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Respondent

1011 Anonymous

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Organisation

Millennnium Hotels and Resorts NZ

1. Which standards, overseas jurisdictions or other specific elements of international alignment are the most important for you (as a CRE or a primary user of climate statements), and why?

Our focus is on the global accounting and audit standards (IFRS) as we are part of a global group. Our Singapore-based parent company City Developments Ltd (CDL) is listed on the SGX and has undertaken voluntary climate-related disclosure reporting for many years (aligned to TCFD) prior to their mandatory disclosure regulations coming into force more recently [https://rulebook.sgx.com/node/6532/revisions/30199/view]

As well as being an NZ CRE, as our business is included within CDL's organisation boundary for climate disclosure reporting i.e. we are required to supply them with our data for their GHG reporting purposes. Currently the phasing of mandatory reporting means that our NZ operations will need to report in advance of the global group, for example on our indirect scope 3 emissions, which becomes problematic in terms of our inability to align methodology and reporting formats and resourcing synergies. This may also make it difficult to align transition planning across the group and, at worst, could affect investment decisions. It would therefore be beneficial overtime to move to alignment with an international standard such as IFRS or have the NZ CS fully align with IRFS.

2. Is now the right time for New Zealand to amend or replace NZ CS to achieve closer international alignment with any other standards, and why?

No, implementation of the full NZ CS is not yet complete. Notably the inclusion of reporting on indirect Scope 3 emissions and anticipated financial impacts has not yet taken place. So introducing a new set of standards at this time would significantly increase the burden on NZ CREs, cause confusion and potential misalignment. Resourcing increased or different reporting so early in the regime will take away from businesses undertaking mitigation and adaptation actions to reduce climate change.

In the XRB Comparison document on NZ CS and IFRS Sustainability disclosure standards issued in late 2023, you advised that the XRB would consider aligning with international requirements as part of a post-implementation review of NZ CS beginning by December 2025 (allowing two full years of reporting by NZ businesses). This review would assess the intended effects of applying new requirements of users preparers auditors and regulators. This review has not yet been undertaken, so it is problematic to suggest alignment with a range of new standards in isolation, prior to understanding how the current NZ regime is performing. In addition, since the disclosure regulations came into effect there have been a series of adoption provisions and extensions on these provided, with the result being that full implementation, and so full reporting by NZ CREs, has not yet occurred (let alone been reviewed/evaluated for success).

Other international jurisdictions are better phasing the introduction of disclosures in over several years. While we welcomed the extension of adoption provisions issued in late 2024, these came very late and resulted in us incurring costs and resourcing that we would have phased differently. There is no evidence to suggest that international standards (or the new Australian standards) are sufficient/better than the NZCS in achieving their intended purpose – noting that the first Australian reporting won't be available (for review) until April 2026; and so decisions should follow a review of this reporting.

Consideration should be given to a further extension of the adoption provision for scope 3 GHG emission reporting. NZ is still one of the first jurisdictions to have this mandated reporting come into effect and therefore less mature advice and support available for NZ businesses to access. Local GHG guidance has been slow to come, with XRB guidance only just released in June (and some high-level guidance from IFRS/ISSB in May).

3. If closer international alignment is desirable, what process to achieve this degree of alignment is most desirable (e.g., greater alignment of NZ CS or revoking NZ CS)? Why?

We do not support wholesale replacement of the NZ CS with IFRS. A suitable approach could be to phase in additional aligned reporting requirements into the NZ CS to align with IFRS S1 & S2 over time (i.e. 3-5years). We suggest this commences post the third reporting year and after the full implementation of the NZCS has occurred (i.e. post 2026).

The relevant international jurisdiction for NZ CREs will be different depending on which countries they, their parent company or subsidiaries operate in. We only support alignment with IFRS, not other jurisdictions bespoke regulations, as this would prove unnecessarily challenging and of no benefit for NZ CREs not operating within another jurisdiction.

We believe that the Governance disclosures and Risk Management required by the NZ CS are sufficient and IFRS alignment would provide little additional value.

Strategy disclosures in relation to IFRS:
- The current scenario requirements of the NZ CS (minimum of three scenarios and temperature outcomes for two) are suitable, removing these may aid in alignment, but would not add value.
- While there is are differences between the IFRS and NZCS standards in relation to current climate impacts and financial impacts rather than current effects and financial effects of climate-related risks and opportunities, we do not see there is any significant benefits to aligning with IFRS for these disclosures.
- Aligning definitions of & requirements for anticipated financial impacts/effects would prove useful for international comparisons and would be worth exploring; if an adoption provision was provided for this reporting period for CREs, until alignment with IFRS has been decided upon.
- Following IFRS guidance for climate analysis may have some benefits, however if businesses were required to undertake their own scenario modelling, this would likely increase costs significantly, and result in less comparability, with little overall benefit to primary users.
- The introduction of an annual climate resilience assessment as required by IFRS, in our view would not add significant value (as should be adequately covered by a CRE’s transition plan under NZCS).
- While there is a difference in transition risks definition and components of a transition plan between NZCS and IFRS (in terms of the inclusion of climate resilience and adaption), when the standards are considered in their entirety CREs are in essence required to disclose the same information – so there would be little advantage to primary users in alignment.

Metrics and targets disclosures in relation to IFRS:
- Standardisation of emissions reporting requiring use of GHG protocol standards would be beneficial (for which we are already reporting in accordance with), as would be a standardised scope 3 measurement framework as required by IFRS, but again would come with additional costs & resourcing time for NZ CRE’s to comply with.
- Reporting using SASB Standards and industry-based disclosure topics to achieve international alignment could be beneficial, but would require additional resourcing and time to deliver. Noting that MCK is the only NZ CRE within the hotel accommodation industry, so there is little NZ comparative information available to primary users.

4. What information can you provide that this closer international alignment would better achieve the stated purpose of climate reporting as per section 19B of the Financial Reporting Act 2013?

As we understand it, the NZCS's purpose statement differs somewhat from that of IFRS, taking a broader view of a CRE's ability to create or preserve value for itself beyond cash flows and access for finance or capital costs impacting an entity's prospects. We do not have any evidence that international alignment with IFRS would any better achieve the stated purpose of climate reporting as stated in the NZ Financial Reporting Act.

5. Are there any climate-related disclosure requirements that you comply with that are not standards set by other jurisdictions (for example, via supplier agreements)? How important are those disclosures to you? Should the XRB take those requirements into consideration and how?

We have not currently received or adhere to any mandatory supplier requirements – beyond requests for information about our practices and GHG emissions. While RFPs from clients (in our case airlines & travel agencies) are increasingly factoring in sustainability metrics, there are not yet recognised standards adopted industry-wide (and in some cases there has been a reduction in requirements, i.e. recent NZ government procurement policy changes)

We take action & supply data & information to support global group voluntary emissions reduction and other sustainability-related targets, such as reducing single-use plastic. We also have some global policies in place that our NZ operations comply with, such as for anti-bribery, travel and modern slavery, but not currently mandated for climate-related policy e.g. procurement criteria.

We don't believe that the XRB can/should consider market-driven requirements at this time.

6. Is mutual recognition important to you and, if so, how would it impact any of your above answers?

While mutual recognition may be desired long-term, so in our case we wouldn't have to report additional or different information to our global group reporting, it is not currently critical to our business. We don't perceive any immediate benefits at the current time. Where possible we have a preference for streamlined, rather than additional disclosure requirements. Noting that the XRB consultation information/webinars seem to place an emphasis/focus on this in relation to Australian standards, which is less of a concern for our business.

7. Do you have any other comments?

Don’t underestimate the time required for in-house Sustainability and Climate Leads to work within CREs to comply with disclosure reporting requirements. In a current operating environment where sustainability and climate is being deprioritised and often under resourced – any additional workload i.e. changing standards within the first 2-3years of issue, makes it harder to maintain compliance and will pull focus away from implementing i.e. delivery of a CRE’s transition plan.

Resourcing multiple separate consultations issued by the XRB and FMA in relation to these disclosures (four over a ten-month period!) is challenging and takes away from undertaking climate and sustainability action. Given there are at least two more signalled within the next 12 months - differential reporting and exposure draft regulations following decisions, consideration of streamlining future consultation approaches would be greatly appreciated.

One of the decision-making principles stated in this phased consultation process is “a clear understanding of the future investment requirements and ongoing costs for CREs and primary users”, however there is no specific question related to this either in relation to international alignment or resourcing ongoing consultations. This should be explicitly asked in this RFI consultation (acknowledging there was a related, but different question in earlier consultation) - we estimate changes to regulations to foster alignment could increase costs in the order of $100,000 p.a. or more.

The Privacy Act 2020 applies to submissions. Please check this box below if you do not wish your name or other personal information to be included in any information about submissions that the XRB may publish.

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 1982 that I believe apply, for consideration by the XRB.

If yes, what information do you consider to be confidential and why?