

Reshaping New Zealand's finance system – The Sustainable Finance Forum

Presentation to Assembly of Investment Chairs

27 November 2019



**The
Aotearoa
Circle**

Mā te Kaitiakitanga
ko te Tōnuitanga
Prosperity Through
Guardianship



The Sustainable Finance Forum – High Level Mandate

Review NZ's sustainable finance system	Engage with stakeholders	Deliver a pathway to a sustainable finance system
<ul style="list-style-type: none">• Theory of Change process• Identify barriers to achieve a sustainable financial system• Literature review• Engagement with offshore forums• Form Technical Working Groups	<ul style="list-style-type: none">• Consultation with stakeholders domestically and offshore• Scope - Government, regulators, private sector and society• Centralise feedback into interim report	<ul style="list-style-type: none">• Recommendation report to Ministers and private sector• Roadmap for implementing those recommendations



The New Zealand Context – Why is this so important?

Physical Risk

Real Economy

- Rising sea levels, storm tides, floods will have massive implications for coastal areas
- Impact on Pacific Islands driving climate refugees
- Changes in weather/rainfall patterns have significant implications for business

Financial Economy

- Significant exposure of financial institutions to property collateral exposed to physical risk
- Dependence on off-shore reinsurance markets

Transition Risk

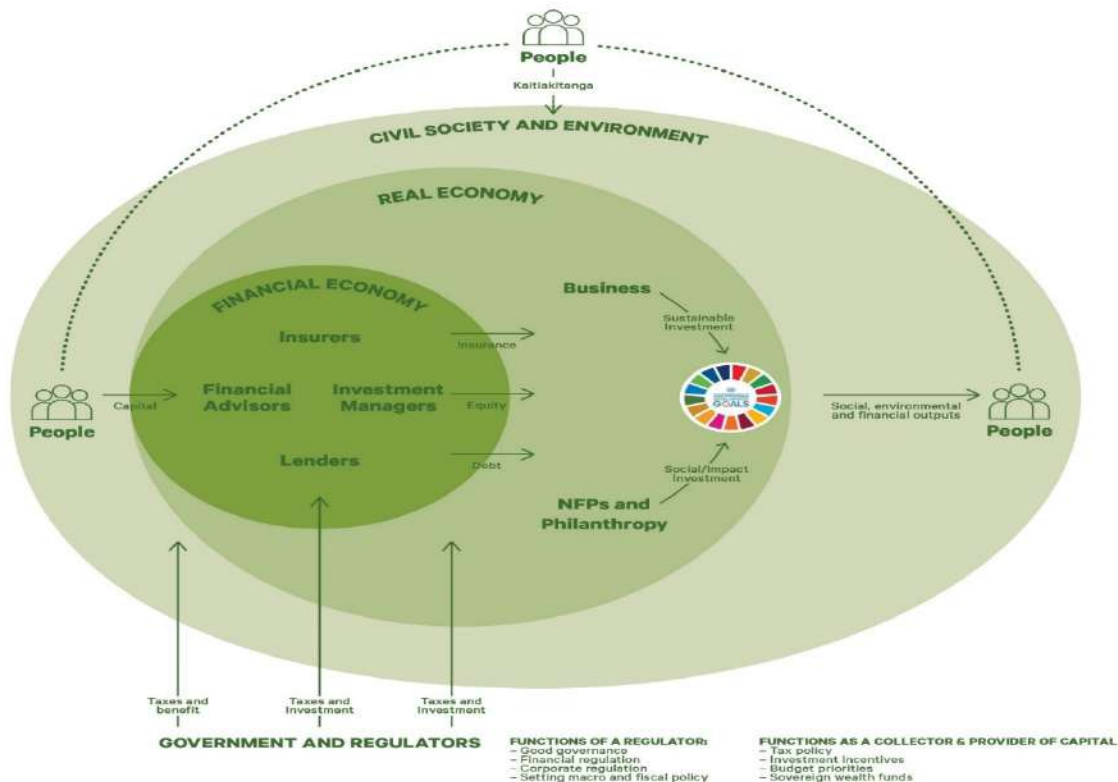
- High emission economy – 4th highest OECD per capita
- Impacts license to operate & viability of core exports – agri, tourism
- Long, carbon-heavy supply chains

- NZ needs international capital & needs to be able to continue to attract it
- Significant exposure to businesses exposed to policy & regulatory response to climate change

Source: (1) StatsNZ
(2) IMF data, 2019
(3) OECD, 2019

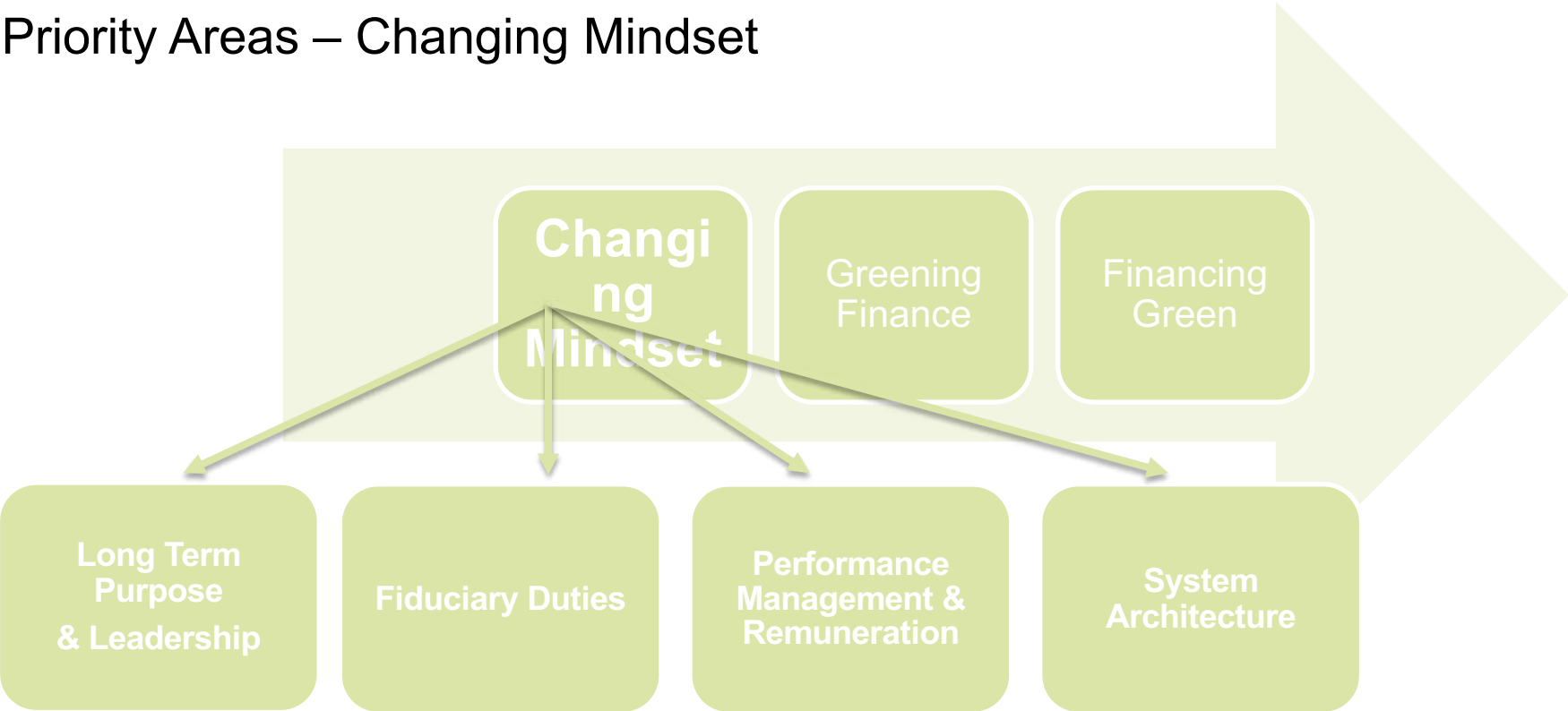


A sustainable financial system considers the impact *on* business and the impact *of* business



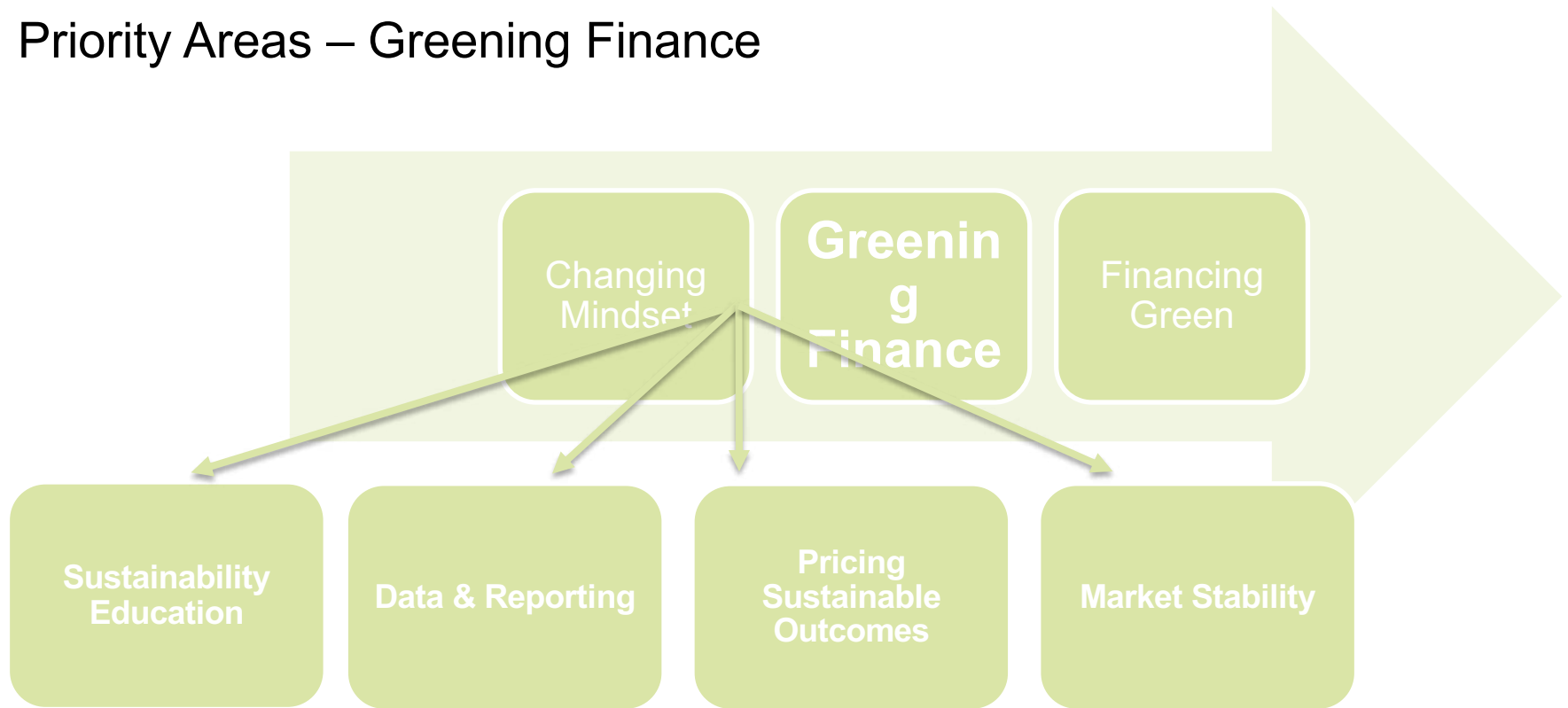


Priority Areas – Changing Mindset



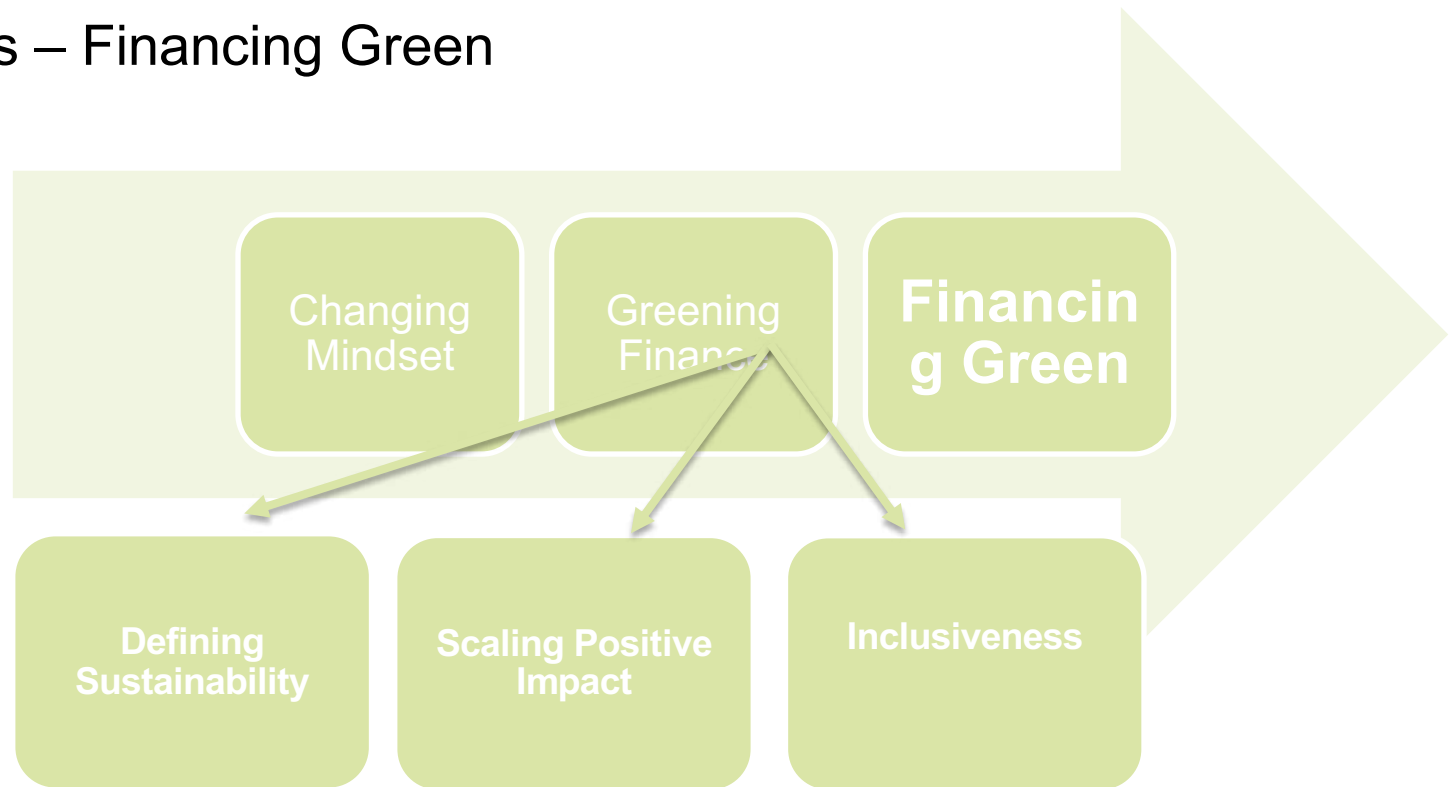


Priority Areas – Greening Finance





Priority Areas – Financing Green





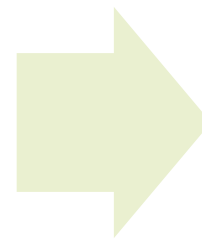
Where to from here for the Sustainable Finance Forum?

November to February 2020

Have your say:

- Read the full report.
- Complete the online survey (link in the report).
- Discuss and share with trustees, asset owners, board members.

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



June 2020

Final report including positive impacts and
Roadmap for Action.
Confirmation of timeline
Confirmation of account

A close-up, top-down view of a lush forest floor. The scene is dominated by numerous bright green ferns with intricate, feathery fronds. The lighting is dappled, creating a play of light and shadow across the foliage. In the center of the image, there is a semi-transparent dark rectangular box containing the text "Thank you" in a clean, white, sans-serif font. The overall atmosphere is serene and natural.

Thank you