



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

28 February 2020

**Ministry for the Environment
PO Box 10362
Wellington 6143**

Via email: etsconsultation@mfe.govt.nz

Dear Sir or Madam

Submission on Reforming the New Zealand Emissions Trading Scheme: Proposed Settings

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide a submission to the Ministry for the Environment (the Ministry) on the Consultation Document (the document) regarding Proposed Settings for Reforming the New Zealand Emissions Trading Scheme. We have focused our feedback on key areas where we consider we can add the most value. The Appendix provides more information about CA ANZ.

We support the policy intent set out in the document. We agree that a gradual and deliberate transition to reduced emissions will be less disruptive and costly to business. As we have commented previously,¹ achieving emissions reductions and adapting to climate change will require large social and economic changes.

There is a need to ensure the integrity of emissions data. Successful adaptation and climate change mitigation will depend on having good quality emissions data; if emissions cannot be reliably measured, they cannot be effectively managed and reduced. Robust measurement of emissions is needed to provide trust and credibility to the emissions trading scheme, regardless of the provisional budget developed or the resultant proposed package of scheme settings.

The New Zealand Emissions Trading Scheme (NZETS) is central to the *Climate Change Response (Zero Carbon) Amendment Bill* and New Zealand's emissions reduction plan. The measurement of emissions is essential for the integrity of New Zealand's international emissions reduction commitments. Further, the financial value of the NZETS market can be reasonably expected to significantly increase over the next few years as the unit price rises and the scope increases when agriculture is included.

Certain entities, such as FMC reporting entities and public entities, already have a requirement to have their financial statements assured. This provides the users of the information with some comfort as to the reliability of that information for decision making. Given the expected increase in financial value of the NZETS, we do not consider the current self-assessment model to be appropriate going forward.

¹ In particular, please see our submission on the [Climate Change Response Zero Carbon Amendment Bill](#).

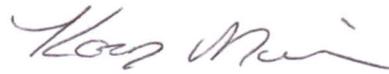
As such, we recommend that the Government implement assurance requirements over emissions data, similar to those found in Australia's National Greenhouse and Energy Reporting scheme.² Requiring independent third-party verification of emission reports ensures management and those charged with governance are held accountable for providing stakeholders with information that can be relied upon for decision making. We suggest any assurance requirements are phased in, with an initial focus on entities with the highest emissions and/or a history of restatements to their reported emissions.

Should you have any questions about the matters discussed in this submission or wish to discuss them further, please contact Karen McWilliams via email at karen.mcwilliams@charteredaccountantsanz.com or phone (612) 8078 5451.

Yours sincerely



Peter Vial FCA
Group Executive New Zealand & the Pacific



Karen McWilliams FCA
Business Reform Leader
Advocacy & Professional Standing

² Please see <http://www.cleanenergyregulator.gov.au/Infohub/Audits/audits>.

Appendix

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 125,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live. Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations. We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.