



Institute of Finance Professionals New Zealand Inc.

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Climate Change Secretariat
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Consultation – Net Zero by 2050

Thank you for the opportunity to submit on the Consultation Document. This is a complex and important reform that will impact every single New Zealander both now and into the future. We commend the bold approach taken by the Climate Change Commission (the Commission) and look forward to playing our part in delivering a Net Zero economy by 2050 (Net Zero).

About INFINZ

The Institute of Finance Professionals in New Zealand Inc (INFINZ) is the pre-eminent body in New Zealand for professionals who contribute to a sustainable financial eco-system. INFINZ is a voluntary organisation, with membership of approximately 2,000 individuals drawn from across the sector, including treasury professionals, investment analysts, fund managers, bankers, lawyers, academics and students.

Key themes

We will confine ourselves to brief remarks drawing on the themes and areas where we believe there would be benefit from the Commission doing further work.

Sustainable financing

We note in the report there is mention of seeking to improve the funding and financing mechanisms available to Central and Local Government to deliver Net Zero. We are strongly of the view that the Private Sector will play a much greater role than as outlined in the report and will be key in providing the linkages across sectors, the incentives and demonstrated returns from a Net Zero transition. We would like to explicitly call out the work being undertaken by the Sustainable Finance Forum¹ and ensure, as a start, that a standard taxonomy is used, and rigorous analysis of cross-sector choices with the

¹ <https://www.theaotearoacircle.nz/sustainablefinance>

optimum legal and regulatory settings, is undertaken to allow the Private Sector to develop its own market-led outcomes to deliver Net Zero.

Wellbeing

Whilst we recognise that wellbeing from a Māori perspective has been incorporated into the report, we believe further work should be undertaken to incorporate the wider Government's 'Wellbeing Approach'. Explicitly incorporating this lens to the choices we have available to offset and grow a green economy may yield different insights, better awareness of some of the opportunity costs and minimise the potential for a concentration of cost (or benefit) to certain parts of our society and economy.

Transparency

The economic modelling used by the Commission should be made publicly available to allow all New Zealanders the opportunity to better understand how the input assumptions are used and allow rigorous external challenge. Whilst we acknowledge the datasets are available along with external validation reports, releasing the total models will ensure greater buy-in, better debate, and ultimately a better and more informed decision to be made.

Infrastructure and construction

Given New Zealand's relatively distinct emissions profile, the need to build green infrastructure is not a prominent theme in the report. Whilst we acknowledge this in part is linked to the opportunity to reduce transport emissions, there is significant opportunity for New Zealand to be a leader in the use of green construction materials, processes and technology. Recognition of this opportunity and sufficient support and leadership by the Government will ensure this sector will be able to create offsets that are not yet forecast and could create new industries for New Zealand to benefit from.

Optionality and Implementation

We encourage the Commission to continue focusing on 'Principle 3; Create options'. As the economy develops and technology shifts, so too will the choices we need to make in order to meet Net Zero and beyond. Retaining an agile approach that remains focused on the long term and is not influenced by short term political and financial incentives is key. One specific example is the use of the ETS, and whilst we recognise the potential for intergenerational inequity that may arise from an ETS-led approach, it is important that this remains an option that is continually reviewed. At the same time, it will be important that Government and government processes can address the challenge of bridging the work of different agencies and entities (eg MfE, MPI, MBIE, Treasury and the CCC, Infrastructure and Productivity Commissions). In this regard, we are encouraged by the steps toward bringing more rigour and resource to the Council of Financial Regulators (including its increasing focus on sustainability issues), and we also commend the Whole of Government initiatives within the Sustainable Finance Forum's Roadmap for Action.

We also want to recognise the independent approach taken by the Commission in the release of its report, however maintaining this independent long-term focus and approach will be critical as and when hard choices are made.

We would like to thank the Commission again for the opportunity to submit as part of the consultation on delivery Net Zero and INFINZ will continue to support its work in delivering this significant opportunity for New Zealand.

Yours sincerely,

Regards

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