

# PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS and FINANCIAL SERVICES

## OVERSIGHT OF THE AUSTRALIAN SECURITIES and INVESTMENTS COMMISSION and THE TAKEOVERS PANEL

ANSWER TO QUESTION ON NOTICE FROM SEAN HUGHES

APPEARANCE: FRIDAY, 5 SEPTEMBER 2014

MELBOURNE

**Question from Senator Ketter:** What is the break-up between cost-recovery and Crown-funding in New Zealand?

**Answer:** From 1 August 2012 a Financial Markets Authority New Zealand (FMANZ) Levy became payable by all registered Financial Service Providers when filing their annual confirmation, and all persons applying for registration as a Financial Service Provider. The levy revenue is intended to contribute to funding the functions of FMANZ.<sup>1</sup>

The annual FMANZ Levy ranges from NZ\$400 to NZ\$350000, subject to the size of the entity and its business. In addition, all registered companies must pay an annual NZ\$20 fee to contribute to funding FMANZ and the new External Reporting Board (XRB). In their first year (2012/2013), the levies provided NZ\$16.4 million in funding for FMANZ and NZ\$3.66 million for the XRB.

Separately, all applicants for licences from FMANZ must pay a licence fee when they apply to be licensed or seek to vary their licence. The fee for a new licence application is NZ\$8,021.25 (inclusive of GST) and NZ\$115 (inclusive of GST) for a licence variation. FMANZ may also charge an applicant an additional hourly fee where assessment of an application exceeds 52 hours.<sup>2</sup> These fees are retained by FMANZ to contribute to its funding.

The annual operating costs of FMANZ were set at NZ\$24 million in 2011/12, increasing to NZ\$28 million in 2013/14, before settling at NZ\$26 million in 2014/15 and the out years. Therefore the annual FMANZ Levy has contributed between 58% and 68% of FMANZ's annual funding since 2012, excluding licence fees and other income. A New Zealand Government Cabinet paper (June 2012) outlining the FMANZ funding model is **attached** to this answer.

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<sup>1</sup> Details of the levy and how it is calculated across different entities in the market are referenced here: <http://www.business.govt.nz/fsp/help-support/fees-and-levies/financial-markets-authority-levies>

<sup>2</sup> Details of these fees are referenced here: <http://www.fma.govt.nz/help-me-comply/supervisors/fees-and-levies/>

I **attach** a link to a further NZ Government paper on the funding options for the NZ regulator - <http://www.treasury.govt.nz/publications/informationreleases/ris/pdfs/ris-med-flf-jun12.pdf>

**Here** is the link to the Cabinet paper attached to my response - <http://www.med.govt.nz/business/business-law/financial-advisers/cabinet-papers/Fees%20and%20levies%20for%20the%20Financial%20Markets%20Authority-%20the%20New%20Zealand%20Companies%20Office-%20and%20the%20External%20Reporting%20Board%20-227%20kB%20PDF.pdf>