

This approach might help this thesis’s investigation of how discursive and social practices, which are more likely the result of embodied neoliberalism, might be reflected and implicitly realised within the external and internal orders of discourse
as shown in the three professional firms’ responses and submissions to the NGER Act.

Principle no 6: The link between text and social practice is mediated.

I shall come now to this thesis’s most significant but complex concept: the link between text and context and how that link is mediated in a specific way. This principle has been described by many researchers as the most significant and complex (Fairclough, 1989, 1992, 2003, 2006, 2005, 2009; Fairclough & Wodak, 1997; Gallhofer et al., 2001; Leitch & Palmer, 2010; van Dijk, 1993, 2009; Wodak and Meyer, 2009). Specifically, CDA is not here seen as a deterministic approach but one that recognises a dialectical relational one (Wodak & Meyer, 2009). For van Dijk, the DCS framework refers to cognition as the local context and society as the global context of discourse; he asserts that the link between text and context is mediated by social cognition (van Dijk, 1993, 1997, 2009):

Hence social cognitions mediate between micro- and macro- levels of society, between discourse and action, between the individual and the group (van Dijk, 1993, p.257).

This, in turn, suggests that one should focus on properties of micro-society, such as language use, discourse, verbal interaction and communication, and on properties of macro-society, such as power, dominance and inequality (van Dijk, 2001), to investigate a particular text. However, as van Dijk did not promote the constitutive part of discourse; for him, social cognition, such as knowledge, money, authority or ideology, along with power will actually control discourse. For Fairclough, the link between text and context is mediated by social practice such as orders of discourse, as will be explained later within the theoretical framework. For Fairclough:
(s)ocial structures are very abstract entities. One can think of a social structure (such as an economic structure, a social class or kinship system or a language) as defining a potential, a set of possibilities. However, the relationship between what is structurally possible and what actually happens, between structures and events is a very complex one. Events are not in any simple or direct way the effects of abstract social structures. Their relationship is mediated- there are intermediate organisational entities between structures and events. Let us call these ‘social practices’ (Fairclough, 2003, p.23).

Fairclough has suggested that the intermediate organisational entities are order of discourse:

We need to recognise intermediate organisational entities of a specifically linguistic sort, the linguistic elements of networks of social practices. I shall call these orders of discourse (see Chouliaraki and Fairclough, 1999, Fairclough, 1992). An order of discourse is a network of social practices in its linguistic aspect. The elements of orders of discourse are not things like nouns and sentences (elements of linguistic structures), but discourses, genres and styles (Fairclough, 2003, p.24, emphasis in original).

I shall examine the view of Fairclough on discourse, including orders of discourse, to show the three professional firms’ submissions reflect an internal order of discourse that appropriates the development of the NGER Act.

Principle no 7: Discourse analysis is interpretative and explanatory.

Another methodological difference concerns discourse analysis as interpretive and explanatory. Even though van Dijk and Fairclough have mainly stressed the analysis of text by specific reference to context, different conceptual accounts of context have a significant influence in explaining and/or interpreting the underlying meaning of discourse. That is to say, van Dijk and Fairclough assign meaning to particular texts based on different methodological stances. For van Dijk, the emphasis on a socio-cognitive approach has influenced the process of analysing and explaining text in context:
Socio-psychological theories concentrate upon the social conditions of emotion and cognition and, compared to microsociology, prefer causal explanations to a hermeneutic interpretation of meaning (Wodak & Meyer, 2009, p.24, emphasis in original).

For van Dijk, the DCS framework moves away from a hermeneutic interpretation to a causal explanation of meaning; text is analysed based on cognitive and social variables such as action, context, power and ideology (van Dijk, 1997). As a result, van Dijk has an extensive focus on the process of text production and interpretation by specific reference to cognition:

It is also increasingly accepted that concrete text production and interpretation are based on so-called modals, that is, mental representations of experiences, events, situations, as well as the opinions we have about them (van Dijk, 1993, p.258).

Given the “natural” stance of van Dijk on power and ideology, the DCS framework may fail to acknowledge that the process of meaning-making is socially controlled and controlled by dominant social structure (see for example, Chouliaraki & Fairclough, 1999; Fairclough & Wodak, 1997).

For Fairclough, the emphasis on a dialectical relational approach goes beyond discursive practices, such as the process of text production, interpretation and consumption to include social practices such as power and ideology as will be shown in Chapter 3. Even though the analysis of text is an isolable part of social context (Fairclough, 2005), the inscription of meaning to particular texts involves three analytical traditions. That is, Fairclough is concerned not only with extensive analysis of text, but with the discursive and social practices as well. This is obviously influenced by his epistemological position:
Epistemologically, I reject equally positivist accounts of economic and social facts which exclude their social and discursive constructions, and voluntarist forms of discourse analysis which fail to recognise that the socially constructive effects of discourse are subject to non-discursive conditions (Fairclough, 2006, p.12).

Principle no 8: discourse is a form of social action.

Even though van Dijk and Fairclough have mainly emphasised the perceived significance of discourse as form of social action, different methodological stances have an influence how one might perceive discourse as action. For van Dijk, discourse is a multidimensional phenomenon; that is to say, it is a phenomenon with its own causal mechanism:

Thus, discourse is a multidimensional social phenomenon. It is at the same time a linguistic (verbal, grammatical) object (meaningful sequences or words or sentences), an action (such as an assertion or a threat), a form of social interaction (like a conversation), a social practice (such as a lecture), a mental representation (a meaning, a mental model, an opinion, knowledge), an interactional or communicative event or activity (like a parliamentary debate), a cultural product (like a telenovela) or even an economic commodity that is being sold and bought (like a novel) (van Dijk, 2009, p.67).

Given the emphasis on causal explanation within a socio-cognitive approach (Wodak & Meyer, 1997) of which the DCS framework is a part, van Dijk (1997) argued that discourse finds its rationality with action, context, power and ideology; it is therefore fully controlled by these mechanisms. On the other hand, Fairclough has acknowledged discourse as having ideological implications, in that discursive and social practices impact on each other, and therefore also on the dialectical relationship and social change.
4.3 CDA as an analytical framework

The view of Fairclough on discourse has evolved an analytical framework (text analysis, discursive practice and social practice), (see Figure 4.1) that I will use to examine particular objects in the study:

Fairclough’s (1992, p.72) three-dimensional view of discourse brought together the ‘three analytical traditions’ of linguistic analysis, macrosociological analysis and interpretivist analysis. Context within this widely adopted model consists of discourse practices, including the production, distribution, and interpretation of texts, and social practices, including power and ideology (Leitch & Palmer, 2010, p.1197).

In this framework, CDA has the systematic analytical potential to address the significant and dialectical relation between discourse and social context. More specifically, the significant aim of CDA is:

- to systematically explore often opaque relationships of causality and determination between (a) discursive practices, events and texts, and (b) wider social and cultural structures, relations and processes; to investigate how such practices, events and texts arise out of and are ideologically shaped by relations of power and struggles over power; and to explore how the opacity of these relationships between discourse and society is itself a factor securing power and hegemony (Fairclough, 1995, pp.132-133).

This suggests an analysis of text as an isolable part of social context. Then I shall gradually ascribe meaning to text by reference to social context in varying degrees for analytical purposes.
Figure 4.1 Three-dimensional conception of discourse (Fairclough, 1992, p.73)

*I included these analytical categories for clarity.

Figure 4.1 will be explained in detail during the discussion of data analysis. I shall start with the rationale for data selection and collection.

4.4 Data collection

The moments / agenda became the issues which were raised by both DOEWR in the RDP and the responses of the three audit firms. In particular, the RDP has seven chapters, (see Appendix 2), and I focus on accounting matters within Chapter 6, disclosure of information, and Chapter 7, compliance assurance framework, and it is within these chapters that the moments of the reporting system and audit and assurance became evident. The RDP refers to a future AETS in the introduction chapter. Of course there are other chapters, such as chapter 2 Interpreting the Legislation, chapter 3 Registration, chapter 5 GHG project and these matters or issues are beyond the scope of this thesis mainly because they were not raised by the three professional firms. The RDP is also well structured to address each chapter and
headings with specific questions provided at the end of each chapter. Not all of the
three professional firms have addressed these questions specifically.

EY elected to focus on questions 25, 26, 27, 28 that are related to Chapter 7
Compliance Assurance Framework. They are about what might constitute
consistency in the quality of external auditors, the conduct of external audits and
audit reporting. KPMG addressed most of the questions within the RDP. In this
thesis, KPMG covers questions 20, 21, 22, 23, 24 that related to Chapter 6 Disclosure
of Information about the level at which companies should publish their GHG
emissions, scope 1 and scope 2 of GHG emissions. KPMG also addressed questions
25, 26, 27, 28 Chapter 7 Compliance Assurance Framework. PwC claimed to
respond to Chapter 7 Compliance Assurance Framework, although it did not directly
address any of the questions. Instead, PwC commenced their response through
recalling their experience of the EU ETS.

I shall provide significant criteria for selecting particular texts as moments of social
context. The purpose of this thesis is to explore the influence of the accounting
profession on the regulation of GHG emissions, with specific reference to the
underlying parts within NGERS, namely: Disclosure of Information (DOI) and
Compliance Assurance Framework (CAF) (Table 4.1).
Table 4.1 Reason for data collection

<table>
<thead>
<tr>
<th>Source of text</th>
<th>Reason for Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discursive practices</td>
<td>The RDP, as significant political form of discussion, since it is initiated by government, is comprised of a number of questions (shown in full in the appendix 1). The RDP may be, also, seen as a milestone for the NGER Act’s journey, where the potential influence upon the assurance and disclosure practices is routed out. There are a number of questions which become a focus for responses, namely questions number 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 28. Even though EY and PwC did not address them directly or chose to focus only on a particular chapter, mostly compliance assurance framework.</td>
</tr>
<tr>
<td>Responses to the RDP in 2007</td>
<td>The three professional firms: EY, KPMG &amp; PwC. Other responses see (shown in full in the appendix 2)</td>
</tr>
<tr>
<td>NGER Act</td>
<td>NGER Act 2007 is central to the thesis as having a possible set of conventions and values defining “what is possible” as opposed to “what actually happens”. I have identified three significant moments realised in the submissions of the three professional firms when referring to underlying parts of the NGER Act, namely the ETS market, the reporting system and the significance of audit and assurance.</td>
</tr>
</tbody>
</table>

The NGER Act was discussed briefly in the introduction and consist of many parts, such as interpreting the act, registration, reporting obligations, GHG project, disclosure of information and the compliance assurance framework. These constitute the underlying schemes of the NGER Act 2007. They are established to carry out many objectives, indicated in Chapter 1. This act is significant for Australia as it offers the potential for a systematic collation of GHG emissions data against which subsequent changes can be measured. It is an essential record and evidence for Australia’s ability to claim its commitment to the Kyoto Protocol and emissions targets.

The NGER Act was preceded by the Regulations Discussion Paper (RDP) (DOEWR, 2007) and it is significant text for analysis as it indicated the consultative process and parameters for responses. The scope of this thesis is 2007, where the RDP took place (see Appendix 4). It is another government document to which submissions or responses from the public were directed. There were 87 submissions from various
stakeholders (shown in full in the appendix 2); these submissions are publicly
available and easily accessible at this website:

http://www.climatechange.gov.au/government/submissions/reporting/regulations-
discussion-paper.aspx.

I found three hidden responses, contacted the DCC via email to obtain them and was
refused access for confidentiality reasons. The focus on the RDP in 2007 has a
conceptual reason as well; to see how institutional participants are related to each
other. I have selected the responses of the three audit firms because, as indicated in
the literature review, they are significant sites of professionalisation, as they have
dynamic alliances with major economic corporations and a proactive historical role
in influencing accounting practices and rules. There is also an additional conceptual
reason for selecting the three professional firms based on the view of Fairclough of
the social institutions as an “internal order of discourse”. I shall focus on the three
professional firms to see how they mediate the underlying parts of the NGERS
through disarticulating the order of discourse.

I have also focused on market based discourses and other professional accounting
discourses attributed to underlying parts of the NGERS such as the ISO, the GHG
Protocol, ISAE 3000 and IFRS, to see how the three professional firms represent
themselves or are represented under particular discourses. On the other hand, the
institutions that provide these practices and rules are criticised, as shown in the
literature review (see, for example, Adams & Narayanan, 2008; Andrew & Cortese,
2011). I have also focused on style to see how the three professional firms have
multidimensional identities which may be used to mobilise the underlying parts of
the NGER Act.
Fairclough and Wodak (1997) have suggested that every single instance of language use contributes to the constitution of society. I will use the term “moment” to refer to particular explicit and/or implicit arguments or agenda items realised in the responses of the three professional firms to the RDP. In this thesis, I use “moment” to refer to an organisation of such arguments subjectively realised within main textual features such as experiential, relational and expressive values, and evidenced within the use of particular instances. In doing so, I have selected particular phrases or separate sentences of each response of the three professional firms. These moments are: the ETS market, the reporting system and the significance of audit and assurance. I have then dialectically linked these “moments” to their social context in varying degrees based on textual analysis, discursive practice and social practice.

4.5 Categories for data analysis

I have classified the data-analysis process into three significant categories, based mainly on Fairclough’s (1992) analytical framework: textual analysis, discursive analysis and social practice. CDA provides explication of “how” by interrogating the data through the three levels of analysis, being: text, discursive practice and social practice. It is within these levels of analysis that the understanding of “how” can be explicated.

4.5.1 Textual analysis

Textual analysis shows how authoritative stances and positions are initiated in the discourse of the accounting profession with specific focus on the experiential, relational and expressive values. It also shows how the discourse of the accounting profession established their relationship with the regulatory body. Interrogating data
is enhanced by focusing on the experiential, relational and expressive values and is discussed extensively in this chapter and then applied in the subsequent empirics chapters.

In this thesis, text is initially analysed as if it can be separated or isolated from social context (Fairclough, 2005). There are three formal values or features, which are explicitly considered: experiential, relational and expressive values. Then grammar and vocabulary is considered to indicate how these values are constituted. Therefore, textual analysis focuses on the question of forms to investigate how features of grammar and vocabulary embody significant structural effects. Table 4.2 summarises the dimensions of meaning values of text and the structural effects.

<table>
<thead>
<tr>
<th>Dimension of meaning</th>
<th>Values of features</th>
<th>Structural effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contents</td>
<td>Experiential</td>
<td>Knowledge/beliefs</td>
</tr>
<tr>
<td>Relations</td>
<td>Relational</td>
<td>Social relations</td>
</tr>
<tr>
<td>Subjects</td>
<td>Expressive</td>
<td>Social identities</td>
</tr>
</tbody>
</table>

Fairclough (1989, 2001, 2003) suggested that any text simultaneously has experiential, relational and expressive values realised within specific forms of grammar and vocabulary. Each value has a particular dimension that contributes to the constitution of contents, relations and subjects. Also, each particular dimension has an implicit and/or explicit structural effect on various elements present in the text.

### 4.5.1.1 Experiential value

The experiential value of text represents particular objects in specific episodes of social change from the perspective of those expressing the text. The way grammar
and vocabulary are used to represent an object has a particular impact on the content. In the textual analysis, I shall ascribe meaning to experiential values based on the type of grammar and vocabulary used, to expose their structural effect claims to knowledge and beliefs. I shall examine how the use of language by the three professional firms embodies experiential values with respect to specific issues of disclosure and/or assurance of GHG emissions. This, in turn, will involve dimensions constituting the content of underlying parts of the NGERS such as the DOI, CAF or any other particular content. Experiential value also implicitly or explicitly has a structural effect, such as the exclusion of other and alternative values over disclosure of information and compliance assurance frameworks. It can also result in excluding responsibility. Table 4.3 list devices this thesis will use to examine the responses.

### 4.5.1.2 Relational value

The relational value of text points to social and institutional relationships in social change. The way grammar and vocabulary are used to enact social relationships has a particular impact on relations. In the textual analysis, I shall ascribe meaning to relational values based on the type of grammar and vocabulary used to expose their structural effects on social and institutional relations. I shall examine how the use of language by the three professional firms embodies particular relational values with their clients and the Department of the Environment and Water Resources (DOEWR). This, in turn, will involve constituting the social relationship’s impact on the development of the underlying parts of the NGER Act such as the disclosure of information and compliance assurance framework. The relational value also
implicitly or explicitly has a structural effect on power relations. Tables 4.3 list significant devices this thesis will use to examine the responses.

4.5.1.3 Expressive value

The expressive value of text points to the subject in social change. The way grammar and vocabulary are used has an impact on the subjects as social identities. In the textual analysis, I shall ascribe meaning to expressive values based on the type of grammar and vocabulary used to expose their structural effect on social and institutional identities. I shall examine how the use of language by the three professional firms embodies particular expressive values that may influence the underlying parts of the NGERS. This, in turn, will involve identifying the subjects’ impact on the development of the underlying parts of the NGERS such as the disclosure of information and compliance assurance framework.

4.5.1.4 Experiential, relational, expressive values and vocabulary and grammar

As indicated above the textual features or values (experiential, relational, expressive) are exposed by the vocabulary and grammar used in the text. Table 4.3 lists the kinds of questions the researcher considers in this analysis.
<table>
<thead>
<tr>
<th>Textual features</th>
<th>Experiential</th>
<th>Relational</th>
<th>Expressive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vocabulary</strong></td>
<td>1. What experiential values do words have? What classification schemes are drawn upon? Are there words which are ideologically contested? Is there rewording or overwording? What ideologically significant meaning relations (synonymy, hyponymy, antonymy) are there between words?</td>
<td>2. What relational values do words have? Are there euphemistic expressions? Are there markedly formal or informal words?</td>
<td>3. What expressive values do words have? What metaphors are used?</td>
</tr>
<tr>
<td><strong>Grammar</strong></td>
<td>5. What experiential values do grammatical features have? What types of process and participant predominant? Is agency unclear? Are processes what they seem? Is nominalisation used? Are sentences active or passive? Are sentences positive or negative?</td>
<td>6. What relational values do grammatical features have? e.g. What modes are used? Are there important features of relational modality? Are the pronouns you and we used, and if so, how?</td>
<td>7. What expressive values do grammatical features have? Are there important features of expressive modality?</td>
</tr>
</tbody>
</table>

It is important to reproduce Fairclough’s suggestion in differentiating between relational modality and expressive modality:

Firstly, if it is a matter of the authority of one participant to others, we have *relational modality*. Secondly, if it is a matter of the speaker or writer’s authority with respect to the truth or probability of a representation of reality, we have *expressive modality* (Fairclough, 2001, p.105, emphasis in original).

In addition, Fairclough, (2001, p.106) has suggested differentiating between “inclusive we, inclusive that is of the reader as well as the writer, as opposed to ‘exclusive’ we, which refers to the writer (or speaker) plus one or more others, but does not include the addressee(s)”. These will be clearly represented later within the textual analysis. It is important to note that Fairclough cautioned about being too prescriptive:
Let me stress that the procedure should not be treated as holy writ—it is a guide and not blueprint (Fairclough, 2001, p.92).

Thus, I have selected what I think is more related to underlying devices of the vocabulary and grammar. I have developed the following figures mainly from previous tables for the purpose of clarifications and to depict the subjective nature of reality creation. I present a series of figures to indicate how the analysis of the text, that is the data, is organised to enable a systematic analysis. I need to stress that the disaggregation that occurs treats aspects of the data and the analysis as isolable. However, the inter-relatedness and intertextuality is explicitly considered in subsequent chapters.

The Figures 4.2, 4.3, 4.4 and 4.5 summarise the text according to three moments and these are analysed according to their experiential, relational and expressive values.

<table>
<thead>
<tr>
<th>Moment no.</th>
<th>Related phrases or sentences</th>
<th>Process type</th>
<th>Key participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>First moment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second moment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third moment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fairclough (1989, 2001) suggested that it is a very significant indication to focus on the type of process to decode the underlying meaning. This may help to identify when the underlying motivation to encode meaning. In other words, a specific formulation of a type of process (material into mental, or relational into material, and
so on) may implicate in decoding meaning in a specific event. A particular type of process may be used to obscure a specific form of social relationships (Fairclough, 1989, 2001). As a result, I can help to encode the agency, causality or responsibility in the representation of a type of process. In doing so, I have developed a method to decode the representation of processes (Figure 4.3), and also to analyse relational and expressive values within the selected moments (Figure 4.4 and 4.5).

<table>
<thead>
<tr>
<th>Moment</th>
<th>Decoded sentences</th>
<th>Cues to the second and third levels of discourse analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>First moment</td>
<td></td>
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<tr>
<td>Second moment</td>
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<tr>
<td>Third Moment</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Moment</th>
<th>Relational strategy within words</th>
<th>Relational strategy within grammar</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Euphemistic expression</td>
<td>Grammatical mode</td>
</tr>
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<td></td>
<td>Formal or informal words</td>
<td>Relational modality</td>
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<td></td>
<td>pronoun</td>
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<tr>
<td>First moment</td>
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<td>Second moment</td>
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<tr>
<td>Third moment</td>
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<tr>
<th>Moment</th>
<th>Expressive strategy within word and grammar</th>
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<td></td>
<td>Expressive value within word</td>
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<tr>
<td>First moment</td>
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<tr>
<td>Second moment</td>
<td></td>
</tr>
<tr>
<td>Third moment</td>
<td></td>
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</table>

4.5.2 Discursive practice

Analysis of the level of discursive practice shows that the RDP referred to specific international reporting frameworks and thus one can infer that DOEWR had
assumptions about the reporting system under the NGER Act. This level of analysis also reveals the institutional relationship between DOEWR and the accounting profession being part of the consultative process.

Discursive analysis is mainly concerned with the question of meaning in contrast to textual analysis, which is mainly concerned with the question of form. Textual analysis is mainly concerned with the underlying conventions and rules within the order of discourse. Discursive analysis is a significant analytical tool that focuses entirely on the overlap between discursive and social practices together with their mutual constitutive impact on the phenomena under question (Fairclough, 1992). This involves the question of meaning, which might be identified with the informal textual features such as relations in absentia (Fairclough, 2003). It focuses on relations in absentia or paradigmatic relations to reduce the ambivalence of meaning. This might contribute to revealing “the felicitous ambiguity” (Fairclough, 2001) that might be realised within such a dynamic implementation of discursive practices (Fairclough, 2001). Fairclough (1992) has classified the discursive analysis into two significant tools: manifest intertextuality and constitutive intertextuality.

Discursive practice also involves the investigation of which voices and opinions are directly or indirectly included or excluded, and the significance of this presence or absence (Fairclough, 2003). This in turn will help to reduce the ambiguity of meaning, allowing an understanding of how this selection of voices is not value-free, but the result of institutional alliances, and might therefore provide significant paths to other levels of analysis. Discursive practice is also concerned with how underlying conventions of orders of discourse (genre, style and discourse) have stable and
combinable ways of acting, identifying and valuing various aspects of social change; however, it might be mobilised being subject to power relations.

4.5.3 Social practice

Social practice is concerned with the context of discourse. It is here that the theoretical framework of ideology and hegemony are brought into relief. Specifically, social practice focuses on how the dominant social conditions have an ideological impact on discursive practices. In this thesis I consider the RDP in 2007, international assurance and reporting frameworks and the style of institutional participants. My analysis is also concerned with external and internal orders of discourse as these are played out in the NGER Act.

Analysis of the level of social practice shows how power is diffused between the regulator (DOEWR) and the regulated (the accounting profession). So “how did the accounting profession influence the NGERS with their submissions to the initial consultation process in 2007” is analysed within this thesis in three separate chapters, textual analysis, discursive practice and social practice.

4.6 Concluding on methodology

This chapter highlighted CDA as the main methodology adopted within this thesis. In particular, I have indicated the main philosophical assumptions within accounting in the interpretive social science and the critical realist position as developed by Fairclough, Jessop and Sayer (2004). CDA considers text and social context together and has attempted to determine the relationship between them through a particular emphasis on textual analysis, discursive practice and social practice (Fairclough, 1989, 1992, 2001, 2006). In this thesis, I shall initially identify particular moments realised in the responses of the three professional firms to analyse them as an isolable
part of the social context, then link them to the social context. Textual analysis involves the examination of experiential, relational and expressive values with particular emphasis on the type of grammar and vocabulary used and their structural effect. I shall then focus on discursive practices to reduce the ambivalence of meaning associated with the moments realised in the responses of the three professional firms, with particular emphasis on intertextual process and order of discourse. At the level of intertextual context, I shall point to how the moments realised in the responses of the three professional firms are intertextually influenced. At the level of order of discourse, I shall point to the significance of orders of discourse as having underlying conventions and ground assumptions in constructing the institutional relationship between the three professional firms and DOEWR. In doing so I shall be positioning particular subjects in specific positions and analysing the implications for valuing particular assurance and reporting framework for GHG emissions. At the level of social practice, I shall point to the discourse of DOEWR and the accounting profession as hegemonic and ideological practice.
CHAPTER 5: TEXTUAL ANALYSIS

5.1 Introduction

This chapter is concerned with the first level of Critical Discourse Analysis (CDA), being the textual analysis. In performing textual analysis, I shall focus on the question of form: the syntagmatic relations evidenced within the particular moment. Given the perceived significance of textual analysis, as shown within the literature review (see for example, Fairclough 1989; Fairclough & Fairclough, 2011; Gallhofer et al., 2001; Lowenstein, 2012; Malmmose, 2014), I shall extend the application of textual analysis to focus on experiential, relational and expressive values. Each response will be analysed as an isolable part of the social context, with specific focus on experiential, relational and expressive values. The aim is in part to examine the underlying process of meaning-making within the responses of the three professional firms, but also to denote their structural effect. These values might overlap, contributing to the process of meaning-making.

I use the term “moment” as indicated in Chapter 4 to refer to an organisation of arguments subjectively realised within the main textual features and evidenced within specific instances to disaggregate the process of meaning-making. I shall show how the use of language has implications in representing specific accounting discourse, enacting institutional relationships between the three professional firms and DOEWR. I have focused on the three professional firms as significant sites of accounting professionalisation (Cooper & Robson, 2005) since they have dynamic alliances with major corporations (Cortese et al., 2010) and have had proactive historical roles in influencing accounting practices and rules (Chua & Poullaos, 1993,
This chapter is organised as follows. Each section deals with a firm’s response to the RDP in 2007 in terms of experiential, relational and expressive values through selecting particular arguments as dialectical moments of social events. The first section will analyse EY’s response. The second section will analyse KPMG’s response and the third section will analyse PwC’s response. The final section will provide a conclusion.

5.2 Ernst and Young (EY) submission to Regulations Discussion Paper

EY expressed a specific concern with respect to Chapter: 7 Compliance assurance framework in the RDP. EY did not provide any other comments on Chapter 2: Interpreting the legislation, Chapter 3: Registration, Chapter 4: Reporting obligations, Chapter 5: GHG project, Chapter 6: Disclosure of information. The length of EY’s response is four pages, addressing the assurance framework within the NGERS. Moreover, it did not place as much emphasis on the AETS as did KPMG and PwC. EY addressed questions 25, 26, 27 and 28 of the RDP (provided in Appendix 2: RDP questions for feedback). EY has also welcomed any further dialogue with the DOEWR regarding the development of the Act, stating:

(we have not sought to provide broader comments across the entire Regulation Discussion Paper. We would be pleased to discuss our submission with the members of the Greenhouse and Energy Reporting Taskforce or its staff and also welcome the opportunity to engage in a more detailed dialogue with you on the Act (EY, 2007, p. 1)
This statement could answer the question why EY did not publicly address other issues related to the reporting system during the RDP in 2007. However, since the proceedings are not published, and I have focused on written public documents, the implications (if any) of this dialogue cannot be included in this thesis.

EY emphasises the importance of assurance and compliance since they

are likely to provide assurance and advisory services to clients regarding the Act and its operation” (Ernst and Young, 2007, p.1).

Although EY has focused on the CAF, its choice to respond only to the CAF might have an indirect effect on the disclosure of GHG emissions through taking a market-based system as a given. The other relevant statements constitute individual moments, as they are implicitly or explicitly related to the underlying objectives of the NGER Act, being an ETS market.
Table 5.1 Key moments realised in the response of EY

<table>
<thead>
<tr>
<th>Moment</th>
<th>Value</th>
<th>Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ETS market</td>
<td>Experiential</td>
<td>“the context of a future Australian Emission Trading Scheme (AETS)” (p.2). “existing models and frameworks” (p.2).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“we welcome the opportunity” (p.1). “enabling existing frameworks, processes and tools to be leveraged in a new context” (p.3).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>“underpin a market based system, with potential financial implications” (p.2).</td>
</tr>
<tr>
<td>2. Reporting system</td>
<td>Experiential</td>
<td>“the reporting required under the Act will ultimately underpin a market based system, with potential financial implications” (p.2).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“consistent basis” (p.3) “clear reporting criteria” (p.3)</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>“existing models and frameworks which currently apply to more traditional financial markets” (p.2).</td>
</tr>
<tr>
<td>3. Significance of audit and assurance</td>
<td>Experiential</td>
<td>Discussed under questions 25, 26 &amp; 27 of regulations discussion paper released from DOEWR, 2007. “an external auditor providing assurance under the provision of the Act should have the skills the auditing profession refer to as an “assurance practitioner”” (p.2).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“utilising the existing auditing and assurance standards” (p.2) “We bring to attention of the Taskforce the existing International Standards for Assurance Engagements (ISAE)” (p.3).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>“the consistency in the quality of the assurance practitioner” (p.2). “Relevant audit and assurance standards” (p.3).</td>
</tr>
</tbody>
</table>

Table 5.1 shows the key moments of the EY submission. The moments were considered according to their experiential, relational and expressive purposes. Even though I shall consider each value as separate from the others, they are dialectically connected and overlapping. It will be shown later in this chapter, how grammar, vocabulary and other devices play a significant role in reinforcing the emphasis intended in the text. I shall comment briefly on each moment to denote its significance in the process of meaning-making.

5.2.1 The first moment: the ETS market

The first moment is the ETS market. In terms of experiential value, there is a significant phrase reflecting EY’s experiential knowledge of the close link between the NGER Act and a future ETS market. EY has partly released only one sentence
about a future AETS; this implies that EY took market discourse for granted. This in turn might denote a cue to and traces of how EY has represented the underlying parts of the NGERS, such as the CAF in its submission to Department of the Environment and Water Resources (DOEWR). In addition, EY’s emphasis on the CAF perhaps reinforces its interest in its client services and assurance of what is disclosed under the NGER Act. The subsequent use of audited disclosures of GHG for issuing carbon certificates, permits or credits to be traded in an ETS (either within Australia’s or an International ETS) is important. However, EY does not put as much emphasis on this in their submission (as will be shown later in this chapter) even though EY tries to direct the reporting system in a future AETS market. The moment of the reporting system overlaps with other moments such as an ETS market and significance of audit and assurance. This suggests that EY realises a new financial market will be introduced in Australia as a result of a future AETS and this will also be shown below in the discussion of expressive value. This is also consistent with the study of (Lodhia & Martin, 2012) that shows most of the stakeholders recognises the link between the NGER Act and a future AETS.

In terms of the relational value, the choice of an ETS market is of clear significance, as it may attract market-based-experts such as EY to engage in the development of the Act. That is, EY has referred to existing professional auditing and assurance standards as a consistent approach that enables the underlying parts of the NGERS, and therefore assures consistency in a new context (a future AETS market). In terms of the expressive value, there is a significant phrase within this moment that places EY in an expert position. In particular, EY has a strong commitment to a relevant reporting system that underpins the introduction of an AETS. Even though EY has
made no responses to the RDP Disclosure of Information (DOI) as a significant scheme underlying the NGERS, EY’s emphasis on an ETS market has an indirect effect on the nature of the proposed reporting system, as will be shown in the discussion below. That is, they suggest that the underlying parts of the NGERS, such as auditing and reporting systems should focus on a new financial market. This implicates the recognition and measurements of GHG emissions as financial assets. This view is shared by PwC and EY (to be discussed later in this chapter).

5.2.2 The second moment: the reporting system

The second moment is the reporting system. In terms of the experiential value, EY represents the reporting system as a critical issue, since it will ultimately underpin an ETS. Given that EY emphasises the close link between the NGER Act and a future AETS, they envisage a specific type of reporting system in the future. That is to say, at the time of the submissions, there was no consistent approach for assuring the reporting practices for GHG emissions even though DOEWR had suggested some reporting practices, such as the GHG Protocol and ISO (DOEWR, 2007).

In terms of the relational value, EY enacts its relationship with DOEWR as a powerful supplier of knowledge when DOEWR demands information about how to measure the consistency in the conduct of external auditing and the quality of audit reporting. EY stresses the significance of clear reporting criteria for its assurance practices and its clients so they can report GHG emissions with a consistent approach. However, given the nature of GHG emissions, financial-reporting frameworks cannot provide information with a consistent approach. In terms of the expressive value, there is a significant phrase within this moment placing EY in an
expert position. Specifically, EY has a strong commitment to existing models and frameworks currently used in financial markets to be used for assuring and reporting GHG emissions. This, in turn, stresses its experiences and expertise to be considered within this new market.

5.2.3 The third moment: the significance of audit and assurance

The third moment is the significance of audit and assurance. In terms of the experiential value, there are significant instances addressing questions 25, 26, 27 and 29. EY addresses the importance of consistency of skills and qualifications and the quality of external audits. EY believes that the existing auditing and assurance standards, such as ISAE 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (issued by the IAASB), to be a consistent standard. EY is directing the development of auditing and assurance practices as an underlying part of the NGERS in the context of a future AETS.

In terms of the relational value, EY has used many significant phrases implying relational values (Table 5.1). EY relied on its own knowledge in enacting its relationship with DOEWR when arguing about the significance of audit and assurance moment. EY has made a specific reference to professional auditing and assurance standards as a consistent approach to underpin a future AETS. In terms of the expressive value, EY has provided significant phrases (Table 5.1). EY has a strong commitment to existing auditing and assurance standards developed and issued by IAASB. That is to say, EY has emphasised that these existing auditing and assurance standards are consistent and relevant to be implemented and that, therefore, can ensure the credibility of a future AETS.
5.2.4 Experiential value

I shall focus here on how grammar and other devices play a significant role in reinforcing the meaning intended by the text. I shall examine the process type and key participants used to represent particular arguments over the underlying objectives of the NGER Act. I shall integrate the first, second and third moments together where possible, while also considering each moment separately. This section is summarised in Table 5.2 which is an extension of Table 5.1.

<table>
<thead>
<tr>
<th>Moment</th>
<th>Related phrases or sentences*</th>
<th>Process type</th>
<th>Key participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>The first moment: ETS market</td>
<td><strong>First sentence:</strong> The introduction and operation of the National Greenhouse and Energy Reporting Act 2007 (the Act) is of particular interest to Ernst &amp; Young and we welcome the opportunity to contribute to the development of a national greenhouse and reporting system</td>
<td>Relational 2</td>
<td>Token</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mental</td>
<td>Experiencer</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phenomena</td>
</tr>
<tr>
<td></td>
<td><strong>Second sentence:</strong> We understand the National Greenhouse and Energy Reporting System is being developed within the context of a future Australian Emission Trading Scheme (AETS).</td>
<td>Mental</td>
<td>Phenomena</td>
</tr>
</tbody>
</table>

Continued
As such, it is Imperative the Taskforce look to use existing models and frameworks which currently apply to more traditional financial markets, to assist in determining what guidelines should be provided by the Act.

On this basis, a critical issue is that the reporting required under the Act will ultimately underpin a market based system, with potential financial implications.

We believe an external auditor providing assurance under the provision of the Act should have the skills the auditing profession refer to as an “assurance practitioner” can be found in the existing Auditing and Assurance Standards which are issued by the Auditing & Assurance Standards Board (AUASB) in Australia, and more specifically in AUS 106 Framework for Assurance Engagements.

We bring to attention of the Taskforce the existing International Standards for Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The significant use of mental, material and relational processes of types 1 and 2 has, grammatically speaking, a structural effect on texturing the meaning of the underlying parts of the NGERS, (such as the RO, DOI and CAF), the key participants in the development of the NGER Act and of the experience and expertise of particular institutional participants. I shall limit my focus here on the experiential
value of the underlying parts of the NGERS even though other values are related and overlap.

**In terms of the first moment**, the first sentence is represented in relational type 2 and mental processes (Table 5.2). EY avoided the use of a material type of process with animate actors and effected in favour of relational type 2 and mental types of process. This in turn has, grammatically speaking, obscured the potential involvement in the development of underlying parts within the NGER Act, and therefore the responsibility for such participation. Instead, it has been considered as an “opportunity”, based on EY’s own perception, to avoid an explicit participation, such as “we want to participate” as if it is presented in a material process. It also demonstrates that the introduction of the NGER Act might be seen as a challenge and/or a threat to its interests.

The second sentence is presented in a mental type of process. That is to say, EY understood, based on its perception that underlying parts of the NGERS such as the RO, DOI and CAF, should be developed in the context of a future AETS. However, the use of the mental process has a structural effect: EY avoids a material process with animate actors and affected in favour of a mental process. Given that every process and practice require particular subjects in a particular relationship using particular resources (Chouliaraki & Fairclough, 1999), the mental process is involved in excluding the responsibility for directing the development of underlying parts of the NGERS in the context of a future AETS. This demonstrates what Lodhia and Martin (2012) pointed to, in that some responses to the NGER Act acknowledged the close link between the NGER Act and a future AETS.
In terms of the second moment, the first sentence is presented in a relational 1 type of process with carrier and attribute. That is, EY avoids the use of a material type of process in favour of a relational type of process to attribute particular assurance and reporting frameworks to underlying parts of the NGERS. This obscures EY’s participation, and therefore the responsibility in directing DOEWR Taskforce to implement the existing auditing and assurance frameworks. The use of particular forms of grammar might help to divert such responsibility in directing the development of the NGER Act in the context of a future AETS. It also showed the overlap between the first moment (ETS market) with the other moments, being reporting systems and the significance of audit and assurance.

In terms of the third moment, the first sentence is presented in a mental type of process. Especially, EY may avoid the use of a material type of process in favour of a mental type of process to obscure its explicit involvement in selecting particular standards, through making specific reference to their experience and knowledge. That is to say, the perception of EY’s involvement in the assurance and reporting practices for GHG emissions under a potential ETS market suggested the use of professional accounting standards. This is opposed to a material type of process, such as “we require”. The second sentence is represented in a relational 2 type of process, and indicates that EY avoided the use of a material process to obscure its responsibility for the selection, and specifically to institute and apply Auditing and Assurance Standard Board (AUASB) equivalence to professional accounting standards. The third sentence is presented in a material type of process with animate actors and effected, which demonstrates EY’s explicit involvement in selecting
particular assurance practices over the underlying parts of the NGERS, such as ISAE 3000.

5.2.4.1 Decoding the representation of process

Even though I wish to avoid complicating the discursive and social practice, I shall decode the first, second and third moments for the purpose of clarification and to highlight the subjective nature of reality creation. I shall decode the original sentences written by the EY by changing the type of process e.g. material instead of mental, or including the animate agencies. This may show clearly the underlying motivation of meaning and it may denote a cue to struggle, which will be addressed in the following chapters.

<table>
<thead>
<tr>
<th>Table 5.3 EY decoding the representation of processes</th>
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</thead>
<tbody>
<tr>
<td><strong>Moment</strong></td>
</tr>
<tr>
<td><strong>The first moment:</strong> ETS market</td>
</tr>
<tr>
<td>1. Ernst &amp; Young would participate with DOEWR to develop such strategies related to the CAF within NGER Act.</td>
</tr>
<tr>
<td>2. We, potentially EY or others such as other professional bodies, work with DOEWR to develop the underlying parts of NGERS in the context of future AETS.</td>
</tr>
<tr>
<td>3. DOEWR should initially implement voluntary reporting of CO₂e transactions and balances and existing international audit and assurance standards to assist in determining what guidelines should be provided by the future Act.</td>
</tr>
</tbody>
</table>

Continued
**The second moment:** Reporting system

1. The current reporting of GHG emission developed by the DOEWR might affect our clients such as corporations through significant financial implications. As a result, EY suggests a market based system such as voluntary reporting of GHG emissions.

**The third moment:** Significance of audit and assurance

1. All external auditors should provide assurance of CO₂e transactions and balances in accordance with standards accredited by the auditing profession e.g. IAASB

   - Inclusion of a specific assurance standard and the possible exclusion of other assurance providers such as engineering firms.

2. The skills of “assurance practitioner” are created by a professional accounting body, i.e., the Auditing & Assurance Standards Board (AUASB) in Australia, and more specifically in AUS 106 *Framework for Assurance Engagements*.

   - Same as above.

3. We work with the agents of DOEWR to implement the existing assurance framework and relevant standards, i.e., ISAE 3000 to provide a basis for requiring the assurance practitioner to demonstrate they have the required skills to perform the assurance engagement under the Act.

   - Same as above.

---

EY used a particular type of grammar to cover the responsibility in directing the development of underlying parts of the NGERS in the context of a future AETS the implicit selection of particular reporting practices for GHG emissions and, finally the explicit inclusion of particular professional accounting frameworks over underlying parts of the NGERS. That is to say, EY was mainly concerned with the development of the NGER Act in the context of a future AETS. In addition, EY indirectly concentrated on a market-based system as a means to influence the reporting of GHG emissions and framed its submission with a questionable focus on the interest of corporations, in other words, the financial implications associated with the compulsory reporting of GHG emissions. EY also reinforced ISAE 3000 (issued by IAASB) as mean of facilitating the assurance engagement over reporting of GHG emissions, and therefore the potential exclusion of other assurance standards or other providers of assurance services, such as engineering firms. These cues to and underlying traces of ideological struggle and relations of power are significant.
5.2.5 Relational value

I shall show how the choice of particular grammar and vocabulary has a significant impact on meaning, but also on institutional relationships between EY, its clients, DOEWR and other stakeholders. Principally, I shall show how the focus on the three moments - the ETS market, the reporting system and significance of audit and assurance - and the failure to avoid the use of particular forms of grammar and vocabulary had a structural effect on creating particular sorts of institutional relationships during the consultative process of the NGER Act.

<table>
<thead>
<tr>
<th>Moment</th>
<th>Relational value within vocabulary</th>
<th>Relational value within Grammar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The underlying motivation of euphemistic expression</td>
<td>Grammatical mode</td>
</tr>
<tr>
<td>The first moment: ETS market</td>
<td>Solidarity with its clients and DOEWR.</td>
<td>Declarative</td>
</tr>
<tr>
<td>The second moment: Reporting system</td>
<td>Strategy of avoidance Solidarity with its clients and DOEWR</td>
<td>Interrogative</td>
</tr>
<tr>
<td>The third moment: Significance of audit and assurance</td>
<td>Solidarity with DOEWR</td>
<td>Interrogative</td>
</tr>
</tbody>
</table>

In terms of the first moment, the focus of EY on the ETS market created particular sort of institutional relationship evidenced within a particular vocabulary. EY initially took market discourse as a given; this in turn denoted not only an experiential value on the underlying parts of the NGERS, but also a relational one. More specifically, EY, under the ETS market, had knowledge and information about the underlying parts of the NGERS, such as the assurance and reporting practices for GHG emissions. EY resorted to formal words to that implied a relational value in negotiating the development of the NGER Act in the context of a future AETS. For
instance, EY opted to use formal words - evidenced in its submission to RDP - such as “consistent approach”, “welcome the opportunity”, “enabling existing frameworks, processes and tools to be leveraged in a new context” and “financial implications”. This suggests that EY had a strategy of solidarity not only with DOEWR but also its clients, potentially for a specific reason. EY would provide assurance services to its clients and welcomed the opportunity to participate in the development of underlying parts of the NGERS. This in turn denotes, grammatically speaking, that EY has more professional knowledge and experience than DOEWR.

In terms of relational value within grammar, DOEWR invited submissions on a number of questions in the RD. DOEWR invited various stakeholders because it needs to gather information on particular topics within the RDP (Appendix 2). This is evidenced in the selection of more interrogative statements than other types. EY was partly compliant in answering the questions that specifically related to Chapter 7: CAF. Interrogative statements grammatically imply a particular form of discursive relations in that EY is the supplier of information, whereas DOEWR is the demander. The pronoun “we” within the first moment seemed to be used in an exclusive sense, meaning that EY enacted its relationship with DOEWR as an expert, evidenced in evaluating of the assurance practitioner’s required skills and the professional assurance and reporting practices for GHG emissions in the context of a future AETS. It also implicitly denotes a form of direction to what DOEWR should do.

In terms of the second moment, EY framed the reporting practices for GHG emissions in the context of a future AETS. As this might have financial implications for its clients, EY opted for formal words such as “consistent basis” and “clear
reporting criteria” (Table 5.2). On the one hand, EY seemed to avoid explicit involvement in directing the actions of DOEWR. On the other hand, it used words that enacted a form of solidarity with its clients and DOEWR such as a “critical issue”, “underpin a market based system” and “potential financial implications”. In terms of the relational value and the use of language, EY enacted its relationship with DOEWR as an expert of reporting practices for GHG emissions. This is clearly evidenced with the use of interrogative statements in responding to the questions from DOEWR and the pronoun “we”. Especially, the pronoun “we” seemed to be used in an exclusive sense when referred to “clear reporting criteria” in “consistent basis” (Table 5.2).

In terms of the third moment, EY framed the significance of audit and assurance over the selection of particular reporting practices for GHG emissions in the context of a future AETS. The use of formal words such as “under the provision of the act”, “attention of the Taskforce” and “the existing ISAE 3000” (Table 5.2), implies a solidarity with DOEWR in developing the underlying assurance and auditing standards over reporting practices for GHG emissions within the potential future context. EY stated many significant phrases that implied relational values; some of these are illustrated in Table 5.2, while others will emerge later within the discursive analysis. EY was a supplier of knowledge and information. This established the relationship. In doing so, EY made a specific reference to professional auditing and assurance standards as a consistent approach to underpin a future AETS. In terms of the relational value within grammar, when responding to questions 25, 26 and 27 (Appendix 2), EY enacted its relationship with DOEWR as an expert in what might constitute professional expertise and qualifications, the consistency in the quality of
external auditors and external audits and audit reporting and the guidelines in the conduct of external audits and the presentation of audit reports. This is evidenced in interrogative statements and the relational modality “should”. The pronoun “we” seems to be used in an inclusive sense especially when referring to ISAE 3000 (Table 5.2).

5.2.6 Expressive value

I shall show how the choice of particular grammar and vocabulary has a significant impact on meaning, but also on EY’s response. Especially, I shall show how the focus on the three moments - the ETS market, the reporting system and the significance of audit and assurance - and the use of particular forms of grammar and vocabulary has a structural effect on evaluating underlying parts of the NGERS.

<table>
<thead>
<tr>
<th>Table 5.5 Textual analysis: EY expressive value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moment</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>The first moment:</td>
</tr>
<tr>
<td>ETS market</td>
</tr>
<tr>
<td>The second moment:</td>
</tr>
<tr>
<td>Reporting system</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>The third moment:</td>
</tr>
<tr>
<td>Significance of audit and</td>
</tr>
<tr>
<td>assurance</td>
</tr>
</tbody>
</table>

In terms of the first moment, EY expressed a high commitment to particular reporting practices under a future AETS. Specifically, the selection of such words as “the context of a future AETS” (EY, 2007, p.2) has a particular influence on the reporting practices for GHG emissions (Table 5.2). This commitment to the context
of a future AETS is framed within “the reporting required under the act” (EY, 2007, p.2) and might imply that DOEWR must take a particular form of reporting GHG emissions into consideration (Table 5.2). EY’s reference to existing reporting practices may imply the selection of voluntary reporting is consistent with the other audit firms, as will be shown later. However, the existing reporting frameworks suggest the recognition and measurements of CO₂e transactions and balances as financial assets (Table 5.2):

As such, it is imperative the Taskforce look to use existing models and frameworks which currently apply to more traditional financial markets, to assist in determining what guidelines should be provided by the Act (EY, 2007, p.2).

This in turn may denote a particular form of influence on the reporting system and, therefore, CO₂e transactions and balances. That is to say, they might be traded just like other commodities.

In terms of the second moment, EY expressed a high commitment to reporting practices for GHG emissions to promote a future AETS. This is obviously evidenced with the use of significant phrases such as “a critical issue”, “the reporting required under the act” and “underpin a market based system” (EY, 2007, p.2) and expressive modality such as “will” and “should” (Table 5.2) (EY, 2007, p.2). Specifically, these evaluative words and models placed EY in an expert position in that EY was not only responding to but also evaluating what should be the case regarding reporting practices for GHG emissions. Also, EY expressed a high commitment to concerning financial implications potentially affecting its clients, since it would provide assurance services to them. As a result, EY seemed to invest in its subject position as
it might direct the development of reporting practices for GHG emissions in the context of a future AETS.

**In terms of the third moment**, EY expressed a strong commitment to the significance of audit and assurance formulated as significant schemes to be considered in the context of a future AETS. In particular, EY expressed a strong commitment to the use of existing models and frameworks currently used in financial markets as a basis for assuring and reporting GHG emissions. This, in turns, emphasised that EY’s experiences and expertise should be reconsidered within this new market. For example, the selection of expressive words collocated with a positive evaluation of ISAE 3000, such as “appropriate skills”, “the required skills and competence” and “rather than placing emphasis on the particular experience and qualities of an individual” (EY, 2007, p.2), may have implicit and negative evaluation of other provider of assurance engagements, shown in the next chapters.

### 5.3 KPMG submission to Regulations Discussion Paper

KPMG addressed almost all of the chapters within the RDP, namely Chapter 2: Interpreting the legislation, Chapter 3: Registration, Chapter 4: Reporting obligations, Chapter 6: Discloser of information, Chapter: 7 Compliance and assurance framework. However, KPMG did not provide comments on Chapter 5: GHG project. The length of KPMG’s response is 22 pages. KPMG addressed most of the questions indicated in the RDP (Appendix 2: RDP questions for feedback). KPMG also expressed a specific concern and involvement with the DOEWR regarding the development of the external audits and auditors, energy data and public
disclosure of data. KPMG has put more emphasis than EY on the AETS as it believes the development of an NGERS should be directed toward a future AETS. However, KPMG has put less emphasis on the future AETS (compared to PwC). Given the purpose of this thesis, I shall limit the focus to the DOI and CAF. KPMG has a strong commitment to the interests of its clients, and this position challenges any view that may arise within the submission that purports to support public interest. For example, KPMG states:

KPMG has a clear interest on behalf of its clients and in our own commitments in the area of climate change to ensure practical and workable measures are put in place in relation to Australian climate change policy (KPMG, 2007, p.2).

<table>
<thead>
<tr>
<th>Moment</th>
<th>Value</th>
<th>Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ETS market</td>
<td>Experiential</td>
<td>“Reporting of GHG emissions…is necessary to support Australia’s proposed emissions trading scheme (ETS)” (p.1) “the basis for acceptance of Australian data in internationally linked emission trading schemes” (p.9).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“To effectively implement an ETS…companies properly report their emission levels so that an accurate picture of emissions is obtained prior to implementing a permit-based trading system” (p.1).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>“the robustness of such schemes is subject to the rigor” (p.1).</td>
</tr>
<tr>
<td>2. Reporting system</td>
<td>Experiential</td>
<td>“up-to-date and accurate information”(p.1). “the reports are credible and data collected is accurate” (p.1).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“as part of the reporting system on a voluntary basis” (p1) “Policy makers” (p.1) “We welcome voluntary reporting ” (p.5). “It is in the public interest that emissions data reported under the NGER act has credibility and integrity” (p.6). “KPMG strongly supports the separate publication of scope 1 and scope 2 GHG emissions to avoid possible confusion in relation to duplication and to demonstrate the efficiency in energy usage and emissions generation” (p.6).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>“proper diligence” (p.6).</td>
</tr>
</tbody>
</table>

Continued
### 3. Significance of audit and assurance

<table>
<thead>
<tr>
<th></th>
<th>Experiential</th>
<th></th>
</tr>
</thead>
</table>
|  | “Assurance is fundamental” (p.1).  
“External audit or assurance of reported data adds credibility and integrity” (p.7).  |
| Relational | “we note that an international assurance framework exists to support reporting system” (p.1)  
“KPMG strongly recommends the Taskforce adopt...ISAE 3000” (p.8) |
| Expressive | “The quality of external audits and assurance will be dependent on...” (p.7).  
“KPMG advocates that these regulation should limit the expertise and qualification to....members of any of the professional associations who would be subject to recognition or accreditation by the regulators:  
- Institute of Chartered Accountant in Australia  
- CPA Australia  
- National Institute of Accountants; or  
A person......subject to an appropriate accreditation or registration process under the regulations and subject to the same level of quality control standards” (pp.7-8). |

Table 5.6 shows the key moments of the KPMG submission. The moments were considered according to their experiential, relational and expressive values. Even though I shall consider each value separately, they are dialectically connected and overlapping. It will be shown later in this chapter how grammar, vocabulary and other devices play a significant role in reinforcing the meaning intended. I shall comment briefly on each moment to denote its significance in the process of meaning-making.

#### 5.3.1 The first moment: the ETS market

The first moment is the ETS market. In terms of experiential value, a significant phrase reflects KPMG’s experiential knowledge of a close link between the NGER Act and a future AETS market. Especially, KPMG initially commenced its response with a significant introduction that gave background information of its vision of a future AETS. This implies that KPMG has taken market discourse for granted as a way to influence the underlying parts of the NGERS based on their knowledge and experience of the ETS market, both nationally and internationally. That is to say,
KPMG had significant knowledge in linking a future AETS with the international scheme as shown in Table 5.6. For example, KPMG framed the development of underlying parts such as the RO, DOI and CAF in the context of a future AETS. KPMG with EY and PwC has motivation to influence the development of specific parts of the NGERS in the context of a future AETS. This connection between the NGER Act and a future AETS has already been shown (Lodhia & Martin, 2012). On the other hand, KPMG was informing DOEWR that they had experience and knowledge in accounting frameworks that was transferable to CO$_2$e. Furthermore, the trading of CO$_2$e reflects carbon or emission permits/credits as financial instruments, and hence could be considered financial assets. The phrase “a permit-based trading system” (KPMG, 2007, p.1) created a relationship between carbon emissions disclosure and financial instruments. It is important to note that KPMG was conflating two concepts. The accounting for permits is not equivalent to the recording and counting of carbon emissions, as permits have a financial component. The disclosure of carbon emissions is still in quantities of carbon equivalents, not in financial terms.

KPMG’s choice to focus on the ETS market also has a relational value. The ETS market might attract market-based experts to engage with the state or regulatory body in the development of underlying parts of the NGERS in an effective manner. This was demonstrated by Chua and Sinclair (1994) as shown within the literature review. In addition, KPMG also emphasised its relationship with market participants, such as companies who are mainly its clients, asserting:

KPMG works with our clients to assist them in responding to the challenges and opportunities arising from climate change and
sustainability through our dedicated sustainability advisory services and climate change practice (KPMG, 2007, p.1).

The statement has a significant point in that KPMG measured the issue of climate change from a cost-benefit approach and looked at its implications for its clients. In terms of the expressive value, KPMG synthesised the subsequent use of audited disclosures of GHG emissions for issuing carbon certificates (or permits or credits) to be traded in an Australian or an International ETS. That is to say, KPMG linked the rigor of a future AETS with existing professional accounting frameworks.

5.3.2 The second moment: the reporting system

The second moment is the reporting system. In terms of the experiential value, KPMG linked the reporting system to the context of a future AETS. KPMG represented the underlying reporting systems as having up-to-date, credible and accurate information. This in turn implies that KPMG, at the time of the submissions, believed that the underlying parts of the NGERS needed more attention, and that KPMG had the knowledge and experience to examine them. This seems to be true if I read it in isolation from a relational value. That is to say, any reporting framework must be accurate, credible and value free.

In terms of the relational value, KPMG enacted its relationship with DOEWR as powerful supplier of knowledge and information when DOEWR requested information about what might constitute reporting requirements and the proposed level at which a corporation’s information needs to be published. Given its cost-benefit approach (KPMG, 2007), KPMG was strongly promoting voluntary reporting of GHG emissions, as it believed that this would encourage compliance with the
NGER Act. This implies an explicit relationship between the challenges and opportunities they proposed. Note that KPMG sometimes used “we” and sometimes used “KPMG”. This has a particular sort of relational value, although I will not interpret it further here.

KPMG framed the reporting system in the context of the public interest, stating:

It is in the public interest that emissions data reported under the NGER act has credibility and integrity (KPMG, 2007, p.6).

KPMG enacted its relationship with the public as a representative of their interests while at the same time using it in the interests of its clients; for example, “KPMG works with our clients” (KPMG, 2007, 2007, p.1). Fairclough (2003) indicated that, as will be shown with the discursive practices and specifically in Chapter 6, agencies saying that they use the voice of others might be mistakenly or dishonestly framing the discourse in a way that promotes particular interests. However, all I see here is the voice of its clients. In terms of the expressive value, there is a significant phrase within this moment that places KPMG in an expert position. Especially, KPMG has a strong commitment to the use of existing models and frameworks currently used in financial markets for assuring and reporting GHG emissions (Table 5.6). This in turn stresses KPMG’s desire for its experiences and expertise to be reconsidered within this new market. This is clearly evidenced with the use of “proper diligence” which is mainly a professional accounting value used to promote a particular quality of auditing and reporting procedures.
5.3.3 The third moment: the significance of audit and assurance

The third moment is the significance of audit and assurance. In terms of the experiential value, there are two significant paraphrases embodying experiential value. Given the focus on a future AETS, KPMG represented that consistency in the quality of external auditors and in the conduct of external audits should be enhanced based on credibility and integrity. In doing so, KPMG stated its view that the existing auditing and assurance frameworks, such as ISAE 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (issued by the IAASB) (KPMG, 2007), could be considered significant. In other words, KPMG was directing the development of auditing and assurance practices as fundamental frameworks to the successful implementation of a reporting system and a future AETS.

In terms of the relational value, KPMG used many significant phrases implying relational values; some of these are illustrated (Table 5.6), while others will emerge later in the textual analysis. KPMG was a supplier of knowledge and information in relation to the significance of audit and assurance moments, while DOEWR was the demander of knowledge and information. In supplying knowledge and information, KPMG enacted its relationship with DOEWR. DOEWR requested information and considered how it would use such information. KPMG made a reference to professional auditing and assurance frameworks to support the credibility and integrity of the reporting system. In terms of expressive value, KPMG expressed a strong commitment to limiting the expertise and qualification of providers of assurance services (Table 5.6).
5.3.4 Experiential value

I shall focus here on how grammar and other devices play a significant role in reinforcing the emphasis intended in the text. To do so, I shall examine the process type and key participants used to represent a particular argument regarding the underlying objectives and schemes of the NGER Act. I shall integrate the first, second and third moments where possible as well as considering each moment separately (Table 5.7). This section is summarised in table 5.7 which is an extension of Table 5.6.
<table>
<thead>
<tr>
<th>Moment</th>
<th>Particular related phrases or Sentences*</th>
<th>Process type</th>
<th>Key participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>The first moment: ETS market</td>
<td>Reporting of greenhouse gas (GHG) emissions, energy consumption and production is necessary to support Australia’s proposed emission trading scheme (ETS)</td>
<td>Relational 1</td>
<td>Carrier</td>
</tr>
<tr>
<td></td>
<td>particular true for market-oriented approaches to reduce GHGs such as a cap-and-trade program where reliable and transparent emissions data would be the foundation for developing the allocation systems, reduction targets, and enforcement provisions</td>
<td>Relational 2</td>
<td>Value</td>
</tr>
<tr>
<td>Third sentence:</td>
<td>To effectively implement an ETS, it is important that companies properly report their emission levels so that an accurate picture of emissions is obtained prior to implementing a permit-based trading system</td>
<td>Relational 1</td>
<td>Attribute</td>
</tr>
<tr>
<td>Fourth sentence</td>
<td>KPMG supports the introduction of the NGER Act and its key objectives and is Keen to work with Taskforce to assist in designing the regulations that will form part of the legislative framework for a national greenhouse and energy reporting system.</td>
<td>Material</td>
<td>Inanimate affected</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relational 1</td>
<td>Attribute to KPMG</td>
</tr>
</tbody>
</table>

Continued
<table>
<thead>
<tr>
<th>The second moment: Reporting system</th>
<th>First sentence</th>
<th>Experiencer</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to develop policies to achieve the emission reductions required by the law, <em>policymakers</em> need <em>up-to-date and accurate information</em> in relation to the source, size and growth of GHG emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Second sentence:</strong> We would also encourage <em>all entities</em> to ensure adequate assurance is provided as part of the reporting system, on a voluntary basis, and that a review of the level and extent of assurance is undertaken as part of a post regulation implementation review.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Third sentence</strong> We welcome <em>voluntary reporting of data in those years</em> to assist government in the analysis of data in determining appropriate policy positions and assessment of overall performance in managing energy usage and reducing GHG emissions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The third moment: Significance of audit and assurance</th>
<th>First sentence: <em>Assurance</em> is <em>Fundamental</em> to ensuring that the reports are credible and the data collected is accurate.</th>
<th>Token</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Second sentence:</strong> We note that <em>an international assurance framework</em> exists to support the reporting system exists to support the reporting system</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Continued
The significant use of mental, material and relational 1 and 2 types of processes has a structural effect, grammatically speaking, on texturing the meaning of the underlying parts of the NGERS, such as (the RO, DOI and CAF), the key participants in the development of the NGER Act and the experience and expertise of particular institutional participants. I shall limit my focus here on the experiential value to the underlying parts of the NGERS even though other values are related and overlap.

**In terms of the first moment**, the first sentence is represented in a relational 1 type of process. KPMG avoided the use of a material type of process with animate actors and effected in favour of a relational 1 type of process for particular reasons. The second sentence is presented in a relational 2 type of process. That is to say, KPMG avoided the use of a material process that might denote a subjective judgement about what might constitute the credibility of reporting practices for GHG emissions under a future AETS. The third sentence is also presented in a relational 1 type of process involved in showing a clear direction for the NGER Act in the context of a future AETS. This implies that KPMG was taking an ETS market as a given, and therefore KPMG has, grammatically speaking, obscured not only its potential involvement but

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<table>
<thead>
<tr>
<th>Third sentence:</th>
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<tbody>
<tr>
<td><strong>KPMG</strong> strongly recommends the Taskforce adopt the most widely accepted international audit and assurance standard for non-financial reporting, being International Standard on Assurance Engagements (ISAE) 3000.</td>
</tr>
<tr>
<td><strong>Experiencer</strong></td>
</tr>
<tr>
<td>Mental</td>
</tr>
<tr>
<td><strong>Phenomena</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fourth sentence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>It</strong> is in Public interest that emissions data reported under the NGER Act has credibility and integrity.</td>
</tr>
<tr>
<td><strong>Token</strong></td>
</tr>
<tr>
<td>Relational 2</td>
</tr>
<tr>
<td><strong>Value</strong></td>
</tr>
</tbody>
</table>

*I inscribed the sentence number, italicised the key participants and defined the circumstances.*
also its responsibility for directing the underlying parts of the NGERS in the context of a future AETS. However, the fourth sentence exposes such significant selection and clear participation in designing and producing the underlying parts of the NGERS as it is represented in a material process. The fifth sentence is presented in a relational 1 type of process and partly signifies that KPMG takes full responsibility for the interests of its clients. The use of grammar is implicated partly in diverting the responsibility of KPMG; however, the material type of process tells much about their potential involvement in designing the underlying parts of the NGERS. It is also consistent with EY in that the introduction of the NGER Act might be seen as a challenge and threat to such interests, signifying significant cue to power relations (which will be examined in the next chapters).

**In terms of the second moment**, the first sentence is presented in a mental type of process with experiencer and phenomena. That is, KPMG avoids the use of a material process in the favour of a mental process to cover the form of action and its object. This form of process implies that KPMG believed that the policy makers should consider such a reporting system within this new context to have up-to-date and accurate information. This is obviously evidenced within the second sentence, as it is presented in a material process exposing their clear selection of a voluntary reporting of GHG emissions. The third sentence is represented in a mental type of process that denotes KPMGs own perception, and more likely its clients’, in welcoming voluntary reporting.

**In terms of the third moment**, the first sentence is presented in a relational 2 type of process. Given that KPMG does not represent any particular value over which
assurance could be taken, it may be true that assurance is fundamental. However, the emphasis on a particular professional accounting framework is not value-free as evidenced within the second sentence. This sentence is presented in a mental type of process denoting KPMG’s perception for a particular assurance framework at the expense of others. The third sentence presented in a mental type of process, confirming that the selection of particular assurance frameworks such as ISAE 3000 is not value-free. The fifth sentence is presented in a relational 2 type of process, denoting that the assurance of GHG emission reports is in the public interest. Given that KPMG say it does support the interests of its clients, as shown above, KPMG is limiting the concept of public interest.

5.3.4.1 Decoding the representation of the process

In this chapter, I do not undertake a discursive and social practice; instead, I shall decode the first, second and third moments for the purpose of clarification (summarised in Table 5.8). This exercise may also show significant cues to and underlying traces of ideological struggle and relations of power (which will be addressed in the following chapters).
<table>
<thead>
<tr>
<th>Moment</th>
<th>Decoded sentences</th>
<th>Cues to discursive and social practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The first moment:</strong> ETS Market</td>
<td>1. Registered corporations should use a voluntary reporting system to support the success of a proposed AETS.</td>
<td>The direction of underlying parts of the NGERS in the context of a future AETS.</td>
</tr>
<tr>
<td></td>
<td>2. DOEWR should mandate experienced professional accounting auditors to assure the reliability and transparency of the reporting of GHG emissions.</td>
<td>Same as above.</td>
</tr>
<tr>
<td></td>
<td>3. DOEWR should require corporations to report based on a voluntary reporting system for the efficiency of future AETS.</td>
<td>Same as above</td>
</tr>
<tr>
<td></td>
<td>4. KPMG supports DOEWR in the introduction of the <em>NGER Act</em> and its key objectives, and to work with Taskforce to assist in designing the regulations that will form part of the legislative framework for a NGERS.</td>
<td>Explicit participation based on an implicit powerful position represented as explicit knowledge and experience.</td>
</tr>
<tr>
<td></td>
<td>5. KPMG acts as representative of its clients to negotiate particular strategy over reporting and assuring CO₂e transactions and balances.</td>
<td>Alliances with particular market participants.</td>
</tr>
<tr>
<td><strong>The second moment:</strong> Reporting system</td>
<td>1. Policy makers should require professional accounting bodies to assist in determining the reliability and credibility of assurance and reporting practices for GHG emissions to support the success of the future AETS.</td>
<td>The direction of underlying parts of NGERS in the context of future AETS.</td>
</tr>
<tr>
<td></td>
<td>2. KPMG and its clients encourage DOEWR to support a voluntary reporting basis of GHG emissions assured in accordance with ISAE 3000. This is because the DOEWR did not consider the cost of compulsory reporting which in future will be replaced in accordance with disclosure related to future AETS.</td>
<td>Same as above.</td>
</tr>
<tr>
<td></td>
<td>3. KPMG and their clients support voluntary reporting of GHG emissions in those years to assist government in the analysis of data in determining appropriate policy positions and assessment of overall performance in managing energy usage and reducing GHG emissions.</td>
<td>Same as above.</td>
</tr>
<tr>
<td><strong>The third moment:</strong> Significance of audit and assurance</td>
<td>1. The professional accounting firms can apply ISAE 3000 to assure registered corporate records and to make sure the data is complies with the regulation on a voluntary basis.</td>
<td>Inclusion of a particular assurance framework and possible exclusion of other assurance providers such as engineering firms.</td>
</tr>
<tr>
<td></td>
<td>2. KPMG and its clients support an international assurance framework developed by particular professional accounting body to report GHG emissions.</td>
<td>Same as above.</td>
</tr>
<tr>
<td></td>
<td>3. We work with and support the DOEWR to implement International Audit &amp; Assurance Standards over CO₂e transactions and balances.</td>
<td>Inclusion of particular professional accounting frameworks.</td>
</tr>
<tr>
<td></td>
<td>4. Professional accounting bodies support public interest through focus on integrity and credibility.</td>
<td>Same as above.</td>
</tr>
</tbody>
</table>

KPMG used a particular type of grammar to avoid explicit involvement in designing the underlying parts of the NGERS. All the points here are similar to EY; however,
KPMG has a specific focus on promoting voluntary reporting of GHG emissions. This implies a struggle with the NGER Act, as it is a compulsory reporting system.

5.3.5 Relational value

I shall show how the choice of particular grammar and vocabulary has a significant impact on meaning, but also on institutional relationships between KPMG, its clients, DOEWR and other stakeholders. Particularly, I shall show how the focus on the three moments - the ETS market, the reporting system and significance of audit and assurance - had a structural effect on creating particular sorts of institutional relationships during the consultative process of the NGER Act.

<table>
<thead>
<tr>
<th>Moment</th>
<th>Relational value within vocabulary</th>
<th>Relational value within grammar</th>
<th>Moment</th>
<th>Relational value within vocabulary</th>
<th>Relational value within grammar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The first moment:</strong> ETS market</td>
<td>Solidarity with its clients and DOEWR.</td>
<td>Declarative</td>
<td></td>
<td>Strategy of avoidance.</td>
<td>Would</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Solidarity with their clients and DOEWR.</td>
<td>We</td>
</tr>
<tr>
<td><strong>The second moment:</strong> Reporting system</td>
<td>Strategy of avoidance.</td>
<td>Interrogative</td>
<td></td>
<td></td>
<td>Should</td>
</tr>
<tr>
<td></td>
<td>Solidarity with DOEWR.</td>
<td></td>
<td></td>
<td></td>
<td>We</td>
</tr>
<tr>
<td><strong>The third moment:</strong> Significance of audit and assurance</td>
<td>Strategy of avoidance.</td>
<td>Interrogative</td>
<td></td>
<td></td>
<td>Should</td>
</tr>
<tr>
<td></td>
<td>Solidarity with DOEWR.</td>
<td></td>
<td></td>
<td></td>
<td>We</td>
</tr>
</tbody>
</table>

In terms of the first moment, the focus of KPMG on the ETS market has created a particular sort of institutional relationship evidenced in the use of a particular vocabulary. KPMG initially took market discourse as a given; this, in turn, denoted not only an experiential value on underlying parts of the NGERS but also a relational one. In particular, KPMG, in regard to an ETS market, had knowledge and information about the underlying parts of the NGERS, such as assurance and
reporting practices for GHG emissions. Given KPMG’s clear support of interests, this suggests that KPMG had a strategy of solidarity not only with DOEWR but also with its clients, potentially for a particular reason. That is, KPMG would provide assurance services to its clients and welcomed the opportunity to participate in the development of the underlying parts of the NGERS. This suggests that they may perceive some sort of threat, since the ETS market will have financial implications for its clients. This also implies that DOEWR had no “relevant” knowledge about existing professional accounting frameworks assumed to promote consistency in the context of a future AETS.

In terms of relational value within grammar, DOEWR asked all those who participate in the consultative process to address a number of questions (Appendix 2). KPMG seemed to be compliant with the instructions when responding to the questions during the RDP. However, KPMG commenced its response with declarative statements about a future AETS and its implications for underlying parts. This is evident in the selection of declarative statements more than interrogative ones, especially when KPMG wrote about a future AETS. Declarative statements position KPMG as a giver of information, and DOEWR as a receiver. KPMG answers signified a relation of power in which KPMG aimed for greater and more powerful authority over DOEWR in imposing the direction of the underlying parts of the NGERS in the context of a future AETS. This is evidenced within relational modality, in other words, it would moderate KPMG’s obligation to DOEWR.

**In terms of the second moment**, KPMG framed the reporting practices for GHG emissions in the context of a future AETS. As this might potentially have financial
implications for its clients, KPMG opted for formal words such as “up-to-date and accurate information”, “adequate assurance” and “voluntary basis” (Table 5.7). On the one hand, KPMG seemed to avoid explicit involvement in directing the actions of policy-makers where the strategy of avoidance would come into place. On the other hand, it used words that enacted a form of solidarity with its clients and DOEWR, such as “in order to develop polices” and “assist government in the analysis of data” (KPMG, 2007, p.1). In terms of the relational value within grammar, KPMG enacted its relationship with DOEWR as an expert and a specialist in reporting practices for GHG emissions. This is clearly evidenced by the use of interrogative statements in responding to DOEWR’s question and the pronoun “we”. Especially, the pronoun “we” seemed to be used in both exclusive and inclusive senses. When referring to its clients within this moment, the pronoun “we” is framed with the modality “would” signalling a moderate obligation to its clients; however, when it referred to welcoming a voluntary reporting system, this meant that its clients and potentially other professional bodies required DOEWR to adopt a voluntary reporting system. This in turn challenges the mandatory reporting system required under the NGER Act, and implied that there is an alliance between KPMG, its clients and potentially other professional accounting bodies.

**In terms of the third moment**, KPMG framed the significance of audit and assurance over the selection of particular reporting practices for GHG emissions in the context of a future AETS. The use of formal words such as “fundamental to ensuring”, “the reports are credible”, “accurate” and “note” implies solidarity with DOEWR in developing the underlying assurance and auditing standards over reporting practices for GHG emissions in the potential future context of an AETS.
The use of the phrase “public interest” is another issue that will be discussed later within the discussion of discursive and social practice. In terms of the relational value within grammar, KPMG enacted its relationship with DOEWR as an expert and this is evident in suggesting the guidelines that should be applied in the conduct of external audits and the presentation of audit reports. This is evidenced in interrogative statements and the relational modality “should”. The pronoun “we” seemed to be used in an inclusive sense, especially when referring to ISAE 3000 (Table 5.7). The way that KPMG has used the pronoun “we” with the modal adverb “strongly” to recommend actions to DOEWR, this explicitly denoted a clear direction and sequences for the Taskforce’s actions, it was framed within the mental process to avoid a negative and direct imposition on DOEWR.

As a result, the three moments within the response of KPMG have used particular forms of grammar and vocabulary specifically related to the ETS market, the reporting system and the significance of audit and assurance. Such forms of vocabulary imply solidarity with its clients and DOEWR in developing the assurance and reporting practices for GHG emissions in the context of a future AETS. In contrast, other forms of vocabulary were used to avoid an explicit involvement in directing the action of DOEWR. Such forms of vocab imply a selection of particular professional accounting frameworks such as ISAE 3000. This potentially excludes other professional non-accounting frameworks. The use of the pronoun “we” seemed to be used in both an exclusive and inclusive sense, especially when pointing to potential financial implications for the corporations, meaning that KPMG is acting on behalf of other clients. This can be seen as a significant cue to and trace of power relations.
5.3.6 Expressive value

I shall show how the choice of particular grammar and vocabulary has a significant impact on meaning, but also on KPMG’s position. Especially, I shall show how the focus on the three moments, such as (the ETS market, the reporting system and the significance of audit and assurance) and the use of particular forms of grammar and vocabulary has a structural effect on evaluating underlying parts of the NGERS.

<table>
<thead>
<tr>
<th>Moment</th>
<th>Expressive strategy within word and grammar</th>
</tr>
</thead>
<tbody>
<tr>
<td>The first moment: ETS market</td>
<td>High commitment to a future AETS. Moderate and high commitment to a particular reporting system under the ETS market. Strong commitment to the interest of its clients.</td>
</tr>
<tr>
<td>The second moment: Reporting system</td>
<td>Moderate commitment in encouraging its clients to have adequate assurance. Strong commitment to a voluntary reporting system.</td>
</tr>
<tr>
<td>The third moment: Significance of audit and assurance</td>
<td>Strong commitment to and positive evaluation of a particular assurance framework.</td>
</tr>
</tbody>
</table>

In terms of the first moment, KPMG has expressed a high commitment to developing underlying parts of the NGERS in the context of a future AETS. The selection of such words as “reporting of GHG emission”, “particularly true for market-oriented approaches” and “cap-and-trade program” (KPMG, 2007, p.1) had a particular influence on the reporting practices for GHG emissions. In particular, KPMG expressed moderate commitment to particular reporting practiced under the ETS evidenced by the modal verb “would also encourage all entities to ensure adequate assurance is provided as part of the reporting system, on a voluntary basis” (KPMG, 2007, p.1). This moderate commitment might imply the clear evaluation of voluntary reporting in the initial years. Given that KPMG clearly supports its clients’
interest in negotiating the underlying parts of the NGERS Act, this moderate commitment to reporting practices implies a negative evaluation of the compulsory reporting system. However, KPMG expressed a high commitment to the ETS, evidenced with the modal verb “will” and this again signified and reassured the direction of the underlying parts of the NGERS in the context of a future AETS.

In terms of the second moment, KPMG expressed a moderate commitment to encouraging its clients to provide reporting of GHG emissions; however, KPMG enforced that this could be only achieved with a voluntary reporting system. For example, KPMG selected expressive phrases such as “up-to-date and accurate information”, “fundamental”, “credible” and “accurate” collocated with ISAE 3000 for all assurance engagements and reporting systems for GHG emissions (Table 5.7). This may be an expressed suspicion of and exclusion of other proposed and alternative strategies developed by non-professional accounting boards (such as ISO 14064 and 14065). Together, these choices positioned KPMG as a powerful representative of its clients and denote substantial cues to and traces of institutional struggle over the reporting system for GHG emissions and particular assurance standards for providing assurance services.

In terms of the third moment, KPMG expressed a strong commitment to the significance of audit and assurance as guarantee to be considered in the context of a future AETS. Especially, KPMG had a strong commitment to the use of existing models and frameworks currently used in financial markets as a basis for assuring and reporting GHG emissions. This, in turn, stressed its desire for its experiences and expertise to be reconsidered within this new market. For example, it selected
expressive phrases such as “assurance is fundamental”, “international assurance framework exists to support the reporting system” and “strongly recommends…ISAE 3000” developed by a particular professional accounting body such as IAASB for all assurance engagements (Table 5.7).

5.4 PwC submission to Regulations Discussion Paper

PwC directly addressed Chapter: 7 Compliance assurance framework in the RDP. PwC did not provide any other specific comments on the other chapters, such as Chapter 3: Registration, Chapter 5: GHG project, Chapter 6: Discloser of information Chapter: 7 Compliance assurance framework. The length of PwC’s response is 11 pages. It also structured its answers with its own headings (which became the moments and are discussed in sections 5.4.1, 5.4.2, 5.4.3) but did not follow the RDP questions or use these as markers of their response. PwC did not directly address the questions indicated in the RDP (Appendix 2: RDP questions for feedback). PwC has also expressed a specific concern and involvement with the DOEWR regarding the development of the reporting system. PwC has put more emphasis than EY and KPMG on the future AETS and the significance of this will be discussed in subsequent sections.

PwC emphasised their experience in the EU ETS market:

PwC was heavily involved in helping the European Commission with this issue. We provided input into policy options, specifically concerning assurance, or verification, and accreditation (PwC, 2007, p.3).

The emphasis of PwC on its experience and knowledge of the EU ETS may have a predetermine values upon the underlying parts of NGERS. Even though PwC has
primarily a close attention to the CAF, its choice to respond on the CAF might have an indirect effect on the disclosure of GHG emissions through taking a market-based system as a given. I have selected the key arguments and some related statements that PwC released to the RDP, as they denote the key points with which PwC is concerned.

Table 5.11 Key moments realised in the response of PwC

<table>
<thead>
<tr>
<th>Moment</th>
<th>Value</th>
<th>Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ETS market</td>
<td>Experiential</td>
<td>“new financial market in Australia” (p.1). “considerable work already undertaken in Europe” (p.1). “credibility of AETS” (p.1).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“Critical lessons learned” (p.1). “PwC has heavily involved…” (p.3).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>Reference to CO₂ price trading and Figure 1. a visual reference to documents in EU-ETS.</td>
</tr>
<tr>
<td>2. Reporting system</td>
<td>Experiential</td>
<td>“accounting for CO₂ transactions in accordance to AIFRS” (p.2).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“we would not expect the Department…to be involved in standard” (p.5).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>“market will value and trade in …CO₂e as though they were financial assets” (p.1)</td>
</tr>
<tr>
<td>3. Significance of audit and assurance</td>
<td>Experiential</td>
<td>“independence assurance” (p.2) “experienced financial auditors” (p.2).</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>“Credibility… serving the public interest (p.5). “audit using existing financial assurance skills” (p.7).</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>Reference to quality verification framework (p.4).</td>
</tr>
</tbody>
</table>

Table 5.11 shows the key moments of the PwC submission. The moments were considered according to their experiential, relational and expressive purposes. Even though I shall consider each value separately, they are dialectically connected and overlapping. This section will discuss how grammar, vocabulary and other devices play a significant role in reinforcing the meaning intended by the text. PwC submission raises the three key moments around which the submission is constructed. The discussion below follows this sequence. Even though PwC was mainly concerned with the CAF, its emphasis on particular issues such as the ETS market, disclosure of CO₂e transactions and balances has created an indirect effect on the underlying parts of the NGERS, as will be shown below.
5.4.1 The first moment: the ETS market

The first moment is the ETS market. In terms of experiential value, there are generally three significant phrases reflecting PwC’s experiential knowledge. PwC recognises the emergence of a “new financial market in Australia” (Table 5.11). PwC’s experience and knowledge of the ETS is derived from the fact that Europe already has an ETS. PwC’s reference to the credibility of the AETS demonstrates that they know from experience that any future AETS needs to be considered as credible or robust so that it can attract international investment, and so that Australian emissions certificates can be traded in international markets. In terms of relational value, three significant phrases convey how PwC enacts the relationship between EU ETS and a future AETS as well as DOEWR. That is to say, PwC can participate in the development of a future AETS, as it has helped the European Commission. Especially, PwC links a future AETS with the EU ETS to denote particular impositions later in the process perhaps in linking an AETS to the international market. Lodhia and Martin (2012) showed that most of the submissions of the stakeholders to the NGER Act recognise the close link between the NGER Act and a future AETS. PwC worked with the EU ETS and its international experience and knowledge was used to overcome many critical lessons affecting that scheme. PwC referred to this experience when it stated “Critical lessons learned” from its experience in EU ETS. This experience and knowledge can be transferred to construct a robust and credible AETS. In terms of expressive value, two significant phrases place PwC in an expert position. Specifically, PwC states that the EU ETS has lost its credibility since the sharp collapse in the price of emissions certificates because of the absence of verification and compliance control of “competent
authorities”. PwC holds a strong commitment to assurance and auditing practice to shape a robust and credible AETS.

5.4.2 The second moment: the reporting system

The second moment in PwC’s submission is about the disclosure of CO$_2$e being similar to financial information. The phrases that PwC uses can be analysed by their experiential, relational and expressive meaning. PwC refers to accounting for CO$_2$e transactions in accordance with Australian International Financial Reporting Standards (AIFRS) several times in its submission. This can be read as PwC telling DOEWR that they have experience and knowledge in accounting standards that is transferable to CO$_2$e transactions and balances. Furthermore, the trading of CO$_2$e would mean considering reflects these permits or credits as financial instruments and, hence, financial assets. In addition, a cap-and-trade system creates a relationship between carbon emissions disclosure and financial instruments. It is important to recognise that PwC is conflating two concepts: financial instruments and disclosure of carbon emissions. The accounting for the permits is not equivalent to the recording and counting of carbon emissions, as the permits have a financial component added. The disclosure of carbon emissions is still in quantities of carbon equivalents, not in financial terms. The expressive value for the equivalence between disclosure and financial information is interesting. Saying that DOEWR does not have to be concerned with the standard is saying that PwC knows about this connection. And, this is correct since so far DOEWR is creating a database of GHG emissions and not of their corresponding financial value.
5.4.3 The third moment: the significance of audit and assurance

I shall come now to the main point with which PwC was concerned: the CAF. The third moment of PwC’s submission is the significance of audit and assurance. PwC represents the provision of assurance as a fundamental step so that the credibility of a future AETS, through the verification of CO₂e transactions and balances can be credible and be in public interest. While there exists no professional accounting standard for reporting and disclosing CO₂e transactions and balances, the objectivity and comparability of such reporting may be compromised, and, in turn, the provision of assurance. More specifically, PwC enacted its relationship with the public through the provision of assurance and reporting of CO₂e transactions and balances based on existing Australian International Financial Reporting Standards (AIFRS). It is also interesting to see in the textual analysis how this relationship with the public is enacted. PwC has also referred to the quality verification framework, with which it gave significant assistance to the European Commission. In doing so, PwC, acting as an expert, suggested that DOEWR consider this framework under the CAF as a significant scheme within the NGER Act. PwC’s strong commitment to a quality-verification framework might be seen as a way of including accounting profession assurance and audit providers at the expense of others.
5.4.4 Experiential value

I shall focus here on how grammar and other devices play a significant role in reinforcing the meaning intended by the text (summarised in Table 5.12). To do so, I shall examine the process type and key participants used to represent a particular argument regarding the underlying objectives and schemes of the NGER Act. I shall integrate the first, second and third moments where possible as well as considering each moment separately.

<table>
<thead>
<tr>
<th>Moment</th>
<th>Particular related phrases or sentences*</th>
<th>Process type</th>
<th>Key participant</th>
</tr>
</thead>
</table>
| The first moment: ETS market | First sentence:  
The introduction of AETS  
will create  
a new financial market in Australia  
Second sentence:  
This market  
will value and trade in  
carbon dioxide equivalent units (Co₂e) as though  
they were  
financial assets.  
Third sentence  
Companies  
will be accounting for  
carbon transactions through their financial records, and reporting their carbon performance and positions in their audited financial statements. | Inanimate actor  
Material  
Inanimate affected  
Inanimate actor  
Material  
Token  
Relational 2  
Value  
Animate affected  
Material |
<table>
<thead>
<tr>
<th>Fourth sentence</th>
<th>The credibility of the AETS</th>
<th>Inanimate affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will therefore be, to a very large extent, underpinned by</td>
<td>Material</td>
<td></td>
</tr>
<tr>
<td>the validity of the baseline information received from organisation reporting under the NGER Act</td>
<td>Animate actors</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fifth sentence</th>
<th>PwC</th>
<th>Animate actor</th>
</tr>
</thead>
<tbody>
<tr>
<td>was heavily involved in helping</td>
<td>Material</td>
<td></td>
</tr>
<tr>
<td>the European Commission with this issue.</td>
<td>Animate affected</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The second moment: Reporting system</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First sentence</strong></td>
</tr>
<tr>
<td>should be in accordance with</td>
</tr>
<tr>
<td>Australian equivalents to International Financial Reporting Standards (AIFRS), where possible.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second sentence</th>
<th>We</th>
<th>Experiencer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would not expect</td>
<td>Mental</td>
<td></td>
</tr>
<tr>
<td>the Department to become involved in the development of a standard, apart from commenting on any exposure drafts</td>
<td>Phenomena</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third sentence</th>
<th>We</th>
<th>Experiencer</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly recommend</td>
<td>Mental</td>
<td></td>
</tr>
<tr>
<td>the Department consider the guidance contained within Monitoring and Reporting of Greenhouse Gas Emissions (the 2007 MRG Decision) when developing the regulations under the NGER Act</td>
<td>Phenomena</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The third moment: Significance of audit and assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First sentence</strong></td>
</tr>
<tr>
<td>should be</td>
</tr>
<tr>
<td>a requirement of the regulations to ensure the credibility of all CO₂e data, including baseline data.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second sentence</th>
<th>Since the data</th>
<th>Carrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>will have</td>
<td>Relational</td>
<td></td>
</tr>
<tr>
<td>direct financial implications for companies for the success of the scheme, and for the economy as a whole</td>
<td>Attribute</td>
<td></td>
</tr>
</tbody>
</table>
Grammatically speaking, the use of mental, material and relational 1 and 2 types of process has a structural effect on texturing the meaning of the underlying parts of the NGERS, (as expressed in the RDP’s DOI, CAF), the key participants in the development of the NGER Act and the experience and expertise of particular institutional participants. I shall limit my focus here to the experiential value for the underlying parts of the NGERS, even though other values are related and overlapping.

**In terms of the first moment**, the first sentence is represented in a material type of process with inanimate actors. The choice of material process with inanimate actors is implicated in embodying responsibility. For example, “create” is a material process that should more naturally involve specific participants in specific relations using specific resources in the “introduction” of AETS. In other words, although the PwC has used material types of process, it is manipulated by the clear inclusion of inanimate actors. This, in turn, might divert the responsibility of the actors, who might participate in the creation of underlying polices for the “new financial market” and a potential future AETS. The second sentence is presented in material and relational 2 types of process. This is implicated in obscuring the responsibility for
selecting a particular accounting framework that regards CO₂e transactions and balances as financial assets. It also covered the responsibility for valuing CO₂e transactions and balances as financial assets. This may have an indirect effect on the disclosure system of GHG emissions, as a significant part of the NGERS.

The third sentence is represented in a material type of process with a clear inclusion of animate affected (companies). While the animate actor is absent, “audited financial statements” signifies that particular assurance provider such as professional firms will be involved as animate actors. This is also evidenced within the fourth sentence. In particular, PwC aligns the credibility of a future AETS with the nature of audited information received from the corporations. This implies that PwC has indirectly directed the underlying parts of the NGERS, such as the DOI and CAF in the context of a future AETS. The fifth sentence is represented in a material process with clear animate actors. The use of a material type of process helps to reduce the ambiguity of meaning, that is, PwC shared its experience and knowledge with DOEWR of the underlying parts of the NGERS. This reflects an important point, which is that the assurance and disclosure system under the NGER Act may be value-loaded.

**In terms of the second moment**, the first sentence is presented in a relational 2 type of process. In particular, PwC acknowledged that there must be accounting for CO₂e transactions and balances. However, as there are many alternative reporting frameworks, it refers to particular accounting frameworks, such as AIFRS (developed by IASB). This use of language type helps to obscure direct responsibility for particular professional accounting systems. The second sentence is presented in a mental type of process for a particular reason. PwC avoids the use of a
material type of process with an intimate actor, as this can imply a relational value, as will be shown below. This might denote the selection of particular reporting systems, such as that advocated by KPMG and EY, as will be shown in the next chapter. The third sentence is also represented in a mental process. This involved in obscuring its responsibility for selecting a specific quality verification framework, (as will be shown within the third moment), within the expressive value. PwC’s focus on a future AETS had a substantial influence on the reporting system and other schemes of the NGER Act.

In terms of the third moment, the first sentence is represented in a relational 2 type of process. PwC avoids the use of a material process with animate actors and affected to obscure the responsibility for selecting a specific assurance framework. The second sentence is represented in relational 1 and material types of process. This is implicated in obscuring the authoritative position of PwC in acting as the representative of companies that may potentially be its clients. That is to say, PwC framed the development of the CAF in the context of a future AETS, which will have a significant financial impacts on its clients. However, the selection of “experienced financial auditors” denotes the clear selection and inclusion of professional accounting firms and main assurance providers, to the potential exclusion of others, as will be shown in the next chapter. The third sentence is presented as a material type of process with an animate actor. The choice of inanimate actors affected might obscure the responsibility for directing and sequencing the action of DOEWR to implement a specific assurance framework, such as ISAE 3000.
5.4.4.1 Decoding the representation of the process

At this stage of the thesis, I have not referred to discursive and social practices (these are addressed in subsequent chapters). Instead, I shall decode the first, second and third moments for the purpose of clarification (summarised in Table 5.13). This exercise may also show significant cues to and underlying traces of ideological struggle and relations of power, which will be addressed in the following chapters.

Table 5.13 Decoding the representation of processes within each moment

<table>
<thead>
<tr>
<th>Moment</th>
<th>Decoded sentences</th>
<th>Cues to discursive and social practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The first moment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETS Market</td>
<td>1. PwC, market participants and DOEWR will work together to create an AETS, and this in turn will introduce a new financial market in Australia.</td>
<td>Participation in the creation of underlying parts of the NGERS.</td>
</tr>
<tr>
<td></td>
<td>2. We believe that this market will value and trade in carbon dioxide equivalent units (CO₂e) as though they were financial assets.</td>
<td>The direction of underlying parts of the NGERS in the context of a future AETS.</td>
</tr>
<tr>
<td></td>
<td>3. Accounting firms will account companies for carbon transactions through their financial records, and report their carbon performance and positions in their audited financial statements.</td>
<td>Participation in the creation of underlying parts of the NGERS.</td>
</tr>
<tr>
<td></td>
<td>4. PwC will work with corporations to ensure the credibility of the future AETS.</td>
<td>Same as above.</td>
</tr>
<tr>
<td></td>
<td>5. PwC will help DOEWR as we have experience with the EU ETS.</td>
<td>Same as above.</td>
</tr>
<tr>
<td><strong>The second moment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reporting system</td>
<td>1. PwC supports DOEWR to implement accounting standards in accordance with AIFRS.</td>
<td>The selection of specific professional accounting frameworks for assurance and reporting practices for GHG emissions.</td>
</tr>
<tr>
<td></td>
<td>2. We do not encourage the Department to become involved in the development of a standard, apart from commenting on any exposure drafts</td>
<td>Selection of specific reporting system.</td>
</tr>
<tr>
<td></td>
<td>3. PwC will help DOEWR in developing the guidance contained within Monitoring and Reporting of Greenhouse Gas Emissions (the 2007 MRG Decision).</td>
<td>Participation in the creation of underlying parts of the NGERS.</td>
</tr>
</tbody>
</table>

Continued
PwC’s grammar enables it; to obscure any responsibility for directing the development of underlying parts of the NGERS in the context of a future AETS; make an implicit selection of specific reporting practices for GHG emissions; and to make an explicit inclusion of specific professional accounting frameworks for underlying parts of the NGERS. In addition, PwC concentrated on the ETS market to a greater degree than either EY or KPMG. Instead, PwC may be seeking to influence the reporting and disclosure system of GHG emissions by framing the discussion with a focus on the financial implications for corporations. EY also indicated this point, to include ISAE 3000 (issued by IAASB) as mean of facilitating the assurance engagement over reporting GHG emissions, and therefore the potential exclusion of other assurance standards or other providers of assurance services such as engineering firms. This constitutes a significant cue to and an underlying trace of ideological struggle and relations of power.

5.4.5 Relational value

I shall show how the choice of particular grammar and vocabulary has a significant impact on meaning, but also on institutional relationships between PwC, its clients
and DOEWR. In particular, I shall show how the focus on the three moments (the ETS market, the reporting system and the significance of audit and assurance) and the failure to avoid the use of particular forms of grammar and vocabulary had a structural effect on creating particular sorts of institutional relationships during the consultative process of the NGER Act.

<table>
<thead>
<tr>
<th>Moment</th>
<th>Relational value within vocabulary</th>
<th>Relational value within grammar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The underlying motivation of euphemistic expression Formal or informal words</td>
<td>Grammatical mode</td>
</tr>
<tr>
<td>The first moment: ETS market</td>
<td>Solidarity with its clients and DOEWR.</td>
<td>Declarative</td>
</tr>
<tr>
<td>The second moment: Reporting system</td>
<td>Strategy of avoidance. Solidarity with its clients and DOEWR.</td>
<td>Declarative</td>
</tr>
<tr>
<td>The third moment: Significance of audit and assurance</td>
<td>Strategy of avoidance. Solidarity with its clients and DOEWR.</td>
<td>Declarative</td>
</tr>
</tbody>
</table>

**In terms of the first moment**, the focus of PwC’s response on the ETS market has created a particular sort of institutional relationship, as evidenced by specific vocabulary. PwC has initially taken market discourse as a given; this, in turn, denotes not only an experiential value on underlying parts of the NGERS but also a relational one. More specifically, PwC, under the ETS market, has knowledge and information about the underlying parts of the NGERS, such as assurance and disclosure practices for GHG emissions. PwC has resorted to the formal words implying a relational value in negotiating the development of the NGER Act in the context of a future AETS. For instance, PwC has opted to use formal words such as “this market” and “PwC was heavily involved in helping” (Table 5.11). This suggests that PwC has a strategy of solidarity with DOEWR, but also with its clients, potentially because
PwC is planning to provide assurance services to its clients. Further PwC has helped the European Commission, which gives PwC enhanced credibility here in Australia, perhaps increasing its opportunities to help DOEWR. In terms of relational value within grammar, DOEWR listed a number of questions (Appendix 1) to be addressed by respondents in the consultative process. However, PwC has not been compliant in answering the proposed questions. This is evidenced in the selection of declarative modes of expression. Declarative statements grammatically implied a particular form of discursive relations and positioned PwC as a significant supplier of information. This in turn grammatically speaking denotes that PwC has more professional knowledge and experience than DOEWR.

**In terms of the second moment**, PwC framed the development of assurance and reporting practices for GHG emissions in the context of a future AETS. As this might have financial implications for its clients, PwC opted for such formal phrases such as “accounting for CO₂e transactions and balances”, “in accordance with” and “would not expect” (Table 5.11). On the one hand, PwC seemed to avoid explicit involvement in sequencing the actions of DOEWR. On the other hand, it used words that enacted a form of solidarity with DOEWR. In terms of the relational value within grammar, PwC enacted its relationship with DOEWR as an expert on reporting practices for GHG emissions under the ETS market. This is clearly evidenced with the use of declarative statements and the pronoun “we”. Specifically, the pronoun “we” seemed to be used in an inclusive sense when referring to underlying monitoring system for the disclosure of GHG emissions (Table 5.12). This implies that PwC emphasises particular reporting practices for its clients as well as speaking for other professional accounting firms. In addition, PwC uses the
pronoun “we” with “would not expect the department to become involved in setting the standard” (Table 5.12). This indicates that DOEWR does not have the capacity or expertise to set assurance and disclosure practices for GHG emissions. This also constitutes a significant cue to and an underlying trace of ideological struggle and power relations.

**In terms of the third moment**, PwC uses phrases implying particular relationships. In specific, it opts for formal phrases such as “independence assurance should be a requirement of the regulation”, “direct financial implications for companies”, “for the success of the scheme and for the economy as a whole”, “experienced financial auditors” and “in the initial period” (Table 5.12). These phrases imply a form of solidarity with its clients in acknowledging the financial impacts of a future AETS and imply a hierarchical relationship with DOEWR. This denotes that there might be a threat to PwC’s clients and the provision of assurance, since the ETS market will have financial implications for PwC’s clients. This also implies that PwC sees itself as acting as an authoritative representative of its clients. Even though PwC uses the strategy of avoidance, as evidenced with “in the initial period”, this implies a clear influence in directing and sequencing the action of DOEWR in implementing an assurance framework. This is also evidenced with the choice of the modal verb “should” singling out an obligation from PwC to DOEWR (Table 5.12).

**5.4.6 Expressive value**

I shall show how the choice of particular grammar and vocabulary has a significant impact on meaning, and also on PwC’s position. Specifically, I shall show how the focus on the three moments (the ETS market, the reporting system and the
significance of audit and assurance) and the use of particular forms of grammar and vocabulary has a structural effect on evaluating underlying parts of the NGERS.

**Table 5.15 Textual analysis: PwC expressive value**

<table>
<thead>
<tr>
<th>Expressive value</th>
<th>Expressive strategy within word and grammar</th>
<th>Expressive value within words</th>
<th>Expressive modality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The first moment:</strong> ETS market</td>
<td>Strong commitment to AETS. Strong commitment to valuing CO₂e and particular assurance framework.</td>
<td>Will Will</td>
<td>-</td>
</tr>
<tr>
<td><strong>The second moment:</strong> Reporting system</td>
<td>High commitment to AIFRS</td>
<td>Should</td>
<td>-</td>
</tr>
<tr>
<td><strong>The third moment:</strong> Significance of audit and assurance</td>
<td>Strong commitment to the accounting firms as key assurance providers.</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**In terms of the first moment,** PwC has expressed a strong commitment to AETS, the valuing of CO₂e and a particular assurance framework. The selection of particular evaluative phrases such as “a new financial market”, “financial assets”, “companies will be accounting for…through their audited financial statements” (Table 5.12), “the credibility of the AETS” and “the validity of the baseline information” (PwC, 2007, p.1) has a significant impact on meaning, placing PwC as an expert of an underlying practices of a future AETS. This is evidenced in its reference to CO₂e price trading in the EU ETS.

**Figure 5.1 EU ETS phase 1 carbon allowance price (EU Climate Change cited in PwC, 2007, p.3)**

This has allowed PwC to reveal its significant involvement through their international offices in the EU. PwC links the failure of the EU ETS in its initial
phase to the lack of appropriate internal control and monitoring. It refers pointedly to
the assistance it offered to the European Commission in implementing the quality-
verification framework and gave this evidenced in its response (PwC, 2007). This
allows PwC to refer to a quality-verification framework so a potential AETS may
work more effectively. PwC’s emphasis on its experience and knowledge during the
EU ETS denotes that PwC should engage in the development of assurance and
disclosure practices of the NGERS, as PwC would not expect the engagement of
DOEWR (Table 5.12). In doing so, PwC referred to a control system (see Figure 5.2)
perhaps to influence its own selection.

![Figure 5.2 A quality-verification framework (PwC, 2007, p.4)](image)

PwC’s emphasis on its experience with the EU ETS has explicitly influenced its
evaluation of underlying parts of the NGERS itself. This is also evidenced in the use
of modal verbs, such as “will” which signalled a strong commitment to a future
AETS (Table 5.12).

**In terms of the second moment**, PwC expressed a high commitment to AIFRS
regarding the assurance and reporting practices for GHG emissions to promote a
future AETS. This is evidenced by the use of expressive phrases such as “limited assurance”, “to encourage compliance”, “demonstrate the importance of completeness and accuracy of reported emission data”, “but to reduce the initial cost for companies”, “less confusion and administrative burden”, “direct financial implications for companies”, “for the success of the scheme, and for the economy as a whole” and “experienced financial auditors” (Table 5.12) when referring to a particular assurance and reporting system equivalence to IFRS, such as “as consistent as possible with the existing financial accounting and auditing frameworks” (PwC, 2007, p.10). These expressive phrases have also positioned the PwC as a powerful representative for accounting practices. The selection of the modal verb “should” signals an obligation to DOEWR to consider AIFRS when developing the underlying parts of the NGERS. As DOEWR has already selected particular assurance and reporting practices such as the GHG Protocol and ISO, PwC’s emphasis on the existing financial and auditing standards is indirectly doubted in other assurance and reporting frameworks.

**In terms of the third moment,** PwC has expressed a strong commitment to the significance of audit and assurance formulated as a significant scheme to be considered in the context of a future AETS. Specifically, PwC has a strong commitment to a specific assurance framework, and to accounting firms as key assurance provider. For example, the selection of expressive words such as “the credibility of all CO₂e data”, “direct financial implications” and “experienced financial auditors”, collocated with the selection of ISAE 3000 places PwC in an authoritative position of mainly acting as an advisor to others and as a professional
expert in evaluating the standards developed within the arena of professional accounting bodies.

### 5.5 Concluding on textual analysis

Textual analysis of the submissions of EY, KPMG and PwC to the RDP has indicated three moments: the ETS market, reporting system and significance of audit and assurance. The significance of these moments was established by interrogating their associated experiential, relational and expressive values. In turn, these values were considered in terms of the use of specific types of grammar and vocabulary. In this way, the meaning intended was emphasised with reference to structural effects. This contributes to the idea that each single instance of language use contributes to the production of society (Fairclough & Wodak, 1997). Even though I have avoided any reference to intertextual contexts in this chapter, I have shown how the three professional firms have:

- taken the market discourse as a given to influence the underlying parts of the NGERs;
- excluded somehow themselves from a direct involvement in the creation of a future AETS a;
- welcomed a voluntary reporting system for GHG emissions in the initial years;
- selected a specific assurance framework (such as ISAE 3000) for its indirect influence on a reporting system for GHG emissions;
- acted as a powerful representative on behalf of some market participants (mainly their clients);
- directed and sequenced the action of DOEWR to transform or sustain particular schemes under the NGER Act;
- positioned themselves as authoritative representatives of accounting practices and thus the accounting profession; and
- shown a positive and strong commitment to particular assurance and reporting systems (developed by professional accounting bodies such as IAASB, IASB).

These findings have been summarised in (Table 5.16).
<table>
<thead>
<tr>
<th>Moment</th>
<th>Value</th>
<th>Three professional firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ETS</td>
<td>Experiential</td>
<td>Directing the underlying parts of the NGERS in the context of a future AETS.</td>
</tr>
<tr>
<td>Market</td>
<td>Relational</td>
<td>Solidarity with their clients and DOEWR.</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>Authoritative representative of accounting practices.</td>
</tr>
<tr>
<td>2. Reporting</td>
<td>Experiential</td>
<td>Directing and clear selection of the reporting system in the context of future AETS.</td>
</tr>
<tr>
<td>system</td>
<td>Relational</td>
<td>Solidarity their clients and DOEWR.</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>Authoritative representative of accounting practices.</td>
</tr>
<tr>
<td>3. Significance of audit &amp; assurance</td>
<td>Experiential</td>
<td>Selecting particular assurance framework e.g. ISAE 3000.</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>Solidarity with its clients and DOEWR.</td>
</tr>
<tr>
<td></td>
<td>Expressive</td>
<td>Authoritative representative of accounting practices.</td>
</tr>
</tbody>
</table>

In the next chapter, I shall ascribe meaning to the moments realised in the submissions of the three professional firms by reference to a broader social context.
CHAPTER 6: DISCURSIVE PRACTICES

6.1 Introduction

This chapter is concerned with the second level of Critical Discourse Analysis (CDA), the discursive practice. The discursive practice overlaps with the textual analysis and the social practice, social analysis. The discursive practice level of analysis provides a context in which to re-consider the textual analysis level. This re-consideration is an intertextual analysis which can reinforce or reveal meaning in the text. In this chapter the texts of the three professional firms will be considered with respect to each other. These texts will also be considered with respect to the Regulations Discussion Paper (RDP), since the texts responded to it as part of the consultative process set up by the Department of the Environment and Water Resources (DOEWR).

The consultative process described here is a genre of communication between the State and the public and its parameters and processes were established by DOEWR in the RDP. The way the RDP is set up its style and discourse may have influenced the responses. According to Fairclough (2003) genre, style and discourse are important features to consider in this intertextual analysis which forms the discourse level of CDA.

When we analyse specific texts as part of specific events, we are doing two interconnected things: (a) looking at them in terms of the three aspects of meaning, Action, Representation, and Identification, and how these are realized in the various features of texts (their vocabulary, their grammar, and so forth); (b) making a connection between the concrete social event and more abstract social practices by asking, which genres, discourses, and styles are drawn upon here, and how are the different genres, discourses and styles articulated together in the text? (Fairclough, 2003, p.28).
These questions will be applied to the consultative phase established and controlled by DOEWR. More specifically, I shall reconsider the process of meaning-making, using the moments identified and discussed in the previous chapter. The three moments - the ETS market, reporting system and audit and assurance - have characterised the responses of the three professional firms and their significance will be reconsidered in the intertextual context. The significance of each text from the three audit firms will be considered in relationship to each other audit firm and also to the RDP.

This chapter is organised as follows. The first section will look at the RDP. The second section will highlight the regulatory body. The third section will provide information about the assurance and reporting practices for GHG emissions. The fourth section will provide intertextual analysis of the three professional firms. The next section will highlight the power relations in discursive practices. The final section will conclude the discursive practices.

6.2 The RDP

The RDP and the submissions thereto are a public interaction initiated by the State. The State, through DOEWR initiated this interaction and specified the consultation process to commence with the RDP. The respondents to the RDP are considered stakeholders, that is, individuals, corporations or institutions which are affected directly or indirectly by the NGERS and are motivated to submit written responses or submissions. These submissions were publicly available unless the party otherwise requested:
It is intended that all submissions, including the names of the submitters, will be made publicly available online after the close of submissions, and may be used by the Department in subsequent publications, unless the submitter requests that the submission, or part of it, be treated as confidential. Where only part of a submission is confidential, it would assist the Department if the submitting party could provide a different version of the submission, with confidential material deleted, to be published online (DOEWR, 2007, p.3).

Therefore only the submissions which are publicly available can be considered. The genre of consultation by the State sets up particular rules including that the submissions are made publicly available unless otherwise requested. The RDP has also set up a number of questions associated with a number of issues. The RDP is made up of seven chapters (see Appendix 2).

In this thesis, I focused on RDP’s Chapter 6: Disclosure of Information (DOI) and RDP’s Chapter 7: Compliance Assurance Framework (CAF) since the accounting profession and the audit firms paid particular attention to these. The DOI chapter of the RDP stated:

An object of the Act is to disseminate information related to greenhouse gas emissions, greenhouse gas projects, energy consumption and energy production of corporations to inform Australia, State and Territory governments and public (DOEWR, 2007, p.34).

The DOI is mainly concerned with reporting of scope 1 (direct) and scope 2 (indirect) emissions. It also requires the registered corporation to disclose information when they reach a specific threshold (Figure 1.3). Scope 1 refers to emissions that are directly released from an entity or a facility owned or controlled by the corporation; scope 2 refers to emissions that are indirectly released as a result of consuming electricity, heat and/or steam (DOEWR, 2007). Greenhouse and
Energy Data Officer (GEDO) is responsible to publish on a DOC and/or DCCEE’s website, later in the process, the total of GHG emissions, energy production and energy consumption of each registered corporation (DOEWR, 2007). This information is very important to the policy makers in setting an Australian cap-and-trade scheme in the future or in implementing any other underlying objective of the NGER Act. The CAF aims to serve as an external monitoring scheme involving the GEDO to make sure that the reporting of GHG emissions is consistent and provides robust data (DOEWR, 2007). DOEWR (2007) has chosen to adhere to international reporting standards such as GHG Protocol and ISO:

The terms scope 1, scope 2 and scope 3 are well known and utilised in a number of Australian and international programs and standards. They are defined in the World Resource Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (GHG Protocol) and the International Standards Organisation’s Standard for Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals (ISO 14064-1) (DOEWR, 2007, p.8, emphasis in original).

The significant point here is that DOEWR has selected the GHG Protocol and ISO for reporting and assuring GHG emissions. The GHG Protocol and ISO have become the primary references, when the stakeholders referred to DOI and CAF.

6.3 The assurance and reporting practices for GHG emissions

This section will briefly review the proposed assurance and reporting practices for GHG emissions, their main features and characteristics. In particular, it points to international reporting practices that are selected by DOEWR to be included as main framework for DOI and CAF. It will also point to other assurance and reporting practices that are suggested by the three professional firms. There are globally many
regulatory approaches for mitigating the impact of the GHG emissions (Table 6.1). DOEWR seems to implement the second strategy which is “disclosure linked to ETS”.

Table 6.1 Global reporting approaches for GHG emissions

<table>
<thead>
<tr>
<th>Reporting approach</th>
<th>Developed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Compulsory reporting</td>
<td>1- Government or regulatory body</td>
</tr>
<tr>
<td>2- Disclosure linked to ETS</td>
<td>2- Relation among government, regulatory body or particular region of the world e.g. EU and market institution such as</td>
</tr>
<tr>
<td>A. GHG Protocol</td>
<td>A. WBCSD</td>
</tr>
<tr>
<td>B. Revised GHG Protocol (2004):</td>
<td>B. WBCSD and WRI</td>
</tr>
<tr>
<td>A corporate Accounting and</td>
<td></td>
</tr>
<tr>
<td>Reporting Standard</td>
<td></td>
</tr>
<tr>
<td>3- Voluntary Disclosure</td>
<td>3- Economic corporation or market institution</td>
</tr>
<tr>
<td>A. Sustainability reports</td>
<td>A. Carbon Disclosure Project (CDP)</td>
</tr>
</tbody>
</table>

Table 6.1 shows different types of regulatory approaches for reporting practices of GHG emissions. In 2004, the GHG Protocol was developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) (WBCSD and WRI, 2004). More specifically, the WBCSD and WRC (2004) have issued a revised standard entitled the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard as the disclosure standard for GHG statements.

The GHG Protocol has a specific set of measurement and disclosure criteria for defining various aspects in regard to GHG emissions:

This protocol spells out the principles on which it is based; relevance, completeness, consistency, transparency and accuracy. It covers issues such as the setting of entity boundaries (what accountants would call defining the reporting entity) and operational boundaries (the source of emissions that will be included), defining the GHGs that are covered, how these GHGs are measured and calculated, and what information about emissions should be disclosed (Simnett, et al., 2009a, p.352).
The GHG Protocol identifies three categories of GHG emissions, namely: scope 1 (direct emissions), scope 2 (indirect emissions) and scope 3 (other indirect emissions). DOEWR adopts these categories for the reporting within NGERS:

Scope 1 emissions are greenhouse gas emissions produced from sources within the boundary of a facility and as a result of that facility's activities ... Scope 2 emissions are greenhouse gas emissions generated from the production of electricity, heat or steam that a facility consumes, but which is physically produced by another facility. Under the Act, reporting of scope 3 (other indirect emissions) is not required... Scope 3 emissions are greenhouse gas emissions generated in the wider economy as a consequence of a facility's activities, which are physically produced by another facility (DOEWR, 2007, p.9).

In the NGERS, once corporations have emitted over a certain level of GHG emissions (Figure 1.3), they must register to provide reporting of Scope 1 and Scope 2 to the Greenhouse and Energy Data Officer (GEDO). Therefore, the GHG Protocol is selected to help provide policy makers and the public with important information for making decisions about any mitigating policy:

This is seen as particularly pertinent in light of possible development around emissions trading, especially in relation to the permit allocation approaches for different types of emissions (DOEWR, 2007, p.35).

DOEWR (2007) has also selected an alternative disclosure standard for GHG emissions, ISO 14064 which was developed by the International Organisation for Standardisation (ISO). ISO is an international market institution, as indicated in Chapter 2, which develops standards for international business corporations. ISO 14064 contains a number of parts, under the general title ‘Greenhouse gases’, which are:
Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements


DOEWR (2007) did not specify a particular audit and assurance framework for GHG emissions. EY (2007), KPMG (2007) and PwC (2007) noted that there exists a particular assurance framework for GHG statements (shown in Table 6.2). The purpose of assurance practices is to make sure that corporations comply with the measurement and reporting obligations.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Developed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)</td>
<td>1- International Auditing and Assurance Standards Board (IAASB)</td>
</tr>
<tr>
<td>2- ISAE 3410 International Standard Assurance Engagement on Greenhouse Gas Statements</td>
<td>2- IAASB</td>
</tr>
</tbody>
</table>

Table 6.2 shows that the International Auditing and Assurance Standards Board (IAASB) has developed the International Standard on Assurance Engagements (ISAE 3000) entitled Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 International Standard Assurance Engagement on Greenhouse Gas Statement. ISAE 3000 can be used for assuring GHG statements. ISAE 3000 allows the provision of “limited assurance” or “reasonable assurance” (PwC, 2007). Simnett et al. (2009a) suggested that ISAE 3000 also has a specific set of assurance criteria to guide providers during the main
stages of assurance engagements such as ethical requirements, quality control, engagement acceptance, planning, suitability of criteria, professional scepticism, risk and materiality, obtaining evidence, using experts, documentation and reporting. However, DOEWR did not adopt professional assurance practices in 2007.

The submissions of the three professional firms were influenced by the RDP guidance – although not equally. All three professional firms evoked arguments that encouraged a market-based system. Although EY does not pay much attention to a future AETS, it does state that it regards a future AETS as a given:

We understand the National Greenhouse and Energy Reporting System is being developed within the context of a future Australian Emission Trading Scheme (AETS) (EY, 2007, p.2).

This suggests that EY is also in consensus with DOEWR to bring about a particular market-based system, such as an ETS. KPMG evokes the voice of the advocates for a market-based system mainly their clients, EY, PwC and DOEWR:

Reporting of Greenhouse Gas (GHG) emissions, energy consumption and production, is necessary to support Australia’s proposed emission trading scheme (ETS) (KPMG, 2007, p.1).

PwC emphasised the importance of a market-based system perhaps more than EY and KPMG. The three professional firms called for a voluntary reporting system for GHG emissions and referred to potential financial implications:

On this basis, a critical issue is that the reporting required under the Act will ultimately underpin a market based system, with potential financial implications. As such, it is imperative the Taskforce look to use existing models and frameworks which currently apply to more traditional financial markets, to assist in determining what guidelines should be provided by the Act (EY, 2007, p.2).
KPMG explicitly argued for voluntary reporting of GHG emissions. This might embody a clear refusal of compulsory reporting for GHG emissions required and this contradicts the purpose of the NGER Act:

We welcome voluntary reporting of data in those years to assist government in the analysis of data in determining appropriate policy positions and assessment of overall performance in managing energy usage and reducing GHG emissions (KPMG, 2007, p.5).

Whilst voluntary reporting of GHG was preferred by the audit firms, there was a different attitude to the assurance of GHG disclosure. Assurance of disclosures was considered important. For example, PwC evokes arguments that call for a particular reporting framework equivalent to Australian International Financial Reporting Standards (AIFRS) and indirectly rejects the international reporting frameworks proposed by DOEWR, such as the GHG protocol and ISO 14064-1. In the response, for example:

the ISO standards are voluntary and are developed through stakeholders dialogue rather than through the relevant authority. The ISO standards do not have the force of an International Accounting Standard (PwC, 2007, p.5, emphasis added).

This quote reveals an underlying institutional struggle between the audit firms and DOEWR (which will be discussed in Chapter 7 of the thesis). Furthermore, this quote explicitly infers that neither ISO nor WBCSD had the same authority as IASB to issue assurance frameworks. It can be inferred that the accounting profession can best provide assurance which comes from frameworks established by the IASB, being an integral part of the accounting profession:

What our response covers
In the sections below, we discuss:
- the EU-ETS experience and solution with respect to the compliance reporting framework
appropriate accounting and auditing standards for CO2e transactions under an emissions trading scheme
- the role and capacity of accounting firms to provide levels of assurance over CO2e transactions and balances (both physical and financial)
- the implications, both cost and benefits, for reporting organisations in having robust assurance over their CO2e transactions and balances.

We also comment on the position that accounting and public reporting for CO2e transactions and balances should be consistent with the Australian equivalents to International Financial Reporting Standards (AIFRS) framework and Australian corporate reporting obligations (PwC, 2007, p.2, emphasis in original).

The next quote by EY also reinforces this point:

We bring to attention of the taskforce the existing International Standards for Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) (EY, 2007, p.3, emphasis in original).

This suggests that EY is in agreement with the arguments made by KPMG and PwC to include particular assurance frameworks developed by the accounting profession.

The following KPMG quote reinforces this agreement between the audit firms:

KPMG strongly recommends the Taskforce adopt the most widely accepted international audit and assurance standard for non-financial reporting, being International Standard on Assurance Engagements (ISAE) 3000” (KPMG, 2007, p.8).

PwC also indicated some compromise by suggesting that:

(i) in the initial period, the Department could require only ‘limited assurance’ (under ASAE 3000), as a minimum, to encourage compliance, demonstrate the importance of completeness and accuracy of reported emission data, but to reduce the initial cost for companies (PwC, 2007, p.2)
EY has discursively involved the voices of its clients and other major political and institutional participants, which are consistent with the voice of other firms such as KPMG and PwC in selecting a particular assurance framework for CO₂e transactions and balances developed by a specific professional accounting body:

We believe an external auditor providing assurance under the provision of the Act should have the skills the auditing profession refer to as an “assurance practitioner”. This term can be found in the existing Auditing and Assurance Standards which are issued by the Auditing & Assurance Standards Board (AUASB) in Australia, and more specifically in AUS 106 Framework for Assurance Engagements (EY, 2007, p.2, emphasis in original).

The three professional firms also implicitly rejected the GHG Protocol and ISO for assuring the GHG statements, as these may have particular criteria to define GHG emissions and to specify assurance engagements in ways that do not suit the three professional firms’ interests and its stakeholders. Instead the professional accounting frameworks such as ISEA 3000 or those developed by IASB incorporate measurements and recognition criteria only known to professional accounting firms.

6.4 Power relations in discursive practices

I shall consider the power relations in discursive practices with reference to genre, style and discourse (explained in Chapter 3). It can be argued from the previous section that within the context of consultation (genre), the DOI and CAF (style) within RDP set up markets and assurance standards (discourse) which also guided the accounting profession’s/audit firms’ responses. However, the audit firms’ responses do not acquiesce to all of DOEWR’s suggestions and offer instead arguments for accounting frameworks to be part of the underlying parts of the NGERS.
DOEWR established the RDP in 2007, with the expectation that stakeholders would make submissions. Therefore, the RDP played an important role in the responses and performed as a governance genre insofar as it partly mediated the way of acting and interacting between stakeholders. Under the RDP, DOEWR is placed to discuss the underlying aspects of the NGERS with institutional participants, while the three professional firms were positioned in the process as makers of responses. In addition, the RDP controlled the proposed topics: GHG emissions legislation, DOI and CAF. The RDP controlled different sets of strategic purposes for institutional participants. That is, the RDP has discursively located DOEWR in the process to obtain feedback, while the three professional firms provided advice in the forms of arguments and suggestions. However, the RDP cannot fully control the process of communication as it may be mobilised by the three professional firms in a particular direction. Furthermore, DOEWR is not compelled to take all advice submitted to it.

DOEWR was involved in influencing the style of institutional participants insofar as it used underlying conventions to place particular subjects in specific positions. In other words, the RDP in 2007 presupposed particular subjects in specific positions. Although the submission is a voluntary response to a consultative process, the casting of the RDP can be said to have anticipated the respondents. Given the range of stakeholders, one might also note that many entities/organisations which might be obligated to report as part of the NGER Act did not make submissions. However, in this thesis the focus is on the three professional firms and this section is considering their responses to the government body, DOEWR that was charged with developing the underlying parts of NGERS. DOEWR was placed as regulator and in charge of a political taskforce. It also invited knowledge and information as part of a consultative
process. By contrast, EY, KPMG and PwC were positioned as responders, professional experts and suppliers of knowledge and information. That is, the three professional firms selectively engaged as professional experts to supply knowledge and information to DOEWR. All three were international and powerful market participants that were subject to the institutional authority of DOEWR as a regulatory body during the consultative process. However, the three professional firms were directly and indirectly involved with alliances and coalitions with powerful and leading market participants, who were, in the main, their clients, as realised within the textual analysis and particularly in relational values (discussed in chapter 5). In anticipation of an ETS, accounting for emissions rights (or permits or allowances) would fall within the ambit of the accounting profession:

We would not expect the Department to become involved in the development of a standard, apart from commenting on any exposure drafts; however, we suggest the Department should monitor this issue to ensure that development and resolution timelines meet the AETS implementation deadlines (PwC, 2007, p.5).

The three professional firms did not expect DOEWR to have any involvement in a standard for CO$_2$e transactions (which would be necessary if carbon permits were established within an ETS). It is important to note that DOEWR selected particular reporting frameworks, such as the GHG Protocol and ISO 14064-1. The significant point here is that DOEWR’s selection of international reporting frameworks may be implicated in excluding a particular assurance and auditing framework, such as ISAE 3000. This, in turn, may have an impact on the three professional firms and their calculated benefits and interests through providing assurance services. Even though the RDP did not include any reporting and assurance framework developed by the accounting profession, the three professional firms were, however, innovative
participants and had creative capacity to bring a specific assurance framework, such as ISAE 3000, to the scene.

The three professional firms have invested in the RDP in many ways. Nonetheless, they did not submit to every single guideline. For example, DOEWR released questions and expected the potential respondents to respond to these questions. However, this expectation was tempered with a realisation that the responses could include other aspects:

The Department will be seeking to conduct more detailed consultations prior to the end of 2007, with the aim of ensuring that the regulations are informed by the expertise and advice of all stakeholder groups. These consultations may take the form of individual meetings, email exchange and/or broader consultation forums on regulation design issues as they arise. Participation in the focus groups by large greenhouse gas emitters, energy users and suppliers is encouraged and interested parties are asked to nominate their interest by email or in submissions. It is envisaged that, in the first instance, stakeholder input will be needed on the following topics:

- external audits and auditors;
- facility and operational control related issues for specific sectors (e.g. property operation and real estate services, transport and mining);
- energy data; and
- public disclosure of data (DOEWR, 2007, pp. 3-4).

This suggests that the three professional firms did not only give advice, but also attempted to discursively direct and sequence the actions of DOEWR, which was, as a regulatory body, expected to control them. Although such directions and sequencing were implied with the solidarity and strategy of avoidance (as evidenced with the relational values at the level of textual analysis discussed in chapter 5), the responses were also used to mediate the situation. They simultaneously compelled acknowledgement of the accounting professions’ institutional authority whilst recognising DOEWR’s authority as the regulator/state.
Moreover, PwC did not directly address the questions released from DOEWR. Instead, it structured its response specifically around the three moments it wanted to stress and presented a report rather than a set of answers to the RDP questions. PwC asserted its position and more clearly used the opportunity to communicate their experience in assisting in the development of EU ETS. Furthermore, PwC also asserted help and support to DOEWR in the implementation of a future AETS. This intertextual analysis then re-considers the role that the RDP played within this consultation process. As a result, the RDP changes from a guide for submissions, to being a process guided by the respondents. This suggests that the three professional firms mobilised the RDP in 2007 insofar as it was used to direct and sequence the action of DOEWR, which was supposed to direct and sequence their actions. This in turn might suggest that the genre can be seen as a significant ideological process and an irreducible discursive dimension for the three professional firms to potentially mobilise the development of the NGER Act in a specific direction. This will be discussed further in chapter 7.

The three professional firms have mediated the style in many ways. This could be identified and monitored by reference to expressive values within the textual analysis. Their evaluation of assurance and reporting frameworks came from their privileged dominant position in the accounting profession. Their knowledge and expertise overrides other perspectives with respect to the evaluation of assurance and reporting frameworks mainly developed by professional accounting bodies namely, the IAASB and the IASB. This is realised in the sense that they are experts in these assurance and reporting frameworks and they look for the projection and
broadcasting of their expertise and experience. For example, the three professional firms had intent to influence the underlying parts of the NGERS through affecting their direction in the context of a future AETS. This is consistent with DOEWR which also planned for the introduction of a future AETS as a significant objective under NGERS. The three professional firms have welcomed this point of view, while at the same time they have specific views on the assurance and reporting practices for GHG emissions.

The three professional firms have potentially mediated the development of DOI and CAF, as significant parts of NGERS, through releasing a specific view on the proposed assurance and reporting practices. Even though the three professional firms supported DOEWR in developing the underlying parts of NGERS in the context of a future AETS, as shown in the first moment, the three professional firms had a specific concern about assurance and reporting frameworks. This is realised with the second and third moments: reporting system and significance of audit and assurance. DOEWR has selected particular international reporting standards. However, the three professional firms proposed accounting/audit assurance standards despite the specific criteria set out in NGERS for reporting and assuring GHG emissions.

6.5 Concluding on discursive practice

The discursive practice provides a re-consideration of the textual analysis. The moments of ETS market, reporting system and significance of audit and assurance evidenced within the responses of the three professional firms were straightforward in the first instance. However, it must be emphasised that the moments cannot be analysed without reference to intertextual context. CDA is used to consider the
meaning associated with the submissions of the three professional firms from the perspective of the regulator and the respondents, i.e. the three professional firms. CDA helps to identify the close relationship between the three professional firms in the intertextual context. CDA is used to make sense of the submissions of the three professional firms, especially when compared with the key assurance and reporting frameworks selected by DOEWR. The three professional firms are in consensus with DOEWR in directing the development of the NGER Act in the context of a future AETS. They believe they have the right to intervene in developing and designing the underlying parts of the NGERS, the DOI and CAF. This is a part of the consultative process. Furthermore, the power dynamics of the three professional firms and DOEWR can be interpreted as having been inverted, in so far as the regulator did not control all aspects of the consultative process.

In the next chapter, discursive practices as whole will be re-considered in the broader context of the social practice level of CDA considered from a theoretical perspective.
CHAPTER 7: SOCIAL PRACTICE

7.1 Introduction

This chapter deals with the third level of Critical Discourse Analysis (CDA), being social practice, which provides further social context within which to understand both the textual analysis and the discursive practice. Social practice involves a focus on social conditions and is particularly concerned with the discourse of the dominant social order. In this thesis, the analysis of social practice is theoretically informed by ideology and hegemony both of which can have determinative effects on discursive practices.

In this thesis, the social practice is considering the social conditions within which the development of the NGERS took place. These conditions may establish the relationship between the Department of the Environment and Water Resources (DOEWR) and the three professional firms. The theory of ideology and hegemony (as used by Fairclough (1992) within social practice) will help to understand the relationship in terms of discourse and power and how these have been implicated in NGERS. In this thesis, the analysis of the consultative process (involving the RDP and the submissions thereto), the actors (DOEWR and the three professional firms), and the discourse practices culminate in understanding the development of the NGER Act. It will be argued that this is a site of ideological and hegemonic practice.

The first section of this chapter examines discourse as influenced by ideological and hegemonic practice. The second section of this chapter will look at the development of the underlying aspects of the NGERS. The next section of this chapter will pay
close attention to the dynamic relationship between DOEWR and the three professional firms. The final section of this chapter will provide a brief conclusion, which may challenge the ideologically driven determinative effects and hegemonic practices.

7.2 Discourse as ideological and hegemonic practice

As defined in Chapter 3, ideology can be seen as conventions about valuing and representing particular aspects of the world and thereby about contributing to sustaining or restructuring power relations. It has been demonstrated in the literature that the ideology of neoliberalism has been pervasive in the politics of the recent years. Many leading researchers in various disciplines have demonstrated the global influence of neoliberalism on environmental discourses and issues (see, for example, Dryzek, 2005; Beder, 2006a, 2006b; Lippit, 2005) and specifically in the proliferation of ETS (Bailey, 2007; Bailey & Marech, 2009; Bulkeley, 2005; Lemos & Agrawal, 2006; Lohmann, 2006, 2009a, 2009b, 2009c, 2010, 2011). Therefore, it would be expected that neoliberal discourse as a social condition can have an ideologically determinative influence on the institutional participants and subject positions.

The development of the NGER Act took place in a specific historical era, when governments (both Liberal and Labor parties) embraced neoliberalism (discussed in Chapter 2). Neoliberalism advocates market-based system as a response to any emerging issue and there is some evidence of the development of a market-based systems within the NGER Act. In the previous chapter, the discursive practice indicated congruence between the key stakeholders, being the State (DOEWR) and
the accounting profession (the three professional firms) with respect to an ETS. This congruence is not by chance since the neoliberal discourse assumes a market-based system as a given. This assumption was evident in the RDP, which directed respondents to address an ETS (discussed in chapter 6). Therefore, DOEWR took for granted the centrality of an ETS in any government response to climate change. The following quote illustrates this:

Development of a streamlined greenhouse and energy reporting system is occurring within the context of a future AETS, which is currently in the early stages of development. The structure of an ETS is being developed by the Department of the Prime Minister and Cabinet, working with a variety of other Government Departments including the Australian Greenhouse Office (AGO) (DOEWR, 2007, p.2).

Neoliberal discourse was explicitly welcomed by the three professional firms and I have demonstrated this in the textual analysis (discussed in chapter 5) which identified three recurring moments or agenda items, the first being the ETS market. The over-arching influence of an AETS over emitters, offset providers and investors is reflected in Figure 7.1. The government and regulatory bodies are shown as underpinning this system and the two-way arrows indicate a two-way influence. Figure 7.1 was depicted in a joint project of the Institute of Chartered Accountant in Australia (ICAA) and EY which was not part of the submissions to RDP. However, it is presented here because it illustrates the background and social practice within which discursive practices need to be understood.
Figure 7.1 shows “the key participants in a future AETS”. Each activity that constitutes the ETS market requires participants to relate to use particular resources in producing particular objects. The two-way arrows can be interpreted to denote a dynamic or even a dialectic relationship between various institutional participants, the government and regulators involved in sustaining a future AETS. The significance of this figure needs to be understood in the context of ideology and in building relations of power. The Australian and International Trading Mechanism is driving the overarching ideology. The market discourse has demonstrated a particular type of institutional relationship, especially between the state and the accounting profession. However, this suggests a different emphasis in this relationship than previous studies which have argued that the state relies on the accounting profession for knowledge and experience.

Therefore, the consultative process was located within a social practice in which a neoliberal discourse of market-based systems was pervasive. It was shown in the previous chapter that the discourse within the RDP and the audit firms’ responses
emulated this market-based system. Therefore the ideology and related hegemony were all encompassing. In this social context the RDP in 2007 has been controlling the type of activity, topic and strategic purpose. Also within this social context the three professional firms have been proactive in mobilising their positions, and their identities as authority to argue their case for a future AETS.

This thesis has demonstrated that the accounting profession participates, on behalf of its clients, as key stakeholders in this new arena of disclosure for GHG emissions. This is evidenced by the relational value (discussed in chapter 5), where the three professional firms are simultaneously involved with their clients who are mainly major market participants. Given that the accounting profession has a long standing history of such alliances with the major economic corporations (Cortese et al., 2010), perhaps their participation is not surprising. In addition, the experiential and expressive values of text (discussed in chapter 5) were used by the three professional firms to assert their authority in matters concerned with ETS, reporting and assurance. This thesis then, has demonstrated the accounting profession’s participation to be authoritative not merely representative. This is consistent with the study of Martinov-Bennie and Hoffman (2012) in noting a perceived influence of the accounting profession on NGER (Audit) Determination 2009 which was a subsequent iteration or development of the NGER Act (which is beyond the scope of this thesis). However, the analysis of the social practice level of CDA draws attention to the first iteration of the NGER Act 2007.

Furthermore, this ideological social context reinforces the findings of the previous chapter. It has been argued that discursive practices (involving genre and style) have
had ideological influences on authority and institutional relationships during the consultative process of the NGERS. However, the authoritative stance also needs to be considered through hegemonic discourse. From an ideological perspective, it seems that there is a consistent approach by both the State and the accounting profession. However, this need not mean that there were not hegemonic struggles masked by this consistency. The analysis of the discourse practice (in the previous chapter) revealed a dynamic relationship between the State and the accounting profession. A closer look at the first iteration of the NGER Act 2007 will denote specific outcomes of this dynamic relationship.

7.3 NGER Act 2007

The NGER Act had a number of iterations over several years (see Appendix 3). This means that the NGER Act has also been subject to a number of consultative processes and considerable dialogue (see Appendix 4). This thesis focused on the RDP in 2007. The first iteration of the NGER Act was made in 2008 (Table 7.1). At 2008, the NGER Act did not mention any specific framework for the reporting system. This might denote that DOEWR retained a particular view of the reporting system. However, subsequent legislation, such as NGER (Measurement) Determination 2008 that was passed on 1 July 2008 (see Figure 1.2) indicated that frameworks, such as the GHG Protocol and ISO 14064-1, as suggested by DOEWR, are included. Other subsequent legislation such as the NGER (Audit) Determination 2009 that was passed in 2009 (Figure 1.2) is noteworthy. In particular, it shows the inclusion of the IASB’s frameworks, which were suggested by the three professional firms. Moreover, the NGER (Audit) Determination also included frameworks suggested by DOEWR, such as ISO (Table 7.1).
The NGER Act 2007 is made up of primary and subordinate legislation (Figure 1.2). The NGER Act 2007 underwent several amendments in subsequent years, which is not uncommon. The NGER Act 2007 was superseded in 2008, 2009, 2011, 2012, 2013, 2014 (See appendix 3). However, the scope of this thesis is limited to NGER Act 2007 as part of the consultative process. Therefore, it is important to consider the NGER Act 2007 within the social practice level of analysis to expose to what extent the three professional firms influenced the assurance and reporting framework for GHG emissions. As is discussed in Chapter 1, the NGER Act was introduced to the Australian Parliament on 15 August 2007 and received the Royal Assent on 28 September 2007 (DOEWR, 2007). It is important to note that the RDP was produced in October 2007, obviously after the Royal Assent to the legislation. Therefore, the RDP is essentially a product of the act, rather than the NGER Act 2007.

### Table 7.1 Assurance and reporting framework for GHG emissions

<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>DOI</th>
<th>CAF</th>
</tr>
</thead>
<tbody>
<tr>
<td>The three professional firms</td>
<td>2007</td>
<td>IFRS, Existing financial reporting frameworks</td>
<td>ISAE 3000</td>
</tr>
<tr>
<td>NGER Act 2007</td>
<td>2008</td>
<td>Nothing specific</td>
<td>Nothing Specific</td>
</tr>
<tr>
<td>NGER (Measurement) Determination</td>
<td>2008</td>
<td>GHG Protocol ISO 14064-1</td>
<td></td>
</tr>
<tr>
<td>NGER (Audit) Determination</td>
<td>2009</td>
<td></td>
<td>IAASB, APESB, ISO</td>
</tr>
<tr>
<td>NGER (Auditor Registration)</td>
<td>2012</td>
<td></td>
<td>ISAE 3000 ISAE 3410 AS/NZS 3598 ASRS ISO 14064-2 ISO 14064-3 ISO 19011 NZS</td>
</tr>
</tbody>
</table>
In the RDP, DOEWR suggested a number of international reporting standards: the GHG Protocol, ISO 14064 and ISO 14064-1, which are the reporting standards specified in the NGER (Measurement) Determination 2008. In the submissions to the consultative process, the three professional firms suggested the existing financial accounting frameworks for reporting and the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, ISAE 3410 International Standard on Assurance Engagement on Greenhouse Gas Statement. Table 7.1 summarises the reporting (DOI) and assurance frameworks (CAF) which were suggested by DOEWR and the three professional firms, and shows in which iteration of NGERS 2007 these suggestions were adopted. Table 7.1 indicates that the first iteration of the NGER Act 2007 did not specify assurance and reporting frameworks for GHG emissions. Instead these frameworks were suggested in the RDP. However, the subordinate and subsequent legislations denote sites of influence. The NGER (Measurement) Determination 2008 specifies officially the GHG Protocol and ISO 14064-1 as key reporting frameworks for GHG emissions. This is consistent with what has been suggested in the RDP in 2007 and were not specified in the audit firms’ submissions. In other words, the three professional firms were unable to influence the reporting system at this stage of the development of the NGER Act. However, the subsequent legislation, such as the NGER Audit Determination NGER 2009 and the NGER (Auditor Registration) 2012, had specified a number of assurance frameworks, which were suggested by the three professional firms or DOEWR. In order to consider the extent of the influence of the actors in this consultation process, the next section explains the dynamic relationship between DOEWR and the three professional firms.
7.4 Dynamic relationship between DOEWR and accounting profession

The power dynamics between the regulatory body and the three professional firms can be interpreted as intersubjective and intertextual. The presence of the assurance and reporting frameworks for GHG emissions signalled a diffused power between the DOEWR and the three professional firms. Earlier in this chapter it was anticipated that the ideology shared by DOEWR and the three professional firms had a determinative effect. However, this consultation process shows evidence of only partial influence. Given the intent of the three professional firms evidenced in the textual analysis of their submissions, it can be argued that their authoritative stance did not overwhelm DOEWR. Instead, there is evidence of some compromise rather than hegemonic determinism.

However, there are many instances where hegemonic practice can be identified. It is also important to note that hegemony can be understood in various senses. The hegemonic practice is explicit at the early stage as the State invokes a market discourse to the issue of climate change. That is, the State through DOEWR has assumed a market system. The reliance on market-based systems such as an ETS in the NGERS was inevitable. There was no discussion of alternative policies for carbon reduction such as a carbon tax (Andrew et al., 2010). Neoliberalism as ideology also restructures the power relations, so that institutional structures of capital systems are dominant. Neoliberalism would then place DOEWR in a supportive or merely administrative role rather than a leading role. This exemplifies Fairclough’s (2009) view on discourse, which in this case, recognises the neoliberal discourse as a dominant way of thinking over groups in society.
However, the social practice reveals that sharing ideology does not necessarily mean sharing the same views on all issues. The reporting practices for GHG emissions were as suggested by the State. However, both the State and the accounting profession’s suggestions for assurance frameworks were listed as acceptable in the subsequent iterations of NGERS. Despite the knowledge, experience and authority conveyed by the accounting profession participants (the three professional firms), their views did not dominate. Instead, there were several Compliance Assurance Frameworks stipulated in the subsequent legislation (as shown in Table 7.1). Therefore, it could be argued that the accounting profession was sufficiently dominant to ensure that they could participate in the provision of assurance of GHG disclosures. It could also be argued that DOEWR was inclusive of other CAF, not just those specified by the accounting profession. Hence, the ideological and hegemonic determinism did not extend to assurance of GHG disclosure.

The discursive practices, as evidenced in this thesis, contributed to the evolution of power relations. An important example of hegemonic practice is perpetuated in the discursive practices which have been influenced by DOEWR and the three large audit firms. DOEWR has favoured international reporting practices, such as the GHG Protocol, ISO 14065 and ISO 14064. However, the three large audit firms have argued for a specific assurance and reporting practices, as shown within textual analysis and discursive practices. This thesis has demonstrated how the three large audit firms are allied with each other and their clients, which are mainly major corporations, in challenging international reporting standards, to have privilege by including specific international auditing and assurance standards developed by professional accounting body, such as IAASB. This in turn suggests that the three
large audit firms may have partially appropriated the underlying schemes of the NGER Act. However, DOEWR, as the final authority, was also able to retain the selection of the international reporting practices for GHG emissions.

7.5 Concluding on social practice

Analysis of the social practice enables contextualising discourse as an ideological and hegemonic practice. Specifically, it shows the influence of external and internal orders of discourse on the development of the underlying parts of the NGERS. The ideology and hegemony of neoliberalism was evident in the discourse within RDP and the audit firm submissions. Market-based systems, especially an AETS would be the eventual recommendation of the NGERS. However, even though the three professional firms were able to influence the assurance framework during the process, DOEWR was able to retain particular reporting frameworks, and also to include other assurance frameworks. Accounting research in this arena indicated the perception of influence by the accounting profession (Martinov-Bennie & Hoffman, 2012) and indeed the accounting profession had intent to influence. This intent by the accounting profession was encouraged by the consultative process initiated by DOEWR. However, this process was also controlled by DOEWR to the extent that the RDP set up its parameters of submissions. The ideology of neoliberalism was shared by DOEWR and the three professional firms and this enabled them to envisage an ETS as the ultimate response to climate change. However, the shared ideology did not mean shared authority. Dynamic power struggles can be inferred between the regulator and the regulated. The power relations are diffused between actors (DOEWR and the three professional firms). The dynamic relationship within
these ideological and hegemonic practices was not deterministic but perhaps represents a site of struggle.
CHAPTER 8: CONCLUSION

8.1 Introduction

The Australian government’s response to climate change has as its cornerstone, the National Greenhouse and Energy Reporting System (NGERS). In 2007, as part of the consultation process, the Department of the Environment and Water Resources (DOEWR) issued the Regulations Discussion Paper (RDP) to which stakeholders could make submissions. The purpose of this thesis has been to examine the submissions from the accounting profession in order to answer the following research question:

**How did the accounting profession influence NGERS with their submissions to the initial consultation process in 2007?**

I have examined the public submissions of the three professional firms, with particular emphasis on the extent of their influence on the regulation of GHG emissions. The RDP played a pivotal role in this consultation process as it provided guidelines for the Disclosure of Information (DOI) and the Compliance Assurance Framework (CAF) and helped to shape the influence of the three professional firms. Critical Discourse Analysis (CDA) was used as the research methodology, to investigate and interpret the public submissions which comprised the consultative process. The theoretical constructs which inform this analysis were identified by Fairclough (1992, 2006, 2009) as integral to CDA, being ideology and hegemony. Taken together, this thesis has addressed the influence of the accounting profession and its relationship with the state (DOEWR).
The conclusion chapter is organised as follows. The first section will summarise the main research findings. The second section will outline the contribution to literature, including theory and methodology. The final section will provide the research limitations and suggestions for future critical accounting research.

8.2 Main research findings

The research question is:

**How did the accounting profession influence the NGERS with their submissions to the initial consultation process in 2007?**

The question implied that there would be influence. However, the influence of the three professional firms did not eventuate as might be anticipated by the literature. Although there was influence, the influence was not pervasive, but can be described as partial. Taking the CDA of the three professional firms, particularly the evidence from the experiential, relational and expressive analysis, it can be argued that the three professional firms expected their views to be persuasive. The theoretical perspective of this analysis can argue that the three professional firms even expected their influence to be dominant. However, the subordinate legislation of NGERS which was the result of a consultative process which included but was not limited to the submissions to the RDP 2007. This indicated that the three professional firms’ influence was partial, particularly with respect to the compliance and assurance frameworks.

In this thesis, I show that the development of the NGERS and its underlying parts were partially influenced by the accounting profession and the consultation process itself. The consultation process was initiated by the State and the RDP was meant to guide submissions to it. The RDP had specified (within its DOI chapter) the
reporting standards that could be followed. The RDP also specified (within its CAF chapter) the assurance standards that could be followed. Since the NGERS Act 2007 and subordinate legislation specified standards identified in the RDP, as well as standards specified by the accounting profession, I have concluded that the accounting profession had partial influence and that the consultation process was a site for competing views by the State and the accounting profession to inform the development of NGERS.

I noted that the three professional firms made an effort to affect the reporting system during the consultative process. They emphasised their knowledge and experience of ETS and financial reporting to direct the reporting system in the context of a future AETS. There was intent to direct the assurance and reporting system of the NGER Act, particularly with respect to a future AETS. The three professional firms also used their knowledge and experience to argue for a specific audit and assurance framework, namely the International Standard on Assurance engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Moreover, the three professional firms pronounced a commitment to particular assurance and reporting frameworks developed by professional accounting bodies such as the International Auditing and Assurance Standard Board (IAASB) and the International Accounting Standard Board (IASB). Furthermore, the three professional firms considered other international reporting and assurance standards, such as ISO 14064 and ISO 14065, as merely voluntary standards which were inappropriate for the NGERS. The significant point here is that their knowledge and experience in financial systems gave them a particular form of authority and an
expectation to influence the reporting and assurance of GHG disclosures even though they were not financial measures.

In its RDP, DOEWR had nominated international reporting standards, such as the GHG Protocol and ISO 14064 as appropriate for the reporting process while the three large audit firms argued for financial and auditing standards, mainly those developed by IAASB. This suggests that the consultative process has been the space where the relationship between the State and the accounting profession can be described as dynamic. Furthermore, the power relations can be inferred as dynamic from the standards which were specified in the NGER Act 2007 through its subordinate legislation. These were actually enacted after the consultation process. The first is the NGER (Measurement) Determination 2008, which specifies the GHG Protocol and ISO 14064 supported by DOEWR. The second subordinate legislation is the NGER (Audit) Determination 2009 which included ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, advocated by the three professional firms as well as DOEWR.

Therefore, at the social practice level of analysis in which the theoretical perspectives of ideology and hegemony can be invoked, the power dynamic between the three professional firms and DOEWR can be interpreted as diffused. Both the State and the three professional firms shared the ideology of neoliberalism and market-based systems, hence shared a commitment to an ETS, which was incorporated into the NGERs. The scope of this thesis was limited to this process and relied on public documents of the process. However, it was anticipated (and as is evident in Appendix
3) that the NGERS is an evolving legislative scheme with ongoing amendments, subordinate legislation and further consultative opportunities.

8.3 Contribution to the literature

Knowledge can be created and understood from transdisciplinary perspectives. The literature review highlighted research from critical accounting studies to different but relevant research outside the arena of the accounting discipline which has provided an understanding of the dominant influences on and of accounting practices in society. This thesis has offered some insight into the regulation of the disclosure of GHG emissions, with particular focus on the role of the accounting profession in the process. More importantly, the three professional firms set up their submissions to the NGER Act in three important areas: an ETS market, reporting system and audit and assurance.

8.3.1 Literature on GHG emissions

This thesis contributes to the accounting literature on an important research topic, being the regulation of the disclosure of GHG emissions, which is a new arena not only for the accounting profession, but also for the global community. At the outset, this thesis examines one of the key Australian government responses to the global issue of climate change, being the NGER Act. It provides an important insight into how the accounting profession and accounting practices of disclosing and assuring GHG emissions may be involved in this new arena. The NGERS was established as an evolving set of legislation which would be responsive to consultation processes and therefore, subject to social change.
The thesis suggests that the standard for such GHG disclosures will be influenced by the regulators, the accounting profession and other stakeholders. However, this requires further research. The analysis of public submissions is important to expose how a specific view is formulated in the responses to the RDP. That is, the analysis of public submissions may help to expose how the view of the accounting profession is imbedded or incorporated in the development of the reporting system for the NGERS. The NGER Act is important evidence of social change as a response to climate change by the Australian government and worthy of critical analysis. The consultative process initiated by DOEWR, the reporting frameworks adopted by DOEWR and the iterative development of the NGERS were ongoing and evolving (the latest consultative process was in 2015 and outside the scope of this thesis).

It shows that the regulatory body was able to use the consultative process to inform the development of the NGERS. Since the NGER Act 2007 is the cornerstone of Australia’s response to climate change, the ongoing development of the NGERS also signals social change. This thesis indicates that DOEWR, as a regulatory body, was also a stakeholder in the consultative process. DOEWR carried out its neoliberal ideology (evident in both “sides” of Australian political parties) and persisted with its suggestions for reporting of GHG emissions whilst accommodating some of the accounting profession’s preferences. It seems to have upheld the concept of a consultative process for developing regulation of the reporting of GHG emissions with a view to enabling an AETS. This thesis showed how the three professional firms participated in social change not only to consider their interests in the provision of assurance services, but also to act as a representative in the consultative process on
behalf of their clients, mainly major market participants. These findings are consistent with the findings of

Bebbington and Larrinage-Gonzlez (2008) and Lodhia and Martin (2012b). This thesis has also responded to Lodhia’s (2011b) call for more critical examination of the accounting practices used under the NGER Act. These findings are largely consistent with Lodhia and Martin (2012a) who found that agenda-setting in the consultative process of the NGERS and stakeholders reflect the close link between the NGER Act and the proposed ETS. This thesis can be said to have expanded the concept of agenda-setting, having identified an ETS, reporting system and audit and assurance as three moments within the discourse of the regulator and the three professional firms. Furthermore, this thesis is also consistent with Martinov-Bennie and Hoffman’s (2012) conclusion of a perceived influence on the NGER Audit Determination 2009. However, this thesis showed that even though the three large audit firms were able to influence some parts of the assurance framework DOEWR also selected alternative assurance frameworks. This means that the three large audit firms had only influenced some aspects of the NGERS.

8.3.2 ETS

The ETS market was very significant both for the regulator and the accounting profession in 2007 although changing leadership of the Australian government also brought a changed commitment to an ETS. Even though the proposed AETS legislation has since been repealed by the neoliberal and conservative Liberal Government, led by Prime Minister Abbott (Department of the Environment, 2014), there has been a global movement toward adopting an ETS to mitigate GHG
emissions. It is important to note that the NGER Act has not been repealed but has been kept for further discussion and debates. In mid-2015 there was another discussion paper on the *NGER (Measurement) Amendment Determination 2015 (No.1) - Routine streamlining amendments and additional guidance* to which public submissions were invited (Department of the Environment, 2015). This suggests that the NGER Act is still evolving to assist future policy makers with information about the GHG emissions, energy production and energy consumption from various sectors operating in Australia.

As indicated in the introduction chapter, one of the key aims of the NGER Act is to underpin the introduction of a future AETS. A future AETS is assumed to be linked to an international market for emissions trading. The three professional firms work internationally and have much knowledge about international emissions trading schemes as they all linked the reporting system of the NGER Act to a future AETS that would have international links.

Internationally, the option of an ETS as a regulatory approach for mitigating the GHG emissions has attracted many leading governments in the world (Godden et al., 2013). The EU ETS initiated in 2005, was an urgent response to climate change, and it is widely considered the largest multinational ETS in the world. The Californian ETS was established under the California Global Warming Solutions Act, in August 2006. However, the USA has not developed an ETS on a large scale within its economy, despite the recent effort of the President of the USA to respond to climate change (Maher, 2014). New Zealand has also established an ETS which commenced in 2008. China launched the Shenzhen ETS on 1 June 2013 as a pilot stage (Song,
China also confirms 2016 for a strong national ETS through the preparation of China’s Policies and Actions on Climate Change (International Carbon Action Partnership, 2015). In addition, there were countries, such as Indonesia, watching Australia’s action on climate change (Garnaut, 2008). In the recent media, Maher (2014) contrasted US President Barack Obama’s climate plan to the initial Australian responses to this particular issue:

In contrast, the Australian scheme covers about 60 per cent of our emissions and is one of the broadest in the world - making sure other high - emitting sectors like transport and manufacturing and building construction are covered and given an incentive to cut emissions. Everyone does their bit. The economy can truly be transformed over time (Maher, 2014).

Therefore, Australia’s response to climate change to establish an NGERS as a database or infrastructure is significant. Although it could be argued that this response alone is not sufficient to address climate change, examining these other factors it is not within the scope of this thesis.

8.4 Contribution to theory and methodology

In this thesis, I have provided another instance and example of Fairclough’s integration of ideology and hegemony in discourse studies. The dominant discourse of neoliberalism is shown to have substantial implications in constituting the NGERS. More specifically, neoliberalism takes a market-based system as a given, and is shown to be embedded in the RDP, the submissions of the three professional firms and NGERS. Hegemony was implicit in the discursive practice level and social practice level of CDA, which revealed the dynamic relationship between the state (DOEWR) and the three professional firms. This thesis provides insights into how their relationship can influence legislative outcomes, in this case, the NGERS. These
findings can inform other accounting studies involving the state and accounting profession.

The theory of ideology and hegemony as discursive practices were used to inform the methodology of CDA, as applied in this thesis. This integration of theory and methodology is relatively unique in accounting research, even in critical accounting research. However, the most significant contribution to the critical accounting research literature was the use of experiential, relational and expressive values, within the textual analysis of CDA. These values were highlighted with linguistic applications of genre, discourse and style. The intertextual analysis and the disarticulation of aspects of the text, as is possible with CDA, were shown to be essential to highlight the relationship between powerful groups in a society. In this thesis, CDA is used to show a particular form of power relations, as realised during the development of underlying parts of the NGERS.

CDA is also used to link inter-subjectively the moments realised in the responses of the large audit firms, namely the ETS market, reporting system and audit and assurance, to expose their underlying meaning, with reference to the intertextual context. Furthermore, CDA is used to demonstrate the idea that the discursive practices had underlying ideological conventions. This was evident as I examined the consultative process to construct the institutional relationship between the three professional firms and DOEWR and then positioned the three professional firms in a particular subject position. Furthermore, this showed how specific views on assurance and reporting practices for GHG emissions impacted on institutional participants and then gave insights into the consultative process.
CDA is also used to show how the social practice mediates the relationship between social events and social structure (Fairclough & Wodak, 1997), in the sense that sharing the same ideology does not mean sharing the same authoritative position. Finally, CDA is used to examine the text as isolable parts of social context. In this thesis, I show initially how the submissions of the large audit firms during the development of the NGER Act can be investigated as isolable parts of a wider political and economic arena. This motivates a particular focus on the question of form, such as grammatical and vocabulary relations, with particular reference to experiential, relational and expressive values. This thesis also contributes to CDA with a practical case, related to the contemporary and contested phenomena of climate change. This thesis used CDA to demonstrate the influence of context on accounting practices and rules (Burchell et al., 1980; Carmona & Ezzamel, 2007; Cooper & Sherer, 1984; Dillard, 1991; Gaffikin, 1998, 2008; Hopwood, 1983; Laughlin, 1987, 1988; Miller, 1994; Tinker, 1980, 1984).

8.5 Research limitations

At the outset, the scope of this thesis may constitute a limitation. I focused on the RDP and related consultative process that took place in 2007 and the NGER Act 2007. This was to ascertain the initial influence of the accounting firms upon the process of developing a response to climate change, an issue outside the direct knowledge and experience of the firms. This Act has had many iterations and amendments (see Appendix 3). Therefore there is opportunity for future research to examine these changes and iterations within the NGER Act. Another limitation of
this thesis is that I have focused on written texts, not interviews. The interviews might give new insight; I chose to focus on public documents, because of limitations in resources, time and access.

The focus on the responses of the three professional firms and their view on the reporting system is one limitation of this thesis. However, in focusing on three responses, it allowed for a detailed analysis using CDA, and thus offered depth (rather than breadth). There were other stakeholders who made responses to the RDP in 2007 and to which a deep, detailed analysis could be applied. It may also be seen as a limitation that responses from the smaller professional firms were not examined. A key limitation of this thesis is focusing on public responses as it is extremely difficult to establish access to specific hidden responses. The focus on 2007 as a period of time is another limitation.

8.6 Suggestions for future accounting research

Given the significant nature of the NGER Act in Australia, future accounting research could focus on a number of discussions and debates over the regulation of GHG emissions to enrich our understanding of the influence of the accounting profession. This thesis focused on the influence of the three professional firms, on the development of the NGER Act. Future accounting research could focus on the changes in political leadership in Australia (or indeed other countries) and its potential impact on Australia’s responses to the global issue of climate change.

Future accounting researchers could also focus on other professional firms. It may be useful to examine the responses of other professional firms to see if they support the
view of the three professional firms or not. Another suggestion is that future researchers could use another method for collecting data and extend the scope of their data collection with particular focus on the view of the accounting profession.


Clean Energy Regulator (2013) Deloitte Touche Tohmatsu to provide auction solution ahead of the first auction of carbon units in 2014, accessed 07-06-13, [http://creativecommons.org/licenses/by-nc-nd/3.0/](http://creativecommons.org/licenses/by-nc-nd/3.0/).


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PwC (2012) PwC FY 2012 global revenues rise to US$31.5 billion, accessed 12-02-16,


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## APPENDIX 1: SUBMISSIONS TO THE RDP IN 2007

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<tr>
<td>03</td>
<td>Eraring Energy</td>
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</tr>
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<td>04</td>
<td>Green CO₂ Ecosystem</td>
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<td>Mining</td>
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<td>Port Authority</td>
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<td>Interpreting the legislation</td>
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<td>Registration</td>
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<td>Reporting obligation</td>
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<td>GHG projects</td>
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<td>Disclosure of information</td>
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APPENDIX 2: RDP QUESTIONS FOR FEEDBACK

The Regulations Discussion Paper (RDP) constituted of 7 chapters which are:

Chapter 1: Introduction
Chapter 2: Interpreting the legislation
Chapter 3: Registration
Chapter 4: Reporting obligations
Chapter 5: GHG project
Chapter 6: Discloser of information
Chapter 7: Compliance assurance framework

Chapter 1 provides an introduction and brief background of the NGER Act. Chapter 2: Interpreting the legislation is part 1 of the NGER Act and it contains a number of questions. This chapter outlines the key terms and concepts used in the NGER Act. These concepts are greenhouse gases (GHG), GHG emissions, energy, corporate groups, industry sectors, facilities and operational control (DOEWR, 2007). Stakeholders are invited to engage in RDP to suggest or express any particular concern on any particular concept. This chapter is not of primary concern within this thesis; however, it does show the significant issues need to be discussed with interested stakeholders. Chapter 2 shows a series set of questions to be discussed with any interested stakeholder in regard to the key concepts in the NGER Act, such as greenhouse gases, greenhouse gases emissions, energy, corporate groups, industry sectors, facilities and operational control.
Appendix 2 continued

Chapter 2 – Interpreting the legislation in RDP source (DOEWR, 2007, p.22)

QUESTIONS FOR FEEDBACK: Chapter 2 – Interpreting the legislation

1. Do participants in joint ventures and partnerships support the proposed process for nomination, and revocation of nominations of entities responsible for joint ventures and partnerships?

2. Are there other items that should be included in the process for nomination and revocation of nominations?

3. Has the nomination process under the Energy Efficiency Opportunities Regulations 2006 been effective without providing undue administrative burden?

4. Does the proposed level of industry sector classifications provide an appropriate balance between the need for detail and administrative burden?

5. Is the aggregation of the emissions of several small facilities for reporting purposes practical?

6. Is the proposed definition of facilities clear? If not, what would make it clearer?

7. Does the framework for determining the principal, secondary and ancillary activities provide sufficient guidance for industry? If not, why not? How could it be improved?

8. For vertically integrated activities that occur across two or more ANSZIC Divisions, is distinguishing facilities for each Division workable from a corporate perspective?

9. Are there any difficulties with the proposals for reporting emissions from diffuse sources (transport, pipelines and transmission)?

Chapter 3: Registration constitutes the section 12 of the NGER Act and it contains a number of questions (shown below). More specifically, this chapter is concerned with collecting any relevant information during the registration process. DOEWR invited interested stakeholders to discuss any particular points regarding to the registration process, see the questions below.
The extract above shows a number of questions to be discussed with interested stakeholders in regard to proposed information requirements for registration application, suggestion of any additional data and comments on the required information and data under the NGER Act. This chapter is not of primary concern within this thesis; however, it does show the significant issues need to be discussed with interested stakeholders. It also highlights significant issues when applying for registration, disclosure of register information and deregistration.

Chapter 4: Reporting obligation (RO) constitutes part 3 of the NGER Act and it contains a number of questions. This chapter requires the registered corporations to provide a report to the GEDO of GHG emissions, energy production and energy consumption (DOEWR, 2007). It also highlights significant concepts in the NGER Act such as energy production and consumption, greenhouse gas emissions, different reporting requirements for different thresholds, state and territory data, contractor reporting and record keeping. Chapter 4 shows a series set of questions released from
the DOEWR to any interested stakeholders. When an interested stakeholder has a particular concern with the reporting obligation, it must discuss their concern with the DOEWR during the RDP.

Chapter 4 – Reporting obligations in RDP source (DOEWR, 2007, p.32)

<table>
<thead>
<tr>
<th>QUESTIONS FOR FEEDBACK: Chapter 4 – Reporting obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. It is proposed that registered corporations may only be required to report data related to specific thresholds exceeded in a given reporting year – would this cause any confusion in relationship to reporting requirements?</td>
</tr>
<tr>
<td>18. Will the proposed process for nominating another person (e.g. contractor) to report information to the GEDO cause any problems with contractual arrangements?</td>
</tr>
<tr>
<td>19. Are there any reasons why reporting on energy production and consumption by fuel type and equipment type would be impractical?</td>
</tr>
</tbody>
</table>

Chapter 5: A GHG projects can be referenced as sections 10-21 of the NGER Act. DOEWR does not release any question in this chapter.

Chapter 6: Disclosure of information (DOI) constitutes sections 24-25 of the NGER Act. DOI aims to publish information in regard to GHG emissions, energy production and energy consumption that will inform Australian, State and Territory governments and the public (DOEWR, 2007). DOEWR (2007) invited any interested stakeholders to engage in the RDP to raise any concern regarding the DOI. DOEWR (2007) released a number of questions, shown below. This chapter is of valuable significance as it constitutes a significant moment in this thesis, namely: reporting system. More specifically, it denotes which international reporting practices selected by DOEWR for GHG emissions, energy production and energy consumption.
Chapter 6 – Disclosure of information in RDP source (DOEWR, 2007, p.36)

QUESTIONS FOR FEEDBACK: Chapter 6 – Disclosure of information

20. Are the any concerns in relation to the proposed level at which a corporation’s information will be published? If so what are the concerns and why?

21. Are there any reasons why scope 1 and scope 2 greenhouse gas emissions of corporations should not be published separately?

22. Is there any additional information that is being provided by corporations that should be published to ensure the objects of the legislation are met? If so what and why is it needed?

23. Are there any concerns in relation to the agencies that data can be disclosed to under s26(1)?

24. Should any additional people and/or agencies be added to the proposed regulation under s26(1)?

This denotes important issues to be discussed with the interested stakeholder in the RDP, mainly related to the proposed level of disclosed information, publication of information and any suggestion on quality of the disclosed information.

Chapter 7: Compliance assurance framework (CAF) constitutes part 5 and 6 of the NGER Act. CAF aims to promote a consistent and robust reporting system (DOEWR, 2007). DOEWR (2007) invited any interested stakeholders to engage in the RDP to raise any concern regarding the CAF. DOEWR (2007) released a series set of questions (presented below). This chapter is of valuable significance as it constitutes a significant moment in this thesis, namely: significance of audit and assurance. More specifically, it denotes which audit and assurance practices are selected for GHG emissions, energy production and energy consumption. This chapter also highlights significant concepts in the NGER Act such as overview of compliance assurance under the Act, monitoring compliance, external audits and enforcement.
This indicates a number of questions to be discussed with the interested stakeholders in regard to which audit and assurance practices can be used to promote the consistency and robust reporting system.
APPENDIX 3: THE DEVELOPMENT OF THE NGER ACT


National Greenhouse and Energy Reporting Act 2007

Act No. 175 of 2007
Administered by: Environment

Date of Assent: 28 Sep 2007

Displayed here are links to compilations of the Principal, the most current at the top of the list.

Compilations

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<th>Consolidated</th>
<th>Date Prepared</th>
<th>Start Date</th>
<th>End Date</th>
<th>Incorporating Amendments Up To</th>
</tr>
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</table>
National Greenhouse and Energy Reporting Act 2007

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<th>Incorporating Amendments Up To</th>
</tr>
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</table>
APPENDIX 4: KEY EVENTS DURING THE DEVELOPMENT OF THE NGER ACT

- **Australian Labor Party (ALP) Elected.**
  - The formation of DOEWR.
  - The ratification of Kyoto Protocol.
  - Regulations Discussion Paper of NGER

- **Second year of reporting under NGER**
  - NGER (Audit) Determination
  - NGER Auditor Registration Instrument
  - CPRS Delayed

- **Liberal Party of Australia (LPA) Elected**
  - The formation of Clean Energy Regulator
  - Proposed Carbon Pricing Mechanism

- **Change in political leadership of LPA**

- **2006**
  - The scope of this thesis 2007

- **2008**
  - DCC as the regulator for NGER Act
  - First year of reporting under NGER
  - NGER policy paper
  - NGER (Measurement) Determination
  - CPRS Green Paper

- **2009**
  - Third year reporting under NGER
  - Dissolving DCC
  - The formulation of DCCEE

- **2010**
  - Fourth year of reporting under NGER

- **2011**
  - Dissolving DCCEE

- **2012**
  -

- **2013**
  -

- **2014**
  -

- **2015**
  -

APPENDIX 5: GENERAL DESCRIPTION OF THE PROFESSIONAL FIRMS

EY is located in 150 countries and its professional workforce is about 175,000 employees (EY, 2016). It is one of the main international providers of assurance services, auditing, financial services, tax advisory, consulting, technological and infrastructure strategies (EY, 2016). In 2012, it announced US$24.4 billion earned from assurance revenues, US$10.923 billion from tax revenues, US$6.370 from advisory revenues US$4.956 and transaction advisory services revenues of US$2.171 billion (EY, 2012). Mitchell and Sikka (2011) indicated that EY has clients and institutional relationships in many sectors, such as world regulatory bodies, governments and leading corporations.

KPMG is located in 155 countries in the world. It is also one of the main international providers of assurance services, auditing, financial services, tax advisory, consulting, technological and infrastructure strategies (KPMG, 2016). In 2012, it announced US$23.03 billion earned from advisory revenues US$7.86 billion from tax revenues US$4.86 billion and auditing revenues US$10.31 billion (KPMG, 2012). Mitchell and Sikka (2011) noted that KPMG has clients and institutional relationships in many sectors, such as world regulatory bodies, governments and leading corporations.

PwC is located in 149 sites in the world (PwC, 2015). It is also one of the main international providers of assurance services, auditing, financial services, tax advisory, consulting, technological and infrastructure strategies (PwC, 2015). In 2012, it was recognised as the largest provider of professional services compared with the other Big Four firms, based on outstanding revenues of US$31.5 billion.
earned, namely US$14.9 billion from assurance practices, US$7.9 billion from tax practices and US$8.7 billion from consulting services (PwC, 2012).