



COVERSHEET

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| Minister | Hon Scott Simpson | Portfolio | Commerce and Consumer Affairs |
| Title of Cabinet paper | New Zealand Companies Office Fees and Levies Review (2025): Release of Discussion Document | Date to be published | 9 June 2025 |

List of documents that have been proactively released

| Date | Title | Author |
|---------------|---|---|
| April 2025 | New Zealand Companies Office Fees and Levies Review (2025): Release of Discussion Document Review of New Zealand Companies Office Fees and Levies (2025) | Office of the Minister of Commerce and Consumer Affairs |
| 14 April 2025 | New Zealand Companies Office Fees and Levies Review (2025): Release of Discussion Document CBC-25-MIN-0008 Minute | Cabinet Office |

Information redacted

YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Legal professional privilege and Confidential advice to Government.

In Confidence

Office of the Minister of Commerce and Consumer Affairs

Cabinet Expenditure and Regulatory Review Committee

New Zealand Companies Office Fees and Levies Review (2025): Release of Discussion Document

Proposal

- 1 This paper seeks Cabinet's approval to release a discussion document for public consultation on proposed New Zealand Companies Office fees and levies.

Relation to Government Priorities

- 2 The Companies Office supports the Government's priorities for economic growth by providing New Zealand businesses and other entities with essential and easy-to-use registry services. It also undertakes enforcement activities to maintain confidence and integrity in the regulatory system.

Executive Summary

- 3 The Companies Office administers 18 corporate registers and supports the statutory registrars to provide related functions.¹
- 4 It is funded on a 'user-pays' basis through third-party charges (ie fees and levies). Changes are needed to the fees and levies because the Companies Office is not currently recovering enough money to meet its costs now or over the next three-to-five years.
- 5 The Companies Office has undertaken a review of fees and levies that apply to 13 of its registers and developed proposals for adjusted charges for public consultation. The attached discussion document (Appendix One) seeks stakeholder feedback on these proposals.
- 6 The key proposals are:
 - 6.1 introduction of a mixed cost recovery structure, with fees recovering the cost of specific activities (eg filing an annual return) and levies to recover shared costs. The new levies implement a legislative amendment to correct Legal professional privilege cross-subsidisation;
 - 6.2 the introduction of a new a \$15.00 plus GST per entity, per year Companies Office levy (CO levy) to recover shared costs;

¹ The full list of relevant Acts and registers is included in Schedule 14 of the *Companies Act 1993*.

- 6.3 the introduction of a new \$12.00 plus GST per entity, per year New Zealand Business Number (NZBN) levy to recover the shared costs of operating the NZBN register;
 - 6.4 a proposed increase of \$6.000 million annually in the departmental appropriation, to be recovered through existing and new fees and levies;
 - 6.5 introduction of three new fees for incorporated societies as they move to the new *Incorporated Societies Act 2022* for filing annual returns, amalgamations and conversions; and
 - 6.6 adjusting existing fees and revoking a number of fees for services that are no longer provided.
- 7 Following public consultation on the discussion document, I will provide my recommendations to Cabinet on the appropriate fee and levy levels to be implemented by December 2025. Any changes will need to be set by regulations.

Background

Fee and levy reviews

- 8 The Companies Office follows guidance set by the Treasury, the Office of the Auditor General, and the Legislation Design and Advisory Committee to review its fees and levies regularly. This ensures that fees and levies are set appropriately, limiting over or under recovery.
- 9 Guidance requires consultation with affected parties before recommending the making of any fee and/or levy changes through regulations.² Following consultation, I will report back to Cabinet on proposals.

Appropriation and current position of the memorandum account

- 10 Annual surpluses and deficits are monitored in the appropriation memorandum account. In 2017, the memorandum account had an accumulated surplus of \$19.200 million. A subsequent review resulted in some fees being set below the cost recovery rate, to reduce this surplus over time.
- 11 As of 30 June 2024, the memorandum account balance was \$1.809 million in deficit, and continuing to trend down at a rate of approximately \$3.000 million per year. This means that the Companies Office needs to adjust charges to ensure its financial sustainability.

² Specifically, section 408 of the *Companies Act 1993* states that the Minister must consult with registered persons that may be subject to a levy, as listed in Schedule 15 of the Act.

Proposals within the Discussion Document

Proposed additional expenditure

- 12 The discussion document proposes an increase to the departmental appropriation of \$6.000 million. This will bring the total Companies Office appropriation to be recovered from users from \$36.043 million to \$42.043 million.³ The last substantial appropriation increase was in 2017 (an increase of \$5.300 million), with other, smaller increases since then.
- 13 I am recommending this uplift now because the cost to the Companies Office of providing the registers, services, and register upgrades has increased since 2017. MBIE anticipates it will further increase over the next three-to-five years. The Companies Office cannot continue to absorb these costs without an impact on service levels.
- 14 This additional funding will be used to:
- 14.1 increase compliance and enforcement activities – such as, monitoring director prohibitions and detecting poor business practices, including where a company transfers assets to another company to avoid paying debts;
 - 14.2 meeting cost pressures, including the increased market cost of IT support and infrastructure updates; and
 - 14.3 supporting the re-registration of approximately 24,000 incorporated societies under the new *Incorporated Societies Act 2022*.

15 Confidential advice to Government

Proposed changes to the cost recovery structure with introduction of a Companies Office (CO) levy

- 16 The discussion document proposes a new mixed structure for charging users, that splits cost recovery into specific activity fees and broader system levies to recover shared costs.
- 17 In 2022 Parliament passed legislation to address Legal professional privilege cross-subsidisation between some Companies Office registers.⁴ The Companies Office had been charging fees in a way that meant the larger-volume registers

³ Excluding Crown funding for sole traders on the NZBN register and the Climate Related Disclosures register which are out of scope.

⁴ The *Companies Office Registers Funding Validation Act 2022*, and *The Companies (Levies) Amendment Act 2022*.

(eg companies) were subsidising the higher costs of operating some smaller registers (eg incorporated societies). This meant that all users were charged a fairer rate and allowed the Companies Office to operate more efficiently by sharing services, including a shared IT platform. **Legal professional privilege**

- 18 The new legislation passed in 2022 allows for a levy to collect the shared costs in an annual charge that is fair to all users. The remaining identifiable specific costs will then continue to be collected through fees. This approach spreads costs more fairly across all Companies Office users and avoids the need for disproportionately higher fees for users of smaller registers.
- 19 I propose to consult on introducing a CO levy that will recover the costs of providing registers as a shared service to all users. I propose this is set at \$15.00 (GST exclusive), paid annually by users of the following entity registers: companies, incorporated societies, limited partnerships, building societies, friendly societies and credit unions.⁵ The proposed approximate revenue forecast to be recovered from the levy would be \$10.866 million.

Introduction of a NZBN levy

- 20 A NZBN is a unique identifier provided to all entities that register with the Companies Office (other entities, such as sole traders, can apply for one). A NZBN has key business information attached to it that is searchable by government agencies, businesses, and the public.
- 21 The cost of administering the NZBN register is currently partially recovered through a portion of a company's annual return fee, but a legislative amendment by the previous Government in 2019 requires that this cost now be met by a separate levy.⁶ The levy will stop registered companies disproportionately funding the register which other entities also benefit from. Part of the NZBN cost (\$0.500 million) will continue to be funded by the Crown⁷.
- 22 The discussion document therefore proposes to introduce the NZBN levy at \$12.00 (GST exclusive). The levy will fully recover the register costs, to be paid annually by: registered companies, incorporated societies, limited partnerships, friendly societies, credit unions and building societies. Entities will pay the NZBN levy at the same time as their registration or annual return fee (and CO levy). The proposed forecast revenue to be recovered from the levy would be \$8.708 million.

⁵ This levy does not apply to the insolvency practitioner scheme or the NZBN register as they are proposed to have their own levies.

⁶ *New Zealand Business Number Funding (Validation and Authorisation) Act 2019* inserted regulations 37A-37C in the *New Zealand Business Number Act 2016* to authorise setting of a levy.

⁷ Entities not registered with the Companies Office (i.e. sole traders) can obtain an NZBN at no fee and are out of scope of this review. The costs of maintaining the NZBN register for these entities are funded by the Crown.

Proposed adjustments to fees and total charges

- 23 Adjustments to fees proposed within the discussion document reflect the remaining specific costs within each register. They also take account of changes to the costs of providing the services. A summary document outlining the high-level changes is provided in Appendix Two. A summary of fees and proposed total charges is provided in Appendix Three.

Proposed incorporated societies fees

- 24 The discussion document proposes introducing three new fees for incorporated societies to reflect changes introduced under the *Incorporated Societies Act 2022*:
- 24.1 A new total charge for filing an annual return of \$36.00 (GST exclusive), which includes a \$9.00 (GST exclusive) fee, and the CO and NZBN levies. Filing an annual return is a new requirement, and I think it is important that incorporated societies contribute to its cost in line with other entities that are required to file an annual return;
- 24.2 A new fee for amalgamating two or more incorporated societies of \$225.00 (GST exclusive), which is lower than the fee charged to companies; and
- 24.3 A new total charge for the conversion of a body corporate or other association formed under another Act to an incorporated society of \$72.00 (GST exclusive), which includes the \$45.00 (GST exclusive) fee and the CO and NZBN levies.
- 25 Some smaller incorporated societies are concerned that the requirements under the new Act are too onerous, and I anticipate that some may see this as an additional impediment to them being able to operate under the new Act. Therefore, I will be monitoring the feedback closely and it will inform my final proposals.

Amending the FSP supplementary fee for criminal history checks

- 26 I am also seeking Cabinet approval for a technical change to the Finance Service Providers (FSP) fees regulations. Individuals, businesses and organisations that offer financial services in New Zealand must be registered on the FSP register. Under these regulations, the FSP Registrar can charge a fee for requesting a MOJ criminal history.
- 27 The criminal history check fee is currently prescribed in the FSP fees regulations at \$39.38 (GST inclusive) per check. MOJ has reduced the amount invoiced to MBIE for each criminal history check to \$11.30 (GST exclusive). Therefore, I recommend that Cabinet agree to change the FSP fees regulations to give effect to this lower amount.
- 28 I also recommend that Cabinet agree to amend all other fee amounts in the regulations to be expressed as GST exclusive instead of GST inclusive. This

would align the FSP fees regulations with all other fee regulations administered by the Companies Office.

- 29 If Cabinet agrees to these changes, I will bring draft regulations to the Cabinet Legislation Committee (LEG).

Cost-of-living Implications

- 30 The proposals have taken into consideration likely impacts on the standard of living of businesses and other entities, their customers and stakeholders. Given the relatively small scale of any increases in proposed charges, I do not anticipate the cost of any increase being noticeably passed on to consumers.

Financial Implications

- 31 No financial implications arise from the proposal to release the attached discussion document. Any financial implications arising out of the proposals in the discussion document will be addressed when policy decisions and fee and levy setting decisions are sought from Cabinet.

Legislative Implications

- 32 There are no legislative changes arising out of the release of the discussion document. Following feedback on the discussion document, officials will provide advice to Cabinet on the appropriate levels for fees and levies, which will require amendments to regulations.
- 33 Subject to Cabinet's approval and invitation, PCO will begin drafting regulations to amend the FSP fees regulations in respect of the supplementary fee for requesting a criminal history check.

Impact Analysis

Regulatory Impact Statement

- 34 MBIE's Regulatory Impact Analysis Review Panel (RIARP) has reviewed the discussion document and confirmed that it meets regulatory impact evaluation criteria to substitute for a Regulatory Impact Statement. A Cost Recovery Impact Statement (CRIS) will be developed alongside public consultation to inform Cabinet of the impact of final fee and levy proposals.

Climate Implications of Policy Assessment

- 35 The Climate Implications of Policy Assessment (CIPA) team has been consulted and have confirmed that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 36 The proposals in this paper will not disproportionately impact distinct population groups (such as Māori, children, seniors, disabled people, women,

people who are gender diverse, Pacific peoples, veterans, rural communities and ethnic communities).

Human Rights

37 The discussion document has no human rights implications.

Use of External Resources

38 No external consultants or contractors have been engaged on this paper or the development of proposals in the discussion document since the review began in 2021. Consultants or contractors are not expected to be engaged on future work including Cabinet papers or communications.

Consultation

39 The Treasury were consulted on this paper. The Ministry of Housing and Urban Development and Land Information New Zealand have been consulted and support the relevant proposals (for retirement villages) in the attached discussion document. MOJ has been consulted on the proposal to amend the FSP fee regulations in this paper.

40 The Department of Prime Minister and Cabinet has been informed.

Communications

41 MBIE will publish the discussion document on its website when it is released for public consultation. MBIE will also send the discussion document to targeted industry groups and stakeholders.

42 MBIE has prepared communications and stakeholder engagement plans for planned consultation and engagement with key stakeholders.

Proactive Release

43 This paper will be proactively released within 30 business days of decisions being confirmed by Cabinet, subject to withholdings as appropriate under the *Official Information Act 1982*.

Recommendations

The Minister of Commerce and Consumer Affairs recommends that the Committee:

Consulting on the Companies Office fee and levy review

1 **approve** the release of the discussion document *Review of New Zealand Companies Office Fees and Levies (2025)* for public consultation over a period of six weeks (late-March to May 2025), subject to any minor or technical changes that the Minister of Commerce and Consumer Affairs may approve prior to publication;

Amending the Financial Service Providers Fees Regulations

- 2 **agree** that the supplementary fee of \$39.38 (GST inclusive) for requesting a criminal history check for FSPs be amended in the FSP fees regulations to align with the cost set by MOJ for third-party criminal history checks of \$11.30 (GST exclusive);
- 3 **agree** that all other charges in the FSP fees regulations be amended to be expressed as GST exclusive amounts instead of GST inclusive;
- 4 **invite** the Minister of Commerce and Consumer Affairs to issue drafting instructions to PCO to give effect to recommendations 2 and 3 above; and
- 5 **authorise** the Minister of Commerce and Consumer Affairs to make decisions on any minor or technical matters that may arise during the drafting process.

Authorised for lodgement

Hon Scott Simpson

Minister of Commerce and Consumer Affairs

Appendix One: Discussion Document: *Review of New Zealand Companies Office Fees and Levies (2025)*

Appendix Two: Summary Document

**Appendix Three: Summary of Proposed Fees and Total Charges
(GST Exclusive)**

Review of New Zealand Companies Office Fees and Levies (2025)

At a glance: Summary of proposed fees and levies

\$ (excluding GST)

Levy Key:
CO levy = Companies Office levy
NZBN levy = New Zealand Business Number levy
IP levy = Insolvency Practitioners levy

| Companies register | | |
|---|--------------------------------|--------------------------------------|
| Service Type | Current charge (fee + IP levy) | Proposed total charge (fee + levies) |
| Name approval | 10.00 | 11.00 |
| Company incorporation ¹ | 91.00 | *83.00 |
| Annual return ¹ | 22.00 | *37.00 |
| Annual return – API ¹ | 19.00 | *34.00 |
| Amalgamation | 350.00 | 745.00 |
| Restoration | 150.00 | 225.00 |
| * Includes CO levy (\$15.00), NZBN levy (\$12.00), and IP levy (\$1.00) | | |
| ¹ New Zealand and overseas companies | | |

| Incorporated Societies register | | |
|---|----------------|--------------------------------------|
| Service Type | Current charge | Proposed total charge (fee + levies) |
| Registration | 88.89 | *72.00 |
| Annual return (<i>new</i>) | - | *36.00 |
| Restoration | 177.78 | 225.00 |
| Amalgamation (<i>new</i>) | - | 225.00 |
| Conversion to be an incorporated society (<i>new</i>) | - | *72.00 |
| * Includes CO levy (\$15.00) and NZBN levy (\$12.00) | | |

| Disclose register | | |
|--|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Managed fund offers | | |
| Lodgement of product disclosure statement (per fund) | 521.74 | 720.00 |
| Add new fund to existing managed fund (limited disclosure) | 521.74 | 720.00 |
| Annual confirmation to managed fund (per fund) | 521.74 | 720.00 |
| Other financial products | | |
| Lodgement of product disclosure statement (per PDS) | 2,347.83 | 3,750.00 |
| Add limited disclosure to other financial product | 2,347.83 | 3,750.00 |
| Annual confirmation other financial products (per PDS) | 2,347.83 | 3,750.00 |
| Managed investment schemes | | |
| Register managed investment scheme or governing document | 673.91 | 1,245.00 |
| File scheme annual report | 239.13 | 295.00 |
| Overseas offers | | |
| Offer under Asia region funds passport (per fund) | 521.74 | 720.00 |

| Financial Service Providers register | | |
|--------------------------------------|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Registration | 300.00 | 285.00 |
| Annual renewal | 75.00 | 75.00 |

| Personal Property Securities register | | |
|--|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Registration/renewal financing statement | 14.00 | 8.00 |
| Registration/renewal financing statement – API | 7.00 | 5.00 |
| Basic search - internet | 2.00 | 2.00 |
| Basic search - API | 1.00 | 1.00 |

| Retirement Villages register | | |
|---|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Registration application | 782.61 | 645.00 |
| Annual return (< 34 units) ² | 347.83 | 370.00 |
| Annual return (35 – 84 units) ² | 565.22 | 620.00 |
| Annual return (> 85 units) ² | 1,130.43 | 1,270.00 |
| ² Includes the financial statement filing cost of \$170.00 | | |

| Financial statements | | |
|----------------------------|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Financial statement filing | 175.00 | 170.00 |

| Limited Partnerships register | | |
|--|----------------|--------------------------------------|
| Service Type | Current charge | Proposed total charge (fee + levies) |
| Registration | 217.39 | *415.00 |
| Annual return (<i>new</i>) | - | *27.00 |
| * Includes CO levy (\$15.00) and NZBN levy (\$12.00) | | |

| Insolvency Practitioners register | | |
|-----------------------------------|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Licence registration | 165.00 | 185.00 |
| Annual confirmation | 105.00 | 65.00 |

| Auditors register | | |
|-----------------------------------|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| Registration/renewal of a licence | 304.35 | 355.00 |
| Annual confirmation | 95.65 | 122.00 |

| Building Societies, Friendly Societies and Credit Unions registers | | |
|--|----------------|--------------------------------------|
| Service Type | Current charge | Proposed total charge (fee + levies) |
| Registration | 217.39 | *177.00 |
| Annual return | 34.78 | *36.00 |
| Annual return – Friendly society branch only | 34.78 | *36.00 |
| Registration of an Association of credit unions under section 145 (1) of the Friendly Societies and Credit Unions Act 1982 | 355.56 | *177.00 |
| * Includes CO levy (\$15.00) and NZBN levy (\$12.00) | | |

| Credit Unions register | | |
|---|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| For filing, under section 140(2)(b) the Act, where a request to the Registrar is made to remove the credit union from the register (<i>new</i>) | - | 310.00 |
| For filing, under section 135C(2) of the Act, a copy of a special resolution passed for the purpose of amalgamation or transfer of engagements (<i>new</i>) | - | 350.00 |

| Friendly Societies register | | |
|---|----------------|-----------------------|
| Service Type | Current charge | Proposed total charge |
| For filing, under s82(3) of the Act, a copy of a special resolution passed for the purpose of amalgamation or transfer of engagements or conversion into a company. | 133.33 | 135.00 |
| For filing a resolution for conversion of a society into a branch under s88 of the Act. | 177.78 | 175.00 |
| For any cancellation or suspension of the registration of a society or branch under any of paragraphs (d) to (g) of s92(1) of the Act. | 133.33 | 135.00 |
| For filing an instrument of dissolution under s94 of the Act. | 311.11 | 310.00 |