



COVERSHEET

Minister	Hon Kris Faafoi	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Financial Markets Authority Levies for 2021/22 Onwards and the New Financial Advice Regime	Date to be published	29 July 2020

List of documents that have been proactively released

Date	Title	Author
	<i>Financial Markets Authority Levies for 2021/22 Onwards and the New Financial Advice Regime</i>	<i>Office of the Minister of Commerce and Consumer Affairs</i>
	<i>DEV-20-MIN-0144</i>	<i>Cabinet Economic Development Committee</i>

Information redacted

NO

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Cabinet Economic Development Committee

Minute of Decision

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Financial Markets Authority Levies for 2021/22 Onwards and the New Financial Advice Regime

Portfolio Commerce and Consumer Affairs

On 22 July 2020, the Cabinet Economic Development Committee:

- 1 **noted** that on 6 April 2020, Cabinet:
 - 1.1 agreed to increase the Financial Markets Authority's (FMA) operational funding by \$24.805 million by 2022/23 and outyears, to a total of \$60.805 million per annum;
 - 1.2 agreed that \$23.501 million of the new funding be recovered from financial markets participants through phased increases in the FMA levy;

[CAB-20-MIN-0155.05]
- 2 **noted** that the proposals in the paper under DEV-20-SUB-0144 give effect to:
 - 2.1 the remaining years of phased FMA funding increases;
 - 2.2 levy changes required for the upcoming financial advice regime;
 - 2.3 proposed improvements to the levy model structure;
- 3 **agreed** to amend the FMA levy model structure, as set out in Appendix One of the paper under DEV-20-SUB-0144, to:
 - 3.1 increase the FMA levy amounts for 2021/22 and 2022/23 and outyears to recover the industry's contribution to the recently agreed increase in the FMA's funding;
 - 3.2 re-introduce (with updated levy amounts) the levy classes and associated changes previously agreed by Cabinet and in the Financial Markets Authority (Levies) Amendment Regulations 2019 [DEV-19-MIN-0154] for the upcoming financial advice regime that had to be revoked due to the regime's delay;
 - 3.3 amend some levy tiers to make the levy model more equitable, ensure the model accurately reflects the size and nature of market participants, and preserve the effect of FMA levy waivers;
 - 3.4 update the estimated population forecasts and figures for each levy class's portion of the total amount of FMA levy recovered;

- 4 **noted** that the financial implications for the proposals in this paper were considered by Cabinet as part of the Budget 2020 Significant Initiatives Paper on 6 April 2020 [CAB-20-MIN-0155.05];
- 5 **invited** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to draft regulations to give effect to the above paragraphs;
- 6 **authorised** the Minister of Commerce and Consumer Affairs to make minor or technical changes to the FMA levy model consistent with the policy decisions in the paper under DEV-20-SUB-0144.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon David Parker
Hon Stuart Nash
Hon Jenny Salesa
Hon Damien O'Connor
Hon Shane Jones
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for DEV