

Submission template

Adjustments to the climate-related disclosures regime

This is the submission template for the discussion document, *Adjustments to the climate-related disclosures regime*. The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the issues raised in the discussion document by **5pm on 14 February 2025**.

Please make your submission as follows:

1. Fill out your name, organisation and contact details in the table: “Your name and organisation”.
2. Fill out your responses to the consultation document questions in the table. Your submission may respond to any or all of the questions in the discussion document, as appropriate.
3. When sending your submission:
 - a. Delete this page of instructions.
 - b. Please clearly indicate in template if you do not wish for your name, or any other personal information, to be disclosed in any summary of submissions or external disclosures.
 - c. Note that submissions are subject to the Official Information Act 1982 and may, therefore, be released in part or full. The Privacy Act 2020 also applies.
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 - i. Please state this in the template, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 that you believe apply. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.
 - ii. Indicate this on the front of your submission (e.g. the first page header may state “In Confidence”). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
4. Please send your submission (or any further questions):
 - as a Microsoft Word document to climaterelateddisclosures@mbie.govt.nz (preferred), or
 - by mailing your submission to:

Corporate Governance and Intellectual Property Policy

Business, Resources and Markets

Ministry of Business, Innovation & Employment

PO Box 1473

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New Zealand

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

Your name and organisation

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Date	2025-02-13
Organisation (if applicable)	
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Privacy and publication of responses

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

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I'm happy for my submission to be published.

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	
	Do you have any information about the cost of reporting for listed issuers?
	I consider that the cost is not too high. The stated example of Turners Automotive Group is frankly laughable. Expecting businesses to spend 1/400th of their market cap on climate-related targets reporting is not an excessive cost for them to bear.
	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	The threshold could be lifted a small amount, but \$60m seems like a quite reasonable demarcation point for where a business should be expected to begin reporting their efforts to reduce their impact on the environment. The current threshold seems wholly appropriate. If it were to be increased, it should only be by a small amount.
	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Option 1 is the most appropriate. Lifting the threshold to \$550m seems excessively high to me, undermining the entire purpose of the climate-related targets reporting concept.
	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	Not particularly, because I am concerned that differential reporting could be applied in such a way as to give some entities a "free ride". It seems that the most fair approach is to require the same reporting and thresholds for all entities.
	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?
	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?
	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
	The advantage is that it forces businesses to consider what impact their business decisions may have on the pollution of our atmosphere and the related impact on the climate. There are no disadvantages to this scheme. Weakening this scheme can only benefit businesses who are profiting from polluting our environment, either directly or within their supply chain.
	Do you have information about the cost of reporting for investment scheme managers?
	If fund managers are struggling with poor quality data being provided by investee entities, then those investee entities also need to be forced in some way to improve their own reporting. Throwing up our hands and saying "those guys don't do it well so neither should we" feels extremely counterproductive to the stated purpose of CRD.
	Do you have information about consumers being charged increased fees due to the cost of climate reporting?

	I do not consider that this is the case, and even if it were the case, that is not a good justification for weakening the requirements for climate-related disclosure.
	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?
	I would consider Option 2 to be an appropriate middle-ground, but my preference would to remain with the status quo. Increasing to 5bil per scheme (Option 3) would effectively eliminate reporting for all but 10 schemes, which would be a perverse outcome.
	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	No.
	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.
	When considering the location of the thresholds, which Option do you prefer and why?
	Keeping the thresholds in the FMC is the best place for them, as it increases the burden for governments that want to meddle with them against the interests of the environment, as I believe this government is currently doing.
	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?
	It is wholly appropriate that changes to the threshold should go through a select committee process to ensure fair public input on any changes. Therefore the thresholds should remain in legislation.

Chapter 3: Climate reporting entity and director liability settings

	When considering the director liability settings, which of the four options do you prefer, and why?
	Option 1, the status quo. Removing liability rules can only benefit bad-actors who would prefer to engage in misleading or deceptive conduct when forming their climate-related disclosures.
	Do you have another proposal to amend the director liability settings? If so, please provide details.
	No, it should remain as it is. I would even support increasing the penalties to be considerably higher.
	If the director liability settings are amended do you think that will impact on investor trust in the climate statements?
	Yes, it will mean that there can be no trust in CRD statements, and therefore the entire scheme will become pointless.
	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?
	I do not support this option.

	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? I do not support this option.
	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)
Chapter 4: Encouraging reporting by subsidiaries of multinational companies	
	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? I think this should not only be implemented, but made mandatory rather than voluntary.
	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? Absolutely yes. Creating a resource whereby fund consumers could directly view climate statements would allow investors to be more informed about the impact that their potential investment would make. Additionally, requiring schemes to provide links to the relevant disclosures for the funds they manage would further enable informed climate-aware investment.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions. It is hard not to be cynical when reviewing a proposal like this. A scheme that exists to force these businesses to consider how the decisions they make will impact the environment can only be a good thing. Weakening climate-related targets reporting can only benefit businesses and investees that make profit unethically, by contributing to the pollution of our atmosphere and thereby increasing climate-related harm for our communities. The Australian standard is not a gold-standard. I would point out that Australia ranks 15th in the world for carbon-dioxide emissions per-capita. New Zealand by comparison is 37th. This proposed change would achieve nothing other than move us closer to Australia in terms of environmental harm.