



7 November 2021

Financial Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140

By email to: FMALevyReview@mbie.govt.nz

Dear Financial Markets Policy team

Submission – 2021 Review of the Financial Markets Authority Funding and Levy

On behalf of Goodman (NZ) Limited (**GNZ**), the Manager of NZX listed Goodman Property Trust (**GMT** or **Trust**) (GMT and GNZ together referred to as **Goodman**), I write to provide feedback on the review of the FMA's funding and levies, in particular, in relation to the forthcoming mandatory climate-related disclosures (**CRD**).

Background

Goodman Property Trust is a specialist investor and developer of industrial real estate. The Trust has a portfolio of properties valued at \$4.3 billion, all located in Auckland and has a market capitalisation of \$3.4 billion.

Goodman (NZ) Limited is the external manager of GMT. GNZ is owned by the ASX listed Goodman Group, a global industrial real estate specialist. GNZ's sole purpose is to manage GMT in accordance with GMT's Trust Deed. GNZ has no other business.

Feedback

Feedback has been restricted to the proposed CRD regime. The table attached as an appendix sets out our response to questions with specific relevance to Goodman.

If you have any queries regarding the feedback given, please do not hesitate to contact me.

Yours faithfully

Andy Eakin
Chief Financial Officer
Goodman (NZ) Limited as Manager of Goodman Property Trust

Privacy of natural persons

Goodman’s submission addresses only areas specifically impacting GNZ and/or GMT, or where we have a particular comment to make on the question asked.

Question	Response
1	Goodman is supportive of the review being undertaken, and MBIE’s seeking of feedback from industry participants.
16	Goodman supports CRD Option 1. Climate-related disclosures are new and providing resource to the FMA to enable it to take a more proactive approach to the new regime will assist with ensuring greater consistency of reporting by impacted entities than possible under Option 2.
17	The key impact on our business would relate to cost. We have further specific comments around the inequity of the levy regime proposed for Goodman’s particular structure below at question 25.
18	We do not have any suggestions for material change to the proposed CRD options.
19	The implementation of CRD for entities in New Zealand requires new disclosures which will benefit the entities, investors and the wider investment community. In common with other FMA costs, we submit that there is an element of “greater good” in the FMA’s regulation of the CRD regime. As such we strongly believe there should be an element of Crown funding directly to the FMA and suggest that this should be consistent with other levies already in place.
20	We do not have a view on the appropriate funding split of other proposed regulatory costs.
21	We support the continued cost split between the Crown and levy payers and consider it provides an appropriate balance between the benefit to levy payers and the greater public good of the proposed regime.
23	We support the position that larger entities should pay higher levies.
24	Broadly, we consider that the proposed levy changes meet the objectives, however we note our concerns regarding the assessment of the levy on Goodman’s particular entity structure at question 25.

Question	Response
25	<p>GMT, as an externally managed unit trust, is a Managed Investment Scheme. GNZ is the licenced Manager of the MIS.</p> <p>Under the FMA's current levy regime, and under the proposed CRD options, GMT and GNZ are heavily penalised for their structure with GMT being subject to the levy consistent with other listed issuers and with GNZ being levied based on the asset base of GMT.</p> <p>In the listed property sector, peer entities to GMT such as Kiwi Property Group (KPG) and Precinct Properties (PCT) are subject only to the listed issuer levy.</p> <p>GNZ exists with the sole purpose of managing GMT, a listed business. Levying GNZ as well as GMT significantly increases the overall regulatory cost compared to peer entities based simply on the business structure under which GMT operates.</p> <p>We submit strongly that where a listed issuer is also a Managed Investment Scheme, and the MIS's Manager is a sole purpose manager (as is the case with GNZ), the equitable levy position is for the levy to be applied only to the listed issuer and not the scheme manager also.</p> <p>This inequitable position exists for other FMA levies that apply to GMT's particular operating structure.</p>
26	<p>The proposed levies as presented in Annex 1 would present a regulatory cost that is inequitable to Goodman's business compared to its listed peers.</p>