



## COVERSHEET

<b>Minister</b>	Hon Dr Duncan Webb	<b>Portfolio</b>	Commerce and Consumer Affairs
<b>Title of Cabinet paper</b>	Climate-related disclosures regulations: filing fee and technical matters	<b>Date to be published</b>	2 October 2023

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
August 2023	Climate-related disclosures regulations: filing fee and technical matters	Office of the Minister of Commerce and Consumer Affairs
August 2023	Cost Recovery Impact Statement: Regulations to introduce a fee for lodging climate statements	MBIE
16 August 2023	Cabinet Economic Development Committee DEV-23-MIN-0179 Minute	Cabinet Office

### **Information redacted**

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Legal professional privilege and Confidential advice to Government.

# Stage 1 & 2 Cost Recovery Impact Statement

## Regulations to introduce a fee for lodging climate statements with the Registrar of Financial Service Providers under section 461ZI of the Financial Markets Conduct Act 2013.

### Agency Disclosure Statement

This Cost Recovery Impact Statement has been prepared by the Ministry of Business, Innovation and Employment (**MBIE**). It provides an analysis of options to recover the costs of the Registrar of Financial Service Providers (**Registrar**) to allow for climate statements to be lodged on the Register for Climate-related Disclosures (**CRD Register**).

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 (**CRD Act**) introduced a new climate reporting regime in New Zealand. Under the regime, climate reporting entities must prepare annual climate statements and lodge those statements with the Registrar. A new register – the CRD Register - has been established by the Registrar under clause 8 of Schedule 2 of the Financial Markets Conduct Act 2013 (**FMC Act**). The CRD Register will hold the climate statements and make them available to the public.

MBIE proposes charging climate reporting entities a fee to lodge their climate statements (or a notification of exempt status, if applicable). This fee will be charged for the service of lodging the climate statements (or exempt status notification) and keeping the documents on the Register.

The fee will recover part of the costs associated with the new CRD Register. [REDACTED]  
Confidential advice to Government [REDACTED]  
[REDACTED]

The authority to set the fee is set out in section 548(1)(o) of the FMC Act.

In developing the funding proposals, MBIE has been guided by principles set out in Treasury’s Guidelines for Setting Charges in the Public Sector and the Auditor-General’s Charging Fees for Public Sector Goods and Services.

Various possible funding options have been analysed in this paper. MBIE proposes a new fee to be paid by climate reporting entities is the most appropriate option.

The first climate statements are required to be lodged between 1 January to 30 April 2024. MBIE therefore should have the CRD Register and fee in place by January 2024.

MBIE’s analysis has considered the Companies Office costs to set up and maintain the new CRD Register and the recovery of some of these costs through a fee. Overall, the proposed fee meets the cost recovery principles and objectives outlined in this paper.

The fee will be reviewed as part of the Companies Office regular fees and levies review which is carried out every three to five years.

Gillian Sharp, Manager, Corporate Governance and Intellectual Property Policy



9 August 2023

**Executive summary**

The climate-related disclosures regime requires certain large financial market participants to produce annual climate statements outlining their climate-related risks and opportunities. These statements must be lodged with the Registrar. A new register - the CRD Register - has been established where the climate statements will be lodged and made available to the public. The CRD Register will be maintained and supported by the Companies Office, which is part of MBIE. The Registrar will be the Registrar of Financial Service Providers.

No policy decisions have been made about how to fund the CRD Register. This Cost Recovery Impact Statement proposes that climate reporting entities meet the costs of lodging and keeping climate statements on the CRD Register through a fee. [Redacted]

Confidential advice to Government [Redacted]

The proposed filing fee is \$340 (GST exclusive).

MBIE has consulted with climate reporting entities on a fee proposal. In the consultation document a fee of \$740 (GST exclusive) was proposed. This figure was used because it was expected that the total operating cost of the CRD Register would be recovered by the fee. Confidential advice to Government [Redacted]

[Redacted] The fee in the consultation document was also calculated based on approximately 200 climate reporting entities lodging climate statements each year. However, MBIE and the FMA now estimate that, on average, 170 entities per year will meet the climate reporting entity thresholds.

Two submissions were received on the consultation document. One submission noted that it was not completely clear that climate reporting entities received direct benefits from the new CRD Register, but the submitter acknowledged that it was simpler to charge reporting entities rather than users of the new CRD Register. The second submission suggested that existing registers could be used to lodge climate statements and a new register might not be needed.

The new filing fee should be in force by January 2024 when the first climate statements may begin to be lodged.

## Background

Many businesses today face significant risks (and potentially opportunities) relating to climate change. However, there is concern about the adequacy of information for investors about how climate change may impact businesses. The Government, therefore, introduced mandatory climate-related disclosures for large financial market participants.

The policy outcomes that the climate-related disclosures regime is intended to achieve are to:

- ensure that the effects of climate change are routinely considered in business, investment, lending and insurance-underwriting decisions;
- help climate reporting entities better demonstrate responsibility and foresight in their consideration of climate issues; and
- lead to more efficient allocation of capital, and help smooth the transition to a more sustainable, low emissions economy.

The new regime was introduced in the CRD Act. The CRD Act amends the FMC Act, the Financial Reporting Act 2013 and the Public Audit Act 2001. The amendments to the FMC Act require climate reporting entities to annually prepare climate statements in accordance with standards issued by the External Reporting Board (**XRB**).

The climate reporting entities comprise large banks, non-bank deposit takers, insurers, investment scheme managers, and listed equity and debt issuers.

## Status Quo

The XRB has issued the first climate standards which are in force for financial years commencing on or after 1 January 2023. Climate reporting entities are required to lodge their climate statements with the Registrar within four months of the end of their financial year. This means that the first climate statements are expected to be lodged between 1 January and 30 April 2024 for climate reporting entities with a 31 December 2023 year end.

MBIE will develop the new CRD Register where the climate statements will be lodged. The CRD Register will be maintained and supported by the Companies Office, which is part of MBIE.

Disclosure of climate statements on the CRD Register will help contribute to the policy aims of the CRD Act as outlined above. Information about a climate reporting entity's climate-related risks and opportunities must be easily accessible if the effects of climate change are to be routinely considered in business, investment, lending and insurance-underwriting decisions.

Policy decisions about how to fund the CRD Register have not yet been made.

There is legal authority to charge a fee to fund the CRD Register. Section 548(1)(o) of the FMC Act provides for regulations to be made prescribing fees and charges payable in respect of any matter under the Act or the manner in which fees and charges may be calculated.

## Parallel FMA Levy

In August 2022, the Financial Markets Authority (Levies) Regulations 2012 were amended to prescribe a levy on climate reporting entities (**FMA Levy**). The FMA Levy gives effect to Budget 2022 decisions that a portion of the FMA's costs in relation to its new statutory functions under the climate-related disclosures regime are recovered from levy payers.

The costs incurred by the Registrar in establishing and administering the new CRD Register cannot be included in the FMA Levy because that levy specifically funds the Crown to fund the FMA's climate-related disclosures regime enforcement function. There is no legal authority to use funds raised by the levy for any other purpose.

## Policy Rationale: Why a user charge? And what type is most appropriate?

### Why a user charge?

Under the Treasury and Office of the Auditor-General principles for setting public sector charges, the Crown provides funding for a service only where it is considered that the general public benefit from the service and there is not a clearly attributable benefit to individual users or a defined group. According to Treasury guidelines, it could be argued that the lodgement of climate statements has elements of both public and private benefit and therefore the Crown and/or cost recovery by third parties are options to fund costs.

The Treasury guidelines consider that a good is a public good when excluding people from its benefits is either difficult or costly, and its use by one person does not detract from its use by another. Excluding people from the benefits of accessing climate statements would be undesirable and access to the climate statements by one person does not detract from their use by another. However, there is also a strong argument that the benefits for the general public of the CRD Register are largely indirect and only a small proportion of the public would actually access the CRD Register to receive benefits.

The Treasury guidelines also note that there is a strong case for recovering the costs of a private good from those who benefit from it. In this instance investors and climate reporting entities receive direct benefits from filing climate statements. Investors (or potential investors) in climate reporting entities will be able to access climate statements and assess and make investment decisions based on how well a climate reporting entity is considering the risks and opportunities of climate change. Climate reporting entities will receive the service of having their climate statements lodged on the CRD Register and may also benefit from demonstrating responsible climate change practices to potential investors.

Cost recovery from investors or potential investors may mean a charge to search the new CRD Register. However, a charge for searching the CRD Register could discourage third parties from using the CRD Register as a source of information to guide their investment decisions. This would be contrary to the objectives of requiring climate reporting entities to prepare and lodge climate statements.

The climate reporting entities are all large businesses which meet the asset or revenue-based thresholds in the CRD Act, namely:

- Listed issuers of quoted equity securities (if total value of equity securities, whether quoted or un-quoted is more than \$60 million) and quoted debt securities (if total face value exceeds \$60 million);
- Banks, credit unions and building societies with total assets over \$1 billion;
- Managers of registered investment schemes (other than restricted schemes) with total assets under management of over \$1 billion;
- Licensed insurers with total assets over \$1 billion or annual gross premium revenue over \$250 million.

Taking into account all of these considerations, we propose that a fee is imposed on climate reporting entities to lodge their climate statements.

### What type of user charge?

It is possible to cost recover for goods and services through the introduction of fees and levies. The Treasury guidance notes that generally a fee can be described as a defined payment from one party to another for the provision of a good or service. A levy will also be charged to a particular party or group, for a specified purpose, but not necessarily for a specific good or service. As with fees, levies should not charge more than what it costs to deliver the activities for which costs are being recovered.

The Treasury guidance also notes that fees and levies might not fit into discrete categories and might be better conceptualised as being on a spectrum. The Legislation Design and Advisory Committee (**LDAC**) guidance states that a fee amount recovered should bear a proper relation to the cost of providing the service or performing the function. In this instance, we propose charging a fee for the service of lodging the climate statements and keeping the climate statements on the register. The exact calculations for setting the fee are described below.

The proposed fee will not recover all of the Registrar’s costs in relation to the CRD Register.

Confidential advice to Government  
 [Redacted text block]

Confidential advice to Government [Redacted] The following cost recovery principles have been adopted for the proposed fee.

A fee can be introduced because we can identify the climate reporting entities who will benefit from the CRD Register, and we can charge these entities for the service they receive when they lodge their climate statements.

### How many users?

MBIE and the FMA continue to analyse the number of entities that will meet the thresholds required to be a climate reporting entity. Currently MBIE and the FMA estimate that approximately 160 to 180 entities each year will meet the thresholds, i.e., an average of 170 climate reporting entities filing each year will pay the fee.

## Cost Recovery Principles and Objectives

Key principles (based on the guidance from the Treasury and Office of the Auditor General) guiding this fee proposal are:

**Authority:** The proposed fee must be consistent with the authority to collect fees set out in section 548(1)(o) of the FMC Act.

**Transparency:** Information about the CRD Register and its costs must be made available in an accessible way to stakeholders.

**Accountability:** MBIE must be transparent in the process of setting the fee, consult on the fee proposal and have plans to review the fee.

Key objectives/criteria that the options were assessed against are:

**Efficiency:** Costs will be charged so that maximum benefits can be delivered at minimum costs.

**Effectiveness:** The imposition of the fee supports the overarching purpose of the climate-related disclosures regime. The level of the fee is fit for purpose and the CRD Register will provide the required functionality.

**Equity:** User charges will be paid by those who benefit from the CRD Register.

**Simplicity:** The fee regime is straightforward and understandable to stakeholders.

## Assessment of proposed user charge against objectives

The proposed fee has been assessed against the four objectives of efficiency, effectiveness, equity and simplicity.

### *Efficiency*

The Companies Office, who will maintain and support the CRD Register, administers many registers and has systems to receive, lodge and make documents publicly available. While the CRD Register will require some new technology, the Companies Office's experience and economies of scale will help ensure that the costs of providing the service are kept down.

Additionally, collection of the fee will be efficient as it will be collected at the same time as the parallel FMA Levy.

The FMA is currently collecting the FMA Levy. However, when the climate statement filing fee is introduced, climate reporting entities will pay the filing fee and the FMA Levy to the Companies Office and invoicing from the FMA will cease.

### *Effectiveness:*

The Companies Office experience in hosting registers will ensure that the CRD Register and associated processes will provide the required functionality and be fit for purpose. The imposition of the fee supports the overarching purpose of the climate-related disclosures



regime i.e., the fee will partially fund a public register where the climate statements can be accessed.

#### *Equity:*

MBIE considers that the new CRD Register will primarily benefit climate reporting entities and investors. As noted above, it is considered that climate reporting entities will benefit from having their climate statements displayed on a register. Investors benefit by accessing information about the climate reporting entities. Benefits for the general public are largely indirect.

Arguably, it would be equitable if both climate reporting entities and investors paid a fee for their use of the CRD Register. However, a charge for searching the CRD Register could discourage investors (or potential investors) from accessing the information in the climate statements and using the information in their investment decisions. This would be contrary to the objectives of the climate-related disclosures regime. MBIE therefore proposes that only climate reporting entities pay a fee to lodge their climate statements.

The costs to the Registrar of the service of lodging the climate statements (and keeping the climate statements on the CRD Register) has been assessed over a five-year period. This approach spreads the one-off establishment costs across the reporting entities over time. This means that first year reporting entities will not have to pay the entirety of these establishment costs.

The FMA has recently consulted on exempting certain foreign exempt issuers from the reporting requirements in the CRD Act. Foreign exempt issuers are companies that are listed on a recognised foreign exchange and have a secondary listing and foreign exempt issuer status on New Zealand's Exchange (**NZX**). It is proposed that foreign exempt issuers which meet certain conditions will be able to elect to take advantage of the exemption or elect to lodge climate statements. If they elect to take advantage of the exemption, they will lodge a notification of exempt status with the Companies Office. It is proposed that this information will be publicly viewable.

On this basis we propose that the companies electing to use the exemption should still pay the climate statement filing fee as they are still benefiting from having their exempt status displayed on the CRD Register and they will receive the service of having their notification of exempt status placed on the CRD Register. It is likely that only a small number of companies might qualify for an exemption.

It is also possible that individual climate reporting entities may also receive an individual exemption from the FMA if there is a strong justification for an exemption. These entities will also pay the proposed fee for filing the exemption.

A similar amount of work will be required by the Companies Office to lodge a climate statement or a notification of exempt status.

#### *Simplicity:*

MBIE proposes to charge each climate reporting entity a flat fee regardless of the type of climate reporting entity (bank, insurer etc.) and regardless of size. This is equitable as work required to process climate statements will be similar across all types of climate reporting entities. MBIE also proposes to charge one fee per investment scheme manager even if they



lodge more than one set of climate statements (see discussion below). Although it may take a little more processing time for the Companies Office, we think this is a reasonable way to share the cost of the register.

## **Other options to recover lodgement and register costs**

### **Meeting costs from within existing baselines – does not meet the effectiveness or equity objectives**

The current fee structure at the Companies Office does not permit fee income from other sources to be used to fund the new CRD Register. In this scenario, the CRD Register would also not be funded from those who will primarily benefit from it.

The Companies Office appropriation does not have Crown funding to recover this cost.

### **Costs recovered from registry users – partially meets equity objective but does not meet effectiveness objective**

Imposing a charge to search the CRD Register would arguably be equitable as investors would be charged to access the climate statements. However, such a charge would not support the purpose of the climate-related disclosures regime. The intent of the regime is to make the information in the climate-statements readily accessible so that investors can use that information to make business, investment, lending and insurance-underwriting decisions. A search charge might discourage investors from using the CRD Register.

### **New Crown funding – meets effectiveness criteria, will not meet equity criteria**

It could be said that there is an element of public good in the provision of the CRD Register and the Crown could therefore meet some of the costs. However, we consider that these public good benefits are indirect. The public will generally benefit, for example, from having investors access the information in the climate statements in order to make investment decisions. This could not be considered a direct benefit. As noted above, investors and climate reporting entities receive direct, private benefits from the register. In our view Crown funding is not therefore appropriate.

Additionally, corporate reporting of this nature is, for the most part, third party funded.

## **The level of the proposed fee and its cost components (cost recovery model)**

The costs to the Registrar of establishing and administering the CRD Register can be divided into three cost components: IT systems, education, and business operations. The costs can be further separated into establishment and annual ongoing operating costs.

In order to calculate the fee, MBIE has assessed the total costs of the CRD Register over a five-year period. We then considered which costs should be met by the fee because they can be attributed to the cost of climate reporting entities lodging the climate statements and them being kept on the CRD Register.

As set out in the table and paragraphs below we determined that some costs were incurred directly as a result of providing the lodging service and should be recovered by a fee.

Confidential advice to Government

After determining which costs should be met by the fee over a five-year period, we calculated the fee by dividing the cost by the estimated number of climate reporting entities lodging climate statements over the same five-year period. As discussed, the forecast annual number of climate reporting entities per year is 170.

The proposed costs are GST exclusive and set out in the table below.

**Table 1 – Proposed cost of new climate statement register**

Cost category	Nature	Establishment	Annual	Over 5 years
<b>Capital investment</b>	IT system	485,000	-	-
<b>Operating cost</b>	Confidential advice to Government			
<b>IT</b>	IT system	35,000	-	35,000
	Maintenance/licenses	5,000	10,000	55,000
	Depreciation / capital charge	-	85,700	428,500
<b>Education</b>	Personnel	35,000	0	35,000
	Supplies/travel	6,000	0	6,000
	MBIE support	20,000	0	20,000
<b>Business operations</b>	Personnel	0	16,500	82,500
	Supplies/travel	0	500	2,500
	MBIE support	0	10,000	50,000
<b>Total operating cost</b>		101,000	122,700	714,500
Confidential advice to Government			Recovered from a fee:	\$286,000
Confidential advice to Government			Confidential advice to Government	\$428,500

When MBIE consulted on the proposed fee (discussed below) MBIE was expecting a total cost of \$741,122 to be recovered over five years, rather than a total cost of \$714,500 as proposed in Table 1 above. This was because, following the release of the consultation document, it was determined that the accounting treatment of the register build should be changed from operating to capital expense. While this resulted in new costs needing to be recovered – depreciation, capital charge and IT system maintenance costs, overall, the change in accounting treatment reduced the five-year cost of the CRD Register.

## IT costs

A capital IT investment of \$485,000 will be required to develop an online system that will allow climate reporting entities to lodge their climate statements and online searching of the register by third parties. Confidential advice to Government

Approximately \$35,000 of operating IT costs and \$55,000 of maintenance/licence costs (over five years) will be met by the fee.

## Education

The education costs relate to informing climate reporting entities of their obligation to lodge climate statements (or a notification of exempt status) and how they must lodge those statements. The education cost is estimated at \$61,000, encompassing 0.4 FTE and will entail the following:

- development of website content;
- support to the Service Delivery Service Centre;
- climate reporting entities support resources and webinars;
- a component of MBIE support.

The education costs have been categorised as establishment costs.

## Business Operations

The business operations costs relate to processing the climate statements (or notification of exempt status) and maintaining the integrity of the CRD Register. The personnel cost has been calculated by determining the time taken to complete the process of reviewing the climate statement (or notification of exempt status) multiplied by the forecast five-year average of 170 climate reporting entities. The forecast number of climate reporting entities multiplied by time taken per activity determined a requirement of 0.2 FTE. This has been multiplied by the average FTE salary, with an allowance for superannuation and ACC, giving an annual personnel cost of \$16,500. The staff functions include:

- support of website content;
- annual compliance reminders;
- single point of contact for email support;
- annual review of entities meeting the climate reporting entity thresholds.

Additional ongoing costs for business operations include supplies costs of \$500 and MBIE support costs of \$10,000.

**Recovery period and proposed fee**

MBIE proposes that the costs to be met by the fee, as set out in the table above, are recovered over a five-year period. To calculate the fee it has been estimated that 170 climate reporting entities will lodge climate statements (or notification of exempt status) each year. This means that there will be 850 climate reporting entities lodging documents over five years.

The register costs of \$286,000 over five years (refer Table 1) is divided by 850 climate reporting entities to give a unit cost and therefore fee of \$340 (excluding GST). This fee will be reviewed in three to five years’ time as part of the wider Companies Office fees review and the fee adjusted accordingly, to reflect ongoing annual costs only.

**Table 2 – Unit cost and proposed fee for filing on the CRD register**

Climate statement register	Cost to service (unit cost)		Proposed fee (for lodgement service)	
	GST excl	GST incl	GST excl	GST incl
Annual filing of climate statement / exemption	\$336.61	\$387.11	\$340.00	\$391.00

**Impact analysis**

Businesses which meet the definition of a climate reporting entity in the FMC Act will be required to pay the fee when they lodge their climate statements. Climate reporting entities are defined by reference to certain thresholds such as total assets and revenue (see definition on page 5). All climate reporting entities are large businesses.

The annual fee that is proposed will affect approximately 170 businesses. These costs should not be significant to those who will pay them. However, we recognise that the fee is in addition to other costs associated with this regime. These are:

- the FMA Levy that all climate reporting entities must also pay (refer Annex 1 for amounts);
- the cost of producing the climate statements.

The Companies Office is preparing for approximately 170 climate reporting entities to lodge in the first year. The introduction of the fee will not affect demand for these filing services. This is because these climate reporting entities are required by law to lodge their climate statements and no other entities are required to do so.

There are no significant service performance risks for the Companies Office. The Companies Office is satisfied that it can deliver the CRD Register **Confidential advice to Government**

## Consultation

### Consultation Document

MBIE has carried out a targeted consultation on this fee proposal. A discussion paper titled *Climate Related Disclosures – Proposed Climate Statement filing fee* was sent to all climate reporting entities as identified by the FMA.

The discussion paper proposed that the cost of the new CRD Register should be recovered through a flat filing fee to be paid by all climate reporting entities. At the time the discussion document was prepared MBIE estimated that the total cost of the register over a five-year period was \$741,122 and that there would be approximately 200 climate reporting entities lodging climate statements each year. MBIE therefore proposed a filing fee of \$740 (excluding GST). MBIE now estimates the cost of the register over five years is \$714,500 and considers that the fee should only recover the cost of the service of lodging climate statements and keeping them on the CRD Register.

MBIE asked five questions in the discussion paper:

1. What are your views on how the costs of the new register are recovered? Do you think it reasonable that the cost is borne entirely by climate reporting entities?
2. What are your views on the five-year period for recovering establishment costs? Do you think this is reasonable?
3. What are your views on the proposed fee? Do you have a view on charging the same fee for all climate reporting entities?
4. What impact would the proposed fee have on your business?
5. We propose that the new register of climate statements be searchable, with the search criteria being the climate reporting entity legal name and New Zealand Business Number (NZBN) with provision to add other criteria in future if this is considered useful. Do you agree with this? What other search criteria (if any) should be available?


Two submissions were received – one from an industry body and one from a climate reporting entity. Ideally, it would have been helpful to get more responses to the discussion paper questions. However, as the impact of the fee is not expected to be significant given the size of the reporting entities, and the fee has been reduced, we do not consider that it is essential to get more feedback.

### Analysis of Submissions received

The industry body was in favour of spreading the fee over five years as this was fairer to companies that are early reporters under the reporting regime. They noted that arguably it was not completely clear that climate reporting entities receive direct benefits from having the new CRD Register in place but acknowledged the simplicity of identifying reporting entities rather than potential investors who may also get benefits from reporting. Finally, the industry body asked if consideration could be given to combining the fee with other fees being charged by the FMA as the regulator. This is in line with MBIE's proposals i.e., we propose that the climate statement fee is collected at the same time as the FMA Levy.

The second submission was from a climate reporting entity. This entity queried whether a new CRD Register for climate statements was needed and whether instead existing registers (such as the Companies Register and Disclose Register) could be used for filing climate statements. This would mean that the climate statements would not be held in the same place. However, the submitter noted that the other registers are searchable and that it may be less complex if the information was stored on the reporting entities' "home page" with other relevant documents.

Legal professional privilege



Therefore, we decided to utilise a mechanism whereby the Registrar of Financial Service Providers can keep any other registers that they consider necessary for the purposes of the FMC Act. This power has been used to establish a new register (the CRD Register) for the purposes of collecting information from climate reporting entities. This is the place where the climate statements will be lodged.

The second submitter also noted that the IT costs for adapting existing registers may be less than the cost of developing a new register. However, we have been advised by the Companies Office that the cost to amend multiple registers would likely be more than building a new standalone register.

The final comment from the second submitter is that filing fees for managed investment schemes should be paid per scheme rather than fund. An investment scheme manager may manage more than one scheme and each scheme may have multiple funds. The CRD Act requires the scheme managers to prepare a climate statement for each fund unless they choose to consolidate reporting at the scheme level. This means that an investment scheme manager may lodge multiple climate statements.

We agree with the second submitter that fees should not be charged per fund. We propose to charge one fee to each investment scheme manager regardless of the number of climate statements they lodge i.e., we propose to charge at the manager or climate reporting entity level and not per scheme or per fund. We consider that this is a fair approach to dividing the cost of the register between climate reporting entities. It also aligns with how the FMA Levy is charged.

## Updates following consultation

Following consultation, MBIE reduced the fee from \$740 (excluding GST) to \$340 (excluding GST). As described above, we reduced the fee so that it reflects the cost of the service of putting the climate statements on the CRD Register. Confidential advice to Government

Due to timing constraints, we do not have time to undertake further consultation on the fee. However, as the fee has reduced, we don't expect this to create any issues.

## Conclusions and recommendations

As noted above, we propose to charge the following climate-statement filing fee to climate reporting entities:

**Table 3 – Unit cost and proposed fee for filing on the CRD register**

Climate statement register	Cost to service (unit cost)		Proposed fee	
	GST excl	GST incl	GST excl	GST incl
Annual filing of climate statements / notification of exempt status	\$336.61	\$387.11	\$340.00	\$391.00

The proposed fee is based on the costing model described above in Table 1.

## Implementation plan and risks

Climate reporting entities with a 31 December 2023 financial year end will produce the first climate statements in early 2024. The Companies Office should have developed the new CRD Register and systems ready to collect the climate statement filing fee by January 2024.

Regulations to introduce the new filing fee should be in force by January 2024.

Confidential advice to Government



The development of the CRD Register and the implementation of the fee will be overseen by the Business Registries team at the Companies Office under the guidance of the Manager, Business Registries Application and Data. Enforcement of payment of the fee will be undertaken by the Companies Office's enforcement team in accordance with its usual procedures.

## Monitoring and evaluation

The Companies Office has various performance metrics for lodging of documents. The performance metrics for lodging of climate statements (or notifications of exempt status) will be developed but are expected to be along the lines of the metrics for financial statement processing. The estimated timeframes are between three and five working days to allow for:

- lodging;
- internal review;
- acceptance of climate statements (or notification of exempt status), or return of climate statements (or notification of exempt status) for amendment;
- climate statements (or notification of exempt status) publicly reviewable on the CRD Register;
- Climate reporting entity notified of successful lodgement, climate statements (or notification of exempt status) publicly reviewable.

## Review

The climate statement filing fee will be reviewed regularly as part of the Companies Office fees and levies review which is conducted every three to five years. At this time the fee can be adjusted to reflect the ongoing costs of the CRD Register.

As noted above, following passage of the Companies (Levies) Amendment Act 2022 in November 2022, MBIE plans to introduce for the Companies Office a hybrid cost-recovery model balancing fees and levies for its existing services. We intend that the fee for lodging climate statements will be excluded from this initial review, but will be incorporated into the Companies Office fee reviews in the future.

## Annex 1: Levies paid under the Financial Markets Authority (Levies) Amendment Regulations 2022

The table below sets out the FMA levy payable under the Financial Markets Authority (Levies) Amendment Regulations 2022 for CREs in the financial years 2022/23, 2023/24 and 2024/25.

<b>Class 16 – Climate reporting entities</b>	<b>FMA levy payable (GST inclusive) 2022/23</b>	<b>FMA levy payable (GST inclusive) 2023/24</b>	<b>FMA levy payable (GST inclusive) 2024/25</b>
<b>Banks, credit unions and building societies</b>			
Total assets exceed \$10b	\$50,600	\$58,650	\$57,500
Total assets exceed \$1b, but does not exceed \$10b	\$24,150	\$28,750	\$27,600
<b>Fund managers</b>			
Total assets exceed \$10b	\$39,100	\$46,000	\$44,850
Total assets exceed \$1b, but does not exceed \$10b	\$17,250	\$20,700	\$19,550
<b>Licensed insurers</b>			
Total assets or annual gross premium revenue exceed \$1b	\$6,670	\$7,590	\$7,360
Total assets are \$1b or less and gross premium revenue exceeds \$250m but does not exceed \$1b	\$3,105	\$3,795	\$3,335
<b>Listed issuers</b>			
Listed issuers	\$1,840	\$2,300	\$2,070