

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)	Lifetime Assets Management Limited
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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.
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand? No comment.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why? No comment.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option? No comment.
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 comment.
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? No comment.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime? No comment.
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. However, we expect that it would be standard business practice to pass on increased compliance costs ultimately onto consumers.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?

	Option 2 for the following reasons: - Increased alignment with the Australian regime: The \$5 billion threshold brings New Zealand's regime closer to Australia's \$5 billion AUD threshold, promoting greater trans-Tasman consistency. - Reduced compliance burden on smaller investment scheme managers: By raising the threshold from \$1 billion to \$5 billion, fewer investment scheme managers would be required to report, reducing compliance costs for these smaller organisations. - Softer change to existing regime: Option 2 represents a softer change compared to option 3, allowing for a smoother transition and potential future adjustments if needed. While Option 2 may result in fewer organisations reporting compared to the current framework, it still maintains a robust disclosure regime while potentially improving its efficiency and effectiveness. Option 2 helps strike a balance between providing valuable climate-related information to investors and avoiding undue compliance burden on smaller investment scheme managers.
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option? Without specific details on these aspects of a potential differential reporting framework, it is challenging to state how it would affect our preference among the proposed options. We would need to carefully evaluate the proposed differential reporting framework against the objectives of the climate-related disclosure regime and our own organisational needs before making a final determination. To fully assess how differential reporting might influence our preference, we would consider several factors, including: - the scope of differential reporting: What aspects of climate-related disclosures would be subject to differentiation; - the criteria for differentiation: How would the XRB determine which entities qualify for simplified reporting requirements; - reporting burden: To what degree would differential reporting reduce compliance costs and complexity for smaller investment scheme managers; - information quality: How would the differentiated requirements balance reduced reporting burden with maintaining sufficient detail and quality of climate-related disclosures; - comparability: Would differential reporting still allow for meaningful comparisons between organisations of different sizes; and - alignment with international standards: How would a differential reporting framework align with global reporting practices and standards.
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? No.
13	When considering the location of the thresholds, which Option do you prefer and why?

	Option 2. Option 2 provides greater flexibility to adjust the thresholds as needed in response to changing market conditions, international developments, or lessons learned from implementation. This adaptability is crucial in the rapidly evolving field of climate-related disclosures. Further, regulations can be amended more quickly than primary legislation. This allows for more responsive governance of the climate-related disclosures regime. This agility can help ensure that the regime remains effective and proportionate over time.
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? Mandatory consultation: The Minister should be required by statute to conduct a public consultation before making any changes to the thresholds. This ensures stakeholder input and transparency in the decision-making process. Economic impact assessment: A statutory requirement to conduct and publish an economic impact assessment of the proposed changes, including potential effects on businesses and the financial market. Climate policy consistency: Any changes should be required to align with New Zealand's broader climate change policies and commitments.
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. This option strikes a reasonable balance between ensuring accountability and encouraging directors to engage actively in the climate reporting process without undue fear of liability.
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? Yes, amending the director liability settings as proposed by option 2 is likely to increase investor trust in climate statements. Currently, the strict liability settings may be discouraging directors from fully engaging with the climate reporting process, leading to less robust and potentially less accurate disclosures. By changing this to option 2, directors may feel more comfortable providing comprehensive and forward-looking assessments of climate-related risks and opportunities.
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? No comment.
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? No comment.

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)
	No comment.
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? Encouraging parent company filings has potential value, but only if implemented in a way that prioritises relevance and decision-usefulness for New Zealand stakeholders. Simply filing a generic global report might not be useful if it doesn't address the specific climate risks, opportunities, and emissions profile of the subsidiary's operations within New Zealand. To ensure value, any mechanism for encouraging parent company filings should: • require the subsidiary to clearly articulate the relevance of the parent company's disclosures to its own operations and the New Zealand context. • allow for supplementary disclosures to address any material gaps in the parent company's statement. • avoid creating an undue compliance burden for subsidiaries where the parent company's disclosures are not easily adaptable to the New Zealand context.
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? Ultimately, the proposed webpage approach would only be valuable if it effectively connects New Zealand stakeholders (especially everyday investors) with relevant climate-related information. Without careful planning and promotion, we see a risk of it being a well-intentioned but underutilised resource.
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 like to emphasise an overarching point that we believe is crucial for optimising any changes to the effectiveness and efficiency of New Zealand's climate-related disclosures regime. Should the reporting thresholds be adjusted, particularly for investment scheme managers, we strongly recommend implementing a grace period between the announcement of the decision and the date the new regulations take effect. This will prevent unnecessary compliance costs for entities that may be needed to prepare disclosures because they technically meet the old threshold but will not meet the new threshold when the new regulations take effect.