

12 April 2022

Mr Bruce Mackenzie
Chair of the IFRS Interpretations Committee
IFRS Foundation
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Canary Wharf
London E14 4HD
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Submitted to: www.ifrs.org

Copy to: Nili Shah, Executive Technical Director, IASB (via email)

Dear Bruce

IFRS Interpretations Committee tentative agenda decision *Negative Low Emission Vehicle Credits*

Thank you for the opportunity to comment on the tentative agenda decision *Negative Low Emission Vehicle Credits*.

We support the tentative agenda decision that ‘negative credits’ arising from the emission reduction programme described in the decision result in an obligation that meets the definition of a liability under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Having considered the tentative agenda decision in the New Zealand context, we consider that the tentative agenda decision will support appropriate outcomes when applying the definition of a liability in IAS 37 to the specific circumstances described in the request.

We acknowledge that the tentative agenda decision focuses on a specific emission reduction programme, and that it focuses only on meeting the definition of a liability – rather than on the measurement of such liabilities or on assets arising from emission reduction schemes. However, discussion with our Technical Reference Group highlighted that the measurement of liabilities relating to emission reduction programmes can be challenging, and that there is need for a broader standard-setting project on accounting for matters relating to emission trading schemes, as there is currently limited guidance in IFRS Standards on such matters.

We note that in 2021, the IASB’s Request for Information (RFI) *Third Agenda Consultation* included a possible project on pollutant pricing mechanisms, which includes accounting for participation in emission trading schemes. Consistent with our submission on that RFI, we re-emphasise the importance of commencing a standard-setting project on this topic – including addressing matters related to emission trading rights, as well as the related obligations.

If you have any queries or require clarification of any matters in this letter, please contact Gali Slyuzberg (gali.slyuzberg@xrb.govt.nz) or me.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Carolyn Cordery', written in a cursive style.

Carolyn Cordery
Chair – New Zealand Accounting Standards Board