

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

## Your name and organisation

|                                 |                           |
|---------------------------------|---------------------------|
| Name                            | S9(2)(a)                  |
| Date                            | 14 February 2025          |
| Organisation<br>(if applicable) | Orion New Zealand Limited |
| Contact details                 | S9(2)(a)                  |

## 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](http://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.

## 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.

## Responses to discussion document questions

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

| Chapter 2: Reporting Thresholds |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                               | <p>Do you have any information about the cost of reporting for listed issuers?</p> <p>For the first year of reporting, the Orion information was prepared in-house. We did not incur external costs for the preparation of that information, aside from the assurance costs relating to our greenhouse gas emissions. The information was then provided to our holding company, Christchurch City Holdings Limited for the preparation of the Climate Statement FY2024. See <a href="https://www.cchl.co.nz/uploads/images/CCHL-Climate-Statement-2024-v2.pdf">https://www.cchl.co.nz/uploads/images/CCHL-Climate-Statement-2024-v2.pdf</a></p> <p>It did take some time and resource to prepare the required information. We did incur external expenses in having our greenhouse gas emissions measured and subsequently audited. However, we would have undertaken the assurance/audit in any case.</p> |
| 2                               | <p>Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 3                               | <p>When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

As the Discussion Document points out *“the expansion of climate reporting around the world responds to growing investor demand for more consistent, comparable and useful disclosures by large businesses and financial institutions about their climate-related risks and opportunities.”* We agree, and we are thinking about and planning for climate related risks and opportunities as a matter of course. The Orion Group operates in a dynamic environment that creates a more fluid mix of risks and opportunities than ever before. Electricity is a fundamental necessity powering modern society. As our community embraces the transition to a low carbon economy to tackle the climate emergency, the demand for electricity is expected to soar, and our role in the energy sector to change and grow. The energy sector is facing significant challenges as it undergoes a transformative period of change. As a lifeline utility, it is vital we recognise and effectively manage the primary risks associated with our business.

In addition, we are also subject to section 5ZW of the Climate Change Response Act 2002 which means that at any time the Minister of Climate Change or the Climate Change Commission may ask for all or any of the following information

- (a) description of the organisation’s governance in relation to the risks of, and opportunities arising from, climate change:
- (b) a description of the actual and potential effects of the risks and opportunities on the organisation’s business, strategy, and financial planning:
- (c) a description of the processes that the organisation uses to identify, assess, and manage the risks:
- (d) a description of the metrics and targets used to assess and manage the risks and opportunities, including, if relevant, time frames and progress:
- (e) any matters specified in regulations.

Consequently, we prefer the status quo which is to leave the current reporting threshold as is. (However, please note our comments below about creating a safe harbour for directors.) It is not clear from the options whether MBIE is considering raising the threshold for listed issuers of quoted equity securities or quoted debt securities that are large. However, we presume that you would make corresponding changes to this category along the lines of the thresholds for market capitalisation.

We do not favour option 3 with staged reporting. Climate Reporting Entities are already in the process of getting up to speed with the disclosure requirements. Having a two-year respite from reporting for a specified group of entities will not, in our opinion, make things easier when those entities need to start reporting again.

Option 3 refers to raising the market capitalisation from \$60 to \$550 million market capitalisation. We do not support this change and we suspect there will still be strong demand for the reporting even if it is not mandatory.

|   |                                                                                                                                                                                                                     |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | If the XRB introduced differential reporting, would this impact on your choice of preferred option?                                                                                                                 |
| 4 | No but we look forward to the upcoming consultation by the XRB on their proposals for differential reporting. See <a href="https://www.xrb.govt.nz/dmsdocument/5355/">https://www.xrb.govt.nz/dmsdocument/5355/</a> |
| 5 | <p>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?</p> <p>No comment.</p>                                           |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | <p>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?</p> <p>Potentially. We note that large overseas investors are increasingly demanding climate-related reports from entities and funds. Please also see the commentary in the RNZ report dated 11 February 2025 where it notes that “Commentators expected many companies would choose to voluntarily keep reporting, even if they get a reprieve.”<sup>1</sup></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 7 | <p>What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?</p> <p>At Orion, our purpose is to power a cleaner and brighter future with our community. The impact we want to have is to drive prosperity for our region through balancing energy affordability, energy security and sustainability. Two of our focus areas are facilitation decarbonisation and hosting capacity at lowest cost, and being a force for good in the community we serve enabling the net zero transition. Consequently, for us, the advantages of being in a regulated climate reporting regime outweigh the disadvantages. We see the advantages as including</p> <ul style="list-style-type: none"> <li>• Walking the talk – Orion is committed to powering a future where our community thrives within a resilient, low-carbon economy. Being upfront with our climate reporting helps us demonstrate that we are planning for the risks and challenges ahead.</li> <li>• Deepening our understanding – Reporting has deepened our understanding of the challenges and opportunities we believe are involved in the transition. We have instigated a range of measures to prepare for the impact of climate change and mitigate the associated risks, both physical and transitional, to our network infrastructure and operations.</li> </ul> <p>In terms of disadvantages of a listed issuer being in a regulated climate reporting regime, we see a risk of</p> <ul style="list-style-type: none"> <li>• Greenhushing – where climate reporting entities choose to say less to avoid accusations of greenwashing.</li> </ul> |
| 8 | <p>Do you have information about the cost of reporting for investment scheme managers?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 9 | <p>Do you have information about consumers being charged increased fees due to the cost of climate reporting?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

<sup>1</sup> <https://www.rnz.co.nz/news/national/541499/world-leading-climate-disclosure-rules-likely-to-be-weakened>

|                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                            | <p>As you will be aware EDBs are subject to regulation under the Commerce Act 1986 because they are natural monopolies. As the Commerce Commission notes, <i>“the aim of this regulation is to mimic the effects seen in competitive markets so regulated companies are limited in their ability to earn excessive profits, as well as having incentives to innovate, invest, and provide services at a quality consumers expect.”</i> The Commerce Commission sets revenue and price quality controls for EDBs. These measures involve capping the total revenue the companies can earn from their consumers and requiring them to maintain their average quality to certain levels.</p> <p>We firmly believe that where electricity distribution companies incur compliance costs, for those companies that are subject to price quality regulation, these costs will need to be able to be recouped through regulatory allowances.</p>                                                                                                   |
| 10                                                                         | <p>When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 11                                                                         | <p>If the XRB introduced differential reporting, would this impact on your choice of preferred option?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 12                                                                         | <p>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?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 13                                                                         | <p>When considering the location of the thresholds, which Option do you prefer and why?</p> <p>We prefer for the thresholds to be located in secondary legislation such as regulations made on the recommendation of the responsible Minister.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 14                                                                         | <p>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?</p> <p>Our submission is that before the responsible Minister makes a recommendation to the Governor-General to make regulations, the Minister must consult with the persons (or representatives of those persons) that appear to the Minister likely to be substantially affected by those regulations. We also suggest that the process for consultation must, to the extent practicable in the circumstances, include—</p> <ul style="list-style-type: none"> <li>(a) adequate and appropriate notice of the proposed terms of the recommendation and of the reasons for it; and</li> <li>(b) a reasonable opportunity for consulted persons to consider the recommendation and make submissions; and</li> <li>(c) adequate and appropriate consideration of submissions.</li> </ul> |
| <b>Chapter 3: Climate reporting entity and director liability settings</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 15                                                                         | <p>When considering the director liability settings, which of the four options do you prefer, and why?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <p>We prefer option 4 which is to introduce a temporary safe harbour provision to protect climate reporting entities and their directors from civil actions for a certain period of time. (We do not think there should be a safe harbour for criminal actions). As noted in the Discussion Document, this will give preparers more time to adjust to the regime and directors increased confidence about the statements in their climate reports. We think this will aid in meeting the objective of encouraging robust and useful reporting in New Zealand. We note that in Australia the safe harbour temporary protections are designed for the Australian Securities and Investments Commission to take an educational role, focusing on promoting compliance, and deterring poor behaviours and reporting practices that undermine the objectives of the new reporting regime.</p> <p>We do not favour option 2 or 3. Removing some of the liability will not necessarily encourage more fulsome reporting, and it potentially downgrades the importance of climate reporting. We are also concerned that this could have flow on effects for New Zealand's reputation. We agree with the comment from Lawyers for Climate Action in relation to removing an express CRD liability provision that <i>"This is especially concerning given New Zealand was the first country in the world to introduce mandatory climate-related risk disclosures. Since then, multiple other jurisdictions have followed suit, including Australia and the European Union. Weakening our world-leading CRD framework so quickly after its adoption in response to corporate lobbying would justifiably attract international criticism."</i><sup>2</sup></p> |
| 16 | <p>Do you have another proposal to amend the director liability settings? If so, please provide details.</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 17 | <p>If the director liability settings are amended do you think that will impact on investor trust in the climate statements?</p> <p>We do not consider that a temporary safe harbour provision will impact investor trust in the climate statements. However, we do think that the other options could impact on investor trust in climate statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 18 | <p>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?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 19 | <p>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?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

<sup>2</sup> See

<https://static1.squarespace.com/static/5cf3039126905000011c02b0/t/66f495c52ed04b39a7dc70b8/1727305158006/2024.09.23+Letter+re+FMCA+and+Companies+Act+Reforms.pdf>

|                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                             | <p>We note that the Australian modified liability regime provides reporting entities with immunity from civil claims by private litigants regarding disclosures made in sustainability reports, and auditors' reports for financial years commencing during the period from 1 January 2025 to 31 December 2027, about:</p> <ul style="list-style-type: none"> <li>• scope 3 GHG emissions (including financed emissions);</li> <li>• scenario analysis (within the meaning given by the ASRS); and</li> <li>• transition plans (within the meaning given by the ASRS).</li> </ul> <p>Additionally, the same modified liability protection extends to representations as to future matters generally made in sustainability reports or auditors' reports for financial years commencing during the period from 1 January 2025 to 31 December 2025.</p> <p>The Discussion Document proposes that the protection should relate to statements about scope 3 emissions, scenario analysis or a transition plan. We agree with this suggestion.</p>                                                                                                                                                                                                        |
| 20                                                                          | <p>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)</p> <p>We consider the framework should apply for a period of two years.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Chapter 4: Encouraging reporting by subsidiaries of multinational companies |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 21                                                                          | <p>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?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 22                                                                          | <p>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?</p> <p>No comment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Final comments                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 23                                                                          | <p>Please use this question to provide any further information you would like that has not been covered in the other questions.</p> <p>By way of background, Orion New Zealand Limited (Orion) owns and operates the electricity distribution infrastructure in Central Canterbury, including Ōtautahi Christchurch. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 224,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business. Orion and its various predecessors have been providing this essential service to the region for close to 120 years.</p> <p>Orion is a Lifeline Utility for the purposes of the Civil Defence Emergency Management Act 2002. Orion has a statutory duty under this legislation to ensure it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.</p> <p>Orion has a fully owned subsidiary, industry service provider Connetics, and together with Orion the two organisations make up the Orion Group.</p> |

