Submission on discussion document: Adjustments to the climate-related disclosures regime

Your name and organisation

Name	Tess Hazelhurst
Date	13th February 2025
Organisation (if applicable)	
Contact details	Email: ***Hazelhurst-t@ulster.ac.uk***

Privacy and publication of responses

[To tick a box below, double click on check boxes, then select ‘checked’.]

☐ The Privacy Act 2020 applies to submissions. Please check this box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.

☐ MBIE intends to upload submissions received to MBIE’s website at ***www.mbie.govt.nz***. If you do not want your submission to be placed on our website, please check the box and provide an explanation in the box below.

I do not want my submission placed on MBIE’s website because… [*Insert text*]

Please check if your submission contains confidential information

☐ I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

I would like my submission (or identified parts of my submission) to be kept confidential because… [*Insert text*]

Responses to discussion document questions

Please enter your responses in the space provided below each question.

Chapter 2: Reporting Thresholds	
1	Do you have any information about the cost of reporting for listed issuers?
	No, however in my research many reporting entities have identified the excessive cost associated with reporting, namely legal assurance, third party data providers, or consultants, and have questioned the value of reporting as a result.
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	No, there is widespread understanding around market access and regulatory requirements intensifying globally.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Option 1. If you introduce a stop start mechanism it only slows or halts the pursuit of meaningful data and reporting. Knowledge seeking will be affected.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	No. Differential reporting should affect the auditing process, not the reporting thresholds.
5	Do you think that a different reporting threshold for listed issuers should be considered (i.e., not one of the options above) and, if so, why?
	No, same rationale as stated above.
6	If Option 2 or 3 was preferred do you think that some listed issuers would still choose to voluntarily report (even if not required to do so by law)? And, if so, why?
	The majority of firms will not conduct voluntary reporting. I have spoken to firms who are moving from publicly listed to non listed and they have advised they will not continue reporting. The exception would be critical infrastructure because they are well versed in risk and their role in the transition that they recognise the value of the CRD regime.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
	Advantages – risk and resilience information gathering processes prompted by the CRD support long term strategic planning IF the CRD is considered of value to strategic decision making processes. This approach can have positive impacts on investor sustainability literacy, and motivates the pursuit of meaningful data. Disadvantages - oftentimes the issuer feels reporting fails to recognise competing priorities, eg if a issuer has limited bargaining power as a buyer if they push for greener options with global suppliers this may affect the partnerships that keep them operational.
8	Do you have information about the cost of reporting for investment scheme managers?
	Again, nothing specific, but that the cost is extensive for third party data access and legal assurance.
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?
	No

10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?	
	Option 2, our investment scheme managers are small teams here. There is limited opportunity to develop internal reporting capabilities.	
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option?	
	No.	
12	Do you think that a different reporting threshold for investment scheme managers should be considered (i.e., not one of the options above) and, if so, why?	
	Yes, I believe a phased in lowering of the threshold. Eg, by 2028 it reduces to 2.5 mil etc. Reporting needs to become a BAU activity, but investment scheme managers are setting short term ambitious targets, then having to renege on them, because they need more time. Time not just to develop reporting literacy amongst scheme managers and investors, but also time to see socio-technical/systems development offer alternative options to transition away from controversial investments. The risk of divestment leading to stranded assets that don't offer a just/green transition alternative is present.	
13	When considering the location of the thresholds, which Option do you prefer and why?	
	Option 1. This should remain with the FMA due to their educative approach to regulation.	
14	For Option 2 (move thresholds to secondary legislation) what statutory criteria do you think should be met before a change may be made, e.g., a statutory obligation to consult. What should the Minister consider or do before making a change?	
	I don't believe it should be moved. However the assurance legislation on emissions should be expanded.	
Chapter 3: Climate reporting entity and director liability settings		
15	When considering the director liability settings, which of the four options do you prefer, and why?	
	Option 2. Director liability needs to be revisited as presently reporting entities are deliberately excluding valuable information from their reports due to legal risk as denoted by legal risk assurers. However, a complete lack of liability under option 3 or a blanket temporary safe harbour, will remove the motivator that means due to liability reporting is now prompting directors to engage meaningfully with climate adaptation and mitigation narratives, and approving sustainability teams in organisations to be established to address reporting.	
16	Do you have another proposal to amend the director liability settings? If so, please provide details.	
	Yes, the 'safe harbour' component should apply to scenario analysis, transition planning, and the financial quantification of future forward looking disclosures. This is new, financial reporting is typically backward looking, and the fear of getting the CRD wrong is prohibiting the strategic long term thinking the TCFD principles encourage from being wholly embraced.	
17	If the director liability settings are amended do you think that will impact on investor trust in the climate statements?	
	No. Many investors are cynical of the CRD regime regardless.	
18	If you support Option 3, should this be extended so that section 23 is disapplied for both climate reporting entities and directors? If so, why?	

	While I don't support option 3, if I were to consider it section 23 should not be disapplied for climate reporting entities. To remove this liability removes the desperately needed ramifications of attempted information asymmetries, and undermines the purpose of transparency accounting.
19	If you support Option 4 (introduce a modified liability framework, similar to Australia) what representations should be covered by the modified liability, i.e., should it cover statements about scope 3 emissions, scenario analysis or a transition plan, and/or other things?
	Stated in response to question 16.
20	If you support the introduction of a modified liability framework, how long should the modified liability last for? And who should be covered, ie., should it prevent actions by just private litigants, or should the framework cover the FMA as well? (Criminal actions would be excluded)
	The FMA works closely with the XRB, MBIE, MfE, and as long as these cross governing body and cross sector relationships maintained, to cover the FMA would provide no benefit to the evolution of the regime. Modified liability should remain til 2028, which echoes when the EU CSRD trickles down to SMEs. If small firms are facing liability with far less resources, larger reporting entities should have this process integrated in BAU sufficiently enough that director due diligence is comprehensible.
Chapter 4: Encouraging reporting by subsidiaries of multinational companies	
21	Do you think that there would be value in encouraging New Zealand subsidiaries of multinational companies to file their parent company climate statements in New Zealand?
	Not until consensus on global climate reporting standards is maintained.
22	Do you think that, alternatively, there would be value in MBIE creating a webpage where subsidiaries of multinational companies could provide links to their parent company climate statements?
	Yes, this would encourage cross sector information sharing.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions.