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Corporate Governance and Intellectual Property Policy
Business, Resources and Markets
Ministry of Business, Innovation & Employment (MBIE)
PO Box 1473
Wellington 6140

By email: climaterelateddisclosures@mbie.govt.nz



SAFETY FIRST



ONE TEAM



ACT WITH INTEGRITY



GO THE EXTRA MILE



WORK SMARTER



MANAAKITANGA

PROPOSED ADJUSTMENTS TO THE CLIMATE-RELATED DISCLOSURES REGIME

- 1 South Port New Zealand Limited (**South Port**) is a Climate Reporting Entity (**CRE**) as a 'large' listed issuer and lodged its first report under the Climate-related Disclosures (**CRD**) regime on 31 October 2024. South Port appreciates the opportunity to provide feedback on the MBIE consultation on the proposed adjustments to the climate-related disclosures regime released for consultation in December 2024.
- 2 South Port strongly supports proposed adjustments to the reporting thresholds and director liability settings in the CRD regime, as set out in MBIE's Discussion Document:¹
 - 2.1 South Port supports raising the reporting threshold to \$550 million market capitalisation from early 2026 (Option 2).
 - 2.2 South Port also supports adjustments to the director liability settings with a modified version of Option 3.

Response to consultation questions

Chapter 2: Reporting Thresholds

Q1. Do you have any information about the cost of reporting for listed issuers?

- 3 South Port's first CRD for FY24 cost approximately NZD\$300,000 in external consultancy fees and internal staff time to prepare.
- 4 South Port has also received a high-level estimate for costs associated with GHG emissions disclosure and assurance in FY25:

¹ Ministry of Business, Innovation and Employment, *Discussion Document Adjustments to the climate related disclosures regime* (December 2024).

4.1 for scope 1 and 2, GHG emission disclosure and assurance costs are estimated to be between \$75,000 and \$90,000; and

4.2 for scope 1, 2 and 3, GHG emission disclosure and assurance costs are estimated to be between \$90,000 and \$110,000.

Q3. When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?

5 South Port supports Option 2, whereby the reporting threshold will increase from \$60 to \$550 million market capitalization from early 2026.

6 South Port is listed on the NZX with market capitalisation of c. NZ\$147 million (as at 11 February 2025). This means that under Option 2, South Port could opt to stop reporting under the CRD regime.

7 South Port considers this is appropriate for two reasons:

7.1 First, meeting the requirements of the CRD regime is particularly demanding and costly for smaller issuers that are required to meet the same requirements as larger issuers, despite having less internal resource to deploy. South Port submits that the current reporting threshold of \$60 million is too low, and in turn, the burden of compliance is disproportionately high for smaller CREs. For example, in our first year of reporting, South Port encountered significant challenges in securing sufficient internal resource to establish effective internal processes to gather necessary information about our anticipated financial impacts, greenhouse gas emissions, and transition planning.

7.2 Second, we are not yet convinced that our primary users require the complexity of the disclosures required by the CRD regime. We prefer to engage directly with key investors, customers and lenders as appropriate in relation to management of climate risk affecting the Port.

Chapter 3: Climate reporting entity and director liability settings

Q15. When considering the director liability settings, which of the four options do you prefer, and why?

8 South Port supports Option 2 and Option 3, whereby section 534 of the Financial Markets Conducts Act 2013 (**FMCA**) is no longer applied to climate-related disclosures (i.e., no deemed liability). South Port prefers Option 3, whereby directors are also no longer liable under the FMCA for aiding and abetting an unsubstantiated representation.

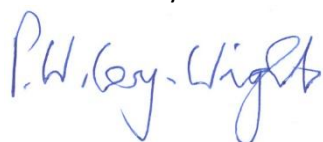
9 South Port supports these adjustments primarily because the current liability settings disincentivise CREs from making meaningful or ambitious disclosures and are contributing to high legal and consultancy costs.²

² Ministry of Business, Innovation and Employment, *Discussion Document Adjustments to the climate related disclosures regime* (December 2024) at [18].

Q18. 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?

- 10 South Port suggests that section 23 (unsubstantiated representations) of the FMCA is disapplied for key forward-looking statements with inherent uncertainty, including scenario analysis and transition planning. In other words, South Port supports amending section 23 so that CREs can be liable for a breach of section 23, but only in relation to key forward-looking statements.
- 11 South Port submits that the nature of forward-looking statements, including climate-related scenarios which are defined as *“plausible, challenging description[s] of how the future may develop”*³, mean it is particularly challenging for CREs, and directors, to be confident that there is a reasonable basis to make them (which is currently required under section 23).
- 12 We are happy to provide further information if this is useful.

Yours faithfully



Philip Cory-Wright
Chair of the Board

³ ‘Climate-related scenario’ is defined in Appendix A of NZ CS 1 and NZ CS 3 as: *“A plausible, challenging description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and relationships covering both physical and transition risks in an integrated manner. Climate-related scenarios are not intended to be probabilistic or predictive, or to identify the ‘most likely’ outcome(s) of climate change. They are intended to provide an opportunity for entities to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change.”*