

10 October 2025

Mr Graeme Pinfold  
Chair, New Zealand Auditing and Assurance Standards Board  
PO Box 11250  
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Wellington 6142  
NEW ZEALAND

Via online submission: <https://www.xrb.govt.nz/consultations/assurance-standards-in-development/international-alignment-consultation/>

Dear Graeme,

**Consultation document - Alignment with international standards: Sustainability Assurance, Ethics and Independence, and Using the Work of an External Expert**

As one of the largest professional accounting bodies in the world, CPA Australia represents the diverse interests of more than 174,000 members who work in diverse roles across public practice, commerce, industry, government and academia throughout New Zealand, Australia and internationally. We welcome the opportunity to provide feedback on the above consultation and make this submission on behalf of our members and in the public interest.

CPA Australia appreciates the opportunity to provide feedback on the proposed updates to NZ SAE 1 and ISSA (NZ) 5000. For trans-Tasman assurance engagements, we are disappointed that the current temporary standard, NZ SAE 1, has not been withdrawn and replaced with ISSA (NZ) 5000. Given Australia's adoption of both ISSA 5000 and IESSA, it would be ideal for New Zealand to align with these internationally recognised, profession-agnostic standards to reduce fragmentation and promote consistency across jurisdictions.

We acknowledge the challenges the XRB faces and understand that a 'wait and see' approach may be appropriate and pragmatic in the current dynamic and evolving environment, but not sustainable in the long-term. Therefore, prolonging this interim arrangement further will require a compelling rationale. We are concerned that the current proposal may introduce additional complexity without delivering proportionate benefits to the New Zealand market as a whole. To support market readiness and long-term alignment with global best practice, we encourage the XRB to provide clearer direction of the future end goal, including a mapped transition pathway and review mechanism, to guide the profession toward a unified and sustainable assurance framework.

Our detailed responses to the consultation questions are included in the **Attachment** to this letter. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact either Tiffany Tan, Audit and Assurance Policy Lead at [Tiffany.Tan@cpaaustralia.com.au](mailto:Tiffany.Tan@cpaaustralia.com.au) or Belinda Zohrab-McConnell, Regulation and Standards Lead at [Belinda.Zohrab-McConnell@cpaaustralia.com.au](mailto:Belinda.Zohrab-McConnell@cpaaustralia.com.au)

Yours sincerely,

**Elinor Kasapidis**  
Chief of Policy, Standards & External Affairs

# Attachment

## Issue ISSA (NZ) 5000

### 1. Do you agree with the proposal to adopt ISSA (NZ) 5000 in New Zealand?

Yes, we agree and strongly support the adoption of ISSA (NZ) 5000 in New Zealand.

However, the approach to adopt ISSA (NZ) 5000 warrants further consideration, which we address in our response to Question 9 below.

### 2. Is your firm intending to transition to ISSA (NZ) 5000 for sustainability assurance engagements? If yes, when?

Feedback from CPA Australia members indicates that many audit firms in New Zealand currently apply ISAE 3410 and ISAE 3000 for sustainability assurance engagements. However, for trans-Tasman engagements, there is a clear intention among firms to transition to ISSA (NZ) 5000 as soon as they can to ensure consistency and comparability with Australian and international standards. This alignment is seen as critical to reducing regulatory burden and enhancing the credibility of sustainability disclosures across jurisdictions.

Our understanding is all the large audit firms (commonly referred to as the Big 6–7) have already commenced transitioning to ISSA (NZ) 5000, with implementation activities actively underway. This reflects strong industry readiness and a commitment to adopting globally recognised assurance frameworks by December 2026. This is because their largest clients operate internationally, and aligning assurance practices including ethical requirements as much as possible helps minimise compliance costs and complexity.

It is also noted that only a small cohort of smaller firms and those operating under ISO-based assurance frameworks currently provide assurance services under the mandatory climate-related disclosure regime. These firms may require additional time and support to develop methodologies that fully align with ISSA (NZ) 5000. Their existing practices often align only at a high level, which could result in inconsistencies in assurance quality across the market.

CPA Australia recommends that targeted guidance, capacity-building initiatives, and transitional resources be made available to support equitable implementation and ensure market-wide consistency.

### 3. Do you agree with the proposed New Zealand changes to ISSA (NZ) 5000:

a) To clarify the scope

b) To address the existence of relationships that the assurance practitioner may have?

Are there any other matters that you recommend that the XRB add to ISSA (NZ) 5000?

*Part (a):*

CPA Australia broadly supports the proposed clarification of scope within ISSA (NZ) 5000. This is particularly important given the XRB's intention to include ISSA (NZ) 5000 as one of the three permissible assurance frameworks under the temporary standard NZ SAE 1 for mandatory greenhouse gas (GHG) emissions disclosures.

We also support the following enhancements:

- Amending references from “listed entities” to “FMC reporting entities” to better reflect the New Zealand regulatory context.
- Including the name of the engagement leader in the assurance report, which promotes transparency and accountability in assurance engagements.

These changes will help ensure clarity for practitioners and users of assurance reports, and support alignment with local legislative frameworks.

*Part (b):*

We support the proposal to extend the requirement to consider relationships not only with the entity but also with its subsidiaries. In practice, audit professionals already assess independence at both a group and individual reporting entity level, and formalising this requirement promotes consistency and reinforces the profession-agnostic nature of ISSA 5000. We note that significant investments have already been made by accounting firms to ensure robust independence compliance with the IESSA code and ISSA 5000. Any changes should recognise and build upon these existing systems.

To promote consistency in reporting, we recommend that illustrative wordings similar to those found in Appendix 2 to ISA (NZ) 700 be included in ISSA (NZ) 5000. This would provide practical guidance for assurance practitioners and help standardise the presentation of assurance conclusions across the market.

## Issue IESSA (NZ)

### 4. Do you agree with the proposal to adopt the IESSA (NZ) in New Zealand?

We support the proposal to adopt the IESSA (NZ) in New Zealand. Doing so is consistent with New Zealand's position since 2022 when climate standards were first issued and since 2024 when assurance over GHG emissions disclosures was first required.

However, we do not support retaining the temporary standard NZ SAE 1 for mandatory greenhouse gas (GHG) emissions disclosures indefinitely.

While the ethical requirements set out at paragraphs 13 to 23 of NZ SAE 1 align at a very high level with those of PES 1, noting that PES 1 (which is consistent with the International Code of Ethics) applies to assurance organisations or assurance practitioners who are members of CPA Australia and Chartered Accountants Australia and New Zealand (CA ANZ), those sustainability assurance practitioners who are not members of CPA Australia or CA ANZ are obliged to follow ethical standards which are less rigorous than those which members of CPA Australia and CA ANZ are obliged to follow. By retaining NZ SAE 1, a two-tiered standard of ethical requirements including independence requirements standards results between accountants and non-accountants.

### 5. Is your firm intending to transition to the IESSA (NZ) for sustainability assurance engagements? If yes, when?

Feedback from CPA Australia members working for New Zealand reporting entities indicates that many audit firms intend to transition to the IESSA (NZ). As noted at Question 4 above, members of CPA Australia are already obligated to comply with the ethical requirements of PES 1. By transitioning to IESSA (NZ) in respect of mandatory GHG assurance engagements as well as other sustainability assurance engagements, we strongly believe our members will maintain a single standard of high ethical compliance.

### 6. Do you agree with the proposed New Zealand changes to IESSA (NZ):

#### a) To clarify the scope

#### b) To replicate amendments in PES 1?

**Are there any other matters that you recommend the XRB add to IESSA (NZ)?**

*Part (a):*

CPA Australia agrees with the clarification that a sustainability assurance practitioner shall apply the independence requirements set out in NZ SAE 1 when conducting an assurance engagement for the disclosures within the climate statements relating to GHG emissions disclosures. However, paragraph 12 of NZ SAE 1 sets out that an assurance organisation or assurance practitioners shall comply with relevant accreditation or professional body requirements, including applicable ethical and quality management requirements that apply to them. As noted at Question 4 above, for members of CPA Australia PES 1 however, for sustainability assurance providers, this could mean no other ethical or quality management obligations may apply. Our members are concerned this two-tiered system of ethical obligations creates an unfair playing field in the sustainability assurance provider market and may result in two differing levels of assurance quality.

Our members encourage XRB to consider requiring all sustainability assurance providers to apply IESSA (NZ) to support consistency and quality of sustainability assurance engagements in New Zealand.

*Part (b):*

Yes, the changes proposed reduce ambiguity such as the complete prohibition against receiving referral fees or commissions at NZ R3330.5 and NZ 5330.5 A1.1.

## Issue Revisions to the Code Addressing Using the Work of an External Expert applicable to all assurance engagements

### 7. Do you agree with the proposal to adopt the Revisions to the Code Addressing Using the Work of an External Expert in New Zealand?

Yes, however, please see our concerns in our response to question 8 below.

### 8. Are there any New Zealand changes that you recommend the XRB add to the standard Addressing Using the Work of an External Expert?

We do not propose specific additions to the standard at this time. However, we wish to raise a high-level concern regarding the proportionality and scalability of applying the principle of objectivity in practice within the New Zealand context.

As outlined in our [earlier submissions to the IESBA](#), [IAASB](#) and [AUASB](#), we remain concerned about the practical implications of certain provisions introduced by the IESBA, particularly those relating to the evaluation of an external expert's objectivity. The high threshold established by the IESBA Code for assessing objectivity may present implementation challenges for assurance practitioners, especially in emerging areas such as sustainability assurance. In many such contexts, relevant experts may not be subject to the same professional standards or oversight frameworks as assurance practitioners. Consequently, practitioners may be unable to obtain the level of information required by the IESBA Code, even where the expert otherwise meets competence and capability criteria. This limitation could inadvertently restrict the use of appropriate external expertise, potentially impacting the quality of assurance engagements.

In the New Zealand context, where the market comprises a relatively small pool of practitioners and experts compared to larger jurisdictions, we urge the XRB to carefully consider the potential implications of setting such a high threshold for evaluating objectivity. This may amplify implementation challenges and limit access to suitable expertise.

We therefore encourage the XRB to remain alert to these practical risks and implementation challenges as it finalises its adoption of the IESBA standard on Using the Work of an External Expert. It is important that standard-setting outcomes support the delivery of high-quality assurance in practice from the outset.

To mitigate these risks, we recommend that the XRB consider proactive monitoring, provide implementation guidance, and explore the possibility of an earlier post-implementation review. These steps would help identify and address any unintended consequences, ensuring that high-quality assurance remains achievable without compromising access to appropriate expertise.

## Amend NZ SAE 1

### 9. Do you support adding a third option to NZ SAE 1 to enable assurance practitioners to apply ISSA (NZ) 5000 for mandatory GHG assurance engagements?

#### *Context and General Position*

CPA Australia acknowledges the XRB's proposal to retain the current temporary standard, NZ SAE 1, and to add ISSA (NZ) 5000 as a third option for mandatory greenhouse gas (GHG) assurance engagements, effective for periods beginning on or after 15 December 2026.

While the decision to delay full adoption of ISSA (NZ) 5000 as the only assurance standard for GHG and broader sustainability assurance engagements is disappointing, we understand the evolving regulatory environment in which the XRB is operating. The delay in the New Zealand Government's decision on sustainability reporting and assurance, combined with significant international developments, such as the [European Commission's first 'Omnibus' recommendations](#) to simplify rules on sustainability and the [evolving/rollbacks](#) U.S. position on climate-related disclosures, has created a dynamic and uncertain landscape. In this context, we appreciate the rationale behind the XRB's cautious 'wait and see' approach.

#### *Support for ISSA (NZ) 5000*

CPA Australia strongly supports the adoption of ISSA (NZ) 5000 as the preferred framework for mandatory GHG assurance engagements. NZ SAE 1 was always intended as an interim measure, with a revocation clause once relevant international standards became available (FMCA 2013, paras A1–A2). ISSA (NZ) 5000 represents a globally aligned, profession-agnostic standard that enhances credibility, consistency, and comparability in sustainability assurance.

Feedback from members indicates that most large firms are already preparing to transition to ISSA (NZ) 5000, reflecting industry readiness and alignment with international best practice. Please also see our response to Question 2 above.

#### *Concerns with Maintaining Multiple Frameworks*

Noting XRB's rationale for the 'wait and see' approach, we wanted to note that maintaining three options, ISO 14064-3, ISAE (NZ) 3410, and ISSA (NZ) 5000, raises several concerns:

- *Regulatory Complexity:* Multiple frameworks increase the burden on regulators, making oversight and enforcement more difficult.
- *Market Fragmentation:* The coexistence of ISO-based and ISAE/ISSA standards-based approaches leads to inconsistent methodologies, practices and varying interpretations across the profession.
- *Assurance Quality and Consistency:* Variability in assurance methodologies and reporting structures undermines confidence in disclosures and creates confusion for users and the reporting entities itself.
- *Comparability:* Allowing multiple frameworks reduces comparability across reports, which is critical for investors and other stakeholders relying on climate-related disclosures.

Stakeholders have also shared concerns that while flexibility in choosing a standard (ISO 14064-3, ISAE (NZ) 3410, and ISSA (NZ) 5000) may be welcomed, it could be driven by cost rather than quality. However, most agree that high-profile entities are likely to engage firms applying recognised professional standards. That said, the existence of multiple options increases compliance complexity.

#### *Recommendations for Enhancing Clarity and Transition Planning*

CPA Australia recommends that the XRB provide greater clarity and direction regarding the future of NZ SAE 1 and the intention to transit to ISSA (NZ) 5000 as the sole assurance standard for sustainability engagements.

NZ SAE 1 was always intended to serve as a temporary standard, pending the development of a profession-agnostic international sustainability assurance standard, now realised in ISSA (NZ) 5000. To support assurance practitioners and promote consistency across the market, we recommend that the XRB:

- *Map out a clear transition pathway*, including the expected retirement of NZ SAE 1 and the eventual adoption of ISSA (NZ) 5000, ideally aligning with international effective date of December 2026 as the primary and only standard for mandatory GHG assurance engagements and future mandatory climate/sustainability assurance engagements.
- *Commit to an active and formal review of NZ SAE 1 yearly*, assessing its continued appropriateness in light of local/international developments and domestic readiness. This review cycle would provide assurance practitioners with critical information and a predictable timeframe for transition planning.
- *Communicate a long-term vision* for sustainability assurance in New Zealand, including alignment with global standards and expectations from regulators, investors, and other stakeholders. While a 'wait and see' approach may be appropriate in the current dynamic environment, with competing and offsetting considerations, it is essential that New Zealand does not default to maintaining legacy standards that no longer reflect global best practice simply to accommodate all market participants.
- *Provide transitional support*, including guidance materials, and illustrative examples (e.g., assurance report templates), to assist firms, particularly smaller and ISO-based practitioners, in adapting to ISSA (NZ) 5000.

Establishing a clear roadmap will help reduce uncertainty, support market readiness, and ensure New Zealand remains aligned with international best practice in sustainability assurance.

#### **10. Do you support the proposed conditional requirement for one-to-many reports being added to NZ SAE 1?**

Yes, we support the proposed conditional requirement being added to NZ SAE 1 to align with ISSA (NZ) 5000.

#### **Retain ISAE (NZ) 3410**

##### **11. Do you agree that the XRB should defer any decision to withdraw ISAE (NZ) 3410 to a later date?**

CPA Australia acknowledges the XRB's proposal to defer the decision to withdraw ISAE (NZ) 3410. In the current complex and evolving regulatory environment, a 'wait and see' approach may be appropriate and pragmatic. We recognise the challenges the XRB faces, including delays in domestic policy decisions and significant international developments that continue to reshape the sustainability assurance landscape.

However, while short-term deferral may be justified, greater clarity and direction are needed. Specifically, we note that the IAASB has announced the withdrawal of ISAE 3410 effective 15 December 2026. If the XRB intends to retain ISAE (NZ) 3410 beyond this date, it will need to assume responsibility for maintaining and updating the standard independently. This could introduce additional complexity, resource requirements, and potential divergence from international practice.

As highlighted in our response to Question 2, most large firms in New Zealand have already commenced transitioning to ISSA (NZ) 5000. This reflects strong industry momentum toward international alignment and suggests that ISAE (NZ) 3410 may have limited future relevance.

To inform future decisions, we recommend that the XRB:

- Conduct further research or a targeted survey of the New Zealand assurance market to assess the anticipated usage of ISAE (NZ) 3410 beyond December 2026.
- Evaluate the cost-benefit of retaining the standard, including the implications for regulatory oversight, practitioner burden, and market consistency.
- Map out a transition pathway, including a commitment to review the appropriateness of retaining ISAE (NZ) 3410 at regular intervals (e.g., every year), aligned with broader efforts to consolidate sustainability assurance under ISSA (NZ) 5000.

This will help assess the cost-benefit of retaining the standard and inform future decisions. The transition pathway will also provide assurance practitioners with the clarity and predictability needed to plan for transition, while ensuring New Zealand remains aligned with global best practice.

## **Applicable date of all standards**

### **12. Do you agree with the proposed application date for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026? The proposal is to align with the effective dates of the international standards.**

Yes, we agree.

## **Other**

### **13. Do you have any further comments?**

CPA Australia recently [completed a survey](#) in response to the XRB's proposed 2025 amendments to climate and assurance standards. Feedback from members were mixed regarding the timing of mandatory Scope 3 greenhouse gas emissions reporting and assurance. While there is broad recognition of Scope 3's importance in capturing an entity's full climate impact, views varied on market readiness and the practicality of implementation timelines.

After carefully considering the range of perspectives and the rationale provided, CPA Australia marginally supports the final option, that is extending the transitional period by four or more years. We believe this approach better balances ambition with feasibility and allow time for capability building across the market.

We encourage the XRB to continue monitoring international developments and remain open to reassessing its position as new information and practices emerge.