



## Media release

28 January 2020

### Consultation opens on FMA funding and levies

Consultation has opened on funding options and levies to enable the Financial Markets Authority (FMA) to regulate the new financial advice regime and respond to cost pressures within its current remit.

“As the financial markets regulator, the FMA plays a crucial role in ensuring New Zealand’s financial markets are fair, efficient and transparent,” Sharon Corbett, Manager Financial Markets at the Ministry of Business, Innovation and Employment (MBIE), says.

“The FMA’s funding was last reviewed in 2016. Since then, the FMA’s remit has broadened and now is the right time to look at its funding.

“The FMA and MBIE, as the FMA’s monitoring agency, are consulting on proposed options to ensure the FMA’s funding, including its levy settings, is proportionate to its workload.”

Ms Corbett says the FMA’s widening remit includes preparation for the new financial advice regime, which will improve access to high-quality financial advice for all New Zealanders and comes into effect in June 2020.

“An MBIE-commissioned review by PwC noted that the FMA is a high-performing organisation that delivers a lot for the funding it receives, with good alignment between its activities and its main statutory objective.

“We want to find the right balance between ensuring the FMA has the resources it needs to continue delivering those benefits in the face of future demands, while setting levies that are fair and proportional.

“Consultation with industry plays a critical role in achieving this balance.”

Consultation opened today and closes on 28 February 2020. To find out more and have your say, go to the [MBIE website](#).

[Ends]

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## ***Background***

### **Consultation**

The consultation sets out three options for FMA funding. Each option has implications for the level of resource for the FMA and the levies that market participants pay. Feedback is sought on which funding option is believed to be most appropriate.

The Crown currently contributes around 25 per cent to the FMA's funding. Feedback is also sought through the consultation on how any increase in funding should be split between the Crown and levy payers.

The consultation doesn't include any additional funding that may be required for the proposed new conduct regime for banks and insurers, and the FMA's proposed new responsibilities under the insurance contract law reforms. Any additional funding required for these will be considered in due course.

### **PwC report**

As part of the funding review, MBIE commissioned PwC to carry out an efficiency and effectiveness review of the FMA. The three funding options that MBIE is consulting on were developed through this review.

The report notes that the FMA is a 'high performing organisation' that delivers a lot for the funding it receives, with good alignment between its activities and its main statutory objective.

The PwC report also notes that the FMA's financial resources are constrained, with multiple pressure points. A copy of the PwC report is available on the [MBIE website](#).