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

Your name and organisation

Name	S9(2)(a)
Date	14 February 2025
Organisation (if applicable)	Infratil Limited
Contact details	S9(2)(a)

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S9(2)(b)(ii)

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S9(2)(b)(ii)

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?
	Our experience is that the cost of producing the CRD is relatively high, largely due to costs associated with legal and assurance reviews, emissions assurance and, in smaller part, technology tools and platforms we established to provide data and insights for the report. S9(2)(b)(ii)
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	They are not the only barrier, but are nonetheless an unhelpful addition to the suite of costs factors that companies will need to consider when deciding whether or where to list.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Option 2. This would be a more 'materiality-based' approach, better align with the Australian regime and more appropriately reflect the ability of CREs to both undertake and pay for the reporting required under the regime. We also suggest considering a move to a biannual requirement instead of annual, so CREs would publish full CRD one year, then unless there was a material change the following year, they would follow the same disclosure regime as the mid-cap listed entities (eg: market capitalisation from $100m - $550m) as set out below. A graduated approach for listed entities could require small and mid-cap listed entities to publish emissions data and confirm that, having been through a robust internal process, they do not have any material climate-related risks, opportunities or financial impacts that have not already been disclosed (with materiality following the definition adopted in the financial statements). Should a more flexible regime be adopted, such as that outlined above, this would support expanding the scope to include requiring private companies to report, in line with the Australian approach. We note the consultation document could be interpreted as suggesting threshold adjustments are only being considered for equity, not debt. We assume this is not intended, and in any case, we suggest that debt thresholds should be at least as high as equity thresholds.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	Unlikely as Infratil would be captured regardless as the 4th largest listed issuer in New Zealand. Regardless of any differentiated reporting which the XRB adopts, having more appropriate thresholds in the legislation will reduce compliance costs.
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?
	N/A
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?

	We think that informed listed issuers are unlikely to voluntarily report information which could be considered prospective financial information or other forward-looking information, however, for stakeholder and other reasons, we strongly expect that listed issuers would include a level of reporting regardless of the legal disclosure requirement.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
	The disadvantages are the cost and effort involved in preparing the disclosures and the increased liability risk associated with being required to disclose information, particularly information which could be considered prospective financial information.
8	Do you have information about the cost of reporting for investment scheme managers?
	No
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?
	No, but it would add to the overheads of businesses providing goods and services in New Zealand. Effectively, Infratil's shareholders pay for the costs of climate reporting in reduced returns.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?
	N/A
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	N/A
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?
	N/A
13	When considering the location of the thresholds, which Option do you prefer and why?
	N/A
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?
	N/A
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 3 and Option 4 . We consider the current director liability to be unnecessary to achieve the purposes and disproportionately impactful on both the costs and effort required and making it more difficult for CREs to be more disclosive in their reporting. Even with the director liability removed, there are still current and effective protections to allow investors and stakeholders to maintain confidence in the disclosures.

16	Do you have another proposal to amend the director liability settings? If so, please provide details.
	No
17	If the director liability settings are amended do you think that will impact on investor trust in the climate statements?
	No. There are still effective protections to allow investors and stakeholders to maintain trust in the disclosures.
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?
	For the reasons stated above, section 23 can still provide an effective investor protection and would treat climate disclosures on an equal footing to other disclosures, rather than the current elevated state.
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?
	We consider that it should apply to all aspects of the climate related statements.
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)
	We would recommend at least 5 years and to prevent actions by private litigants only. This assumes that the FMA continues its education and engagement first approach and, as a responsible regulator, does not take action where climate disclosures, particularly those involving prospective information, have been prepared in good faith. We think it would be counter-productive to allow private litigants (often funded by litigation funders) to take action to exploit the requirement of climate disclosures to make forecasts about the future which, despite best intentions, will often be incorrect in hindsight.
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?
	N/A
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?
	N/A Separately, but related, we suggest that the CRD register would benefit from being updated so that it is more user-friendly, for example to enable easy identification of which entities have published CRD and by what date.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions.
	We would **strongly recommend** that the current due date for disclosure of 4 months after balance date is made permanent. We are very concerned that the additional cost of having to undertake both the financial and climate reporting at the same time is misunderstood and underestimated. The ability to stagger the reporting allows the finance teams to support the preparation of climate disclosures. If both are required at the same time, this will put concentrated pressure on resources and costs will increase.