



Submission

to the

Ministry of Business, Innovation and  
Employment

on the

Te Ara Paerangi Future Pathways  
Green Paper

21 March 2022

## About NZBA

1. The New Zealand Bankers' Association (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
2. The following seventeen registered banks in New Zealand are members of NZBA:
  - ANZ Bank New Zealand Limited
  - ASB Bank Limited
  - Bank of China (NZ) Limited
  - Bank of New Zealand
  - China Construction Bank
  - Citibank N.A.
  - The Co-operative Bank Limited
  - Heartland Bank Limited
  - The Hongkong and Shanghai Banking Corporation Limited
  - Industrial and Commercial Bank of China (New Zealand) Limited
  - JPMorgan Chase Bank N.A.
  - Kiwibank Limited
  - MUFG Bank Ltd
  - Rabobank New Zealand Limited
  - SBS Bank
  - TSB Bank Limited
  - Westpac New Zealand Limited

## Introduction

NZBA welcomes the opportunity to provide feedback to the Ministry of Business, Innovation and Employment (**MBIE**) on the Te Ara Paerangi Future Pathways Green Paper (**Green Paper**). NZBA commends the work that has gone into developing the Green Paper.

## Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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## Summary

NZBA supports MBIE's timely review of New Zealand's research, science and innovation system (**RSI**). Our submission focuses on the role of RSI in climate change adaptation and mitigation, particularly in relation to climate data. A key concern for our members in the climate change space is access to data. Data is crucial to ensuring businesses can measure and understand their emissions profile, make meaningful and accurate climate disclosures, and make investment and lending decisions that will help New Zealand adapt to climate change and transition towards a net zero economy.

Crown Research Institutes (**CRIs**) collect and hold some of this data, but the current CRI model makes it extremely difficult for businesses to access and use this data. The current model does not support private or public sector entities to assist the Government in achieving its climate change goals.

In summary, CRI data, and in particular, climate change related data held by NIWA, should be made available on an open-source basis and free of charge. This is the model that applies in other advanced nations and we understand is helping accelerate their response to climate change. The CRIs have a key role to play in the success of New Zealand's response to the climate emergency and the required changes to enable CRI's, and NIWA in particular, to play that role, must be prioritised and delivered with urgency.

## Research Priorities

We consider that research priorities should be linked to government policy, including legislation and regulations where research will assist entities in their compliance. At this stage, we suggest the assessment and disclosure of climate change physical and transition risk and opportunities should be a key priority going forward.

In our view, consultation with the private sector when developing research priorities would be beneficial. Industry will be able to provide feedback on their needs to ensure research priorities align with changing regulations and industry trends.

We submit that once established, priorities should be managed by both scientific and commercial staff, with a dedicated project manager assigned to projects.

In our view, there would be benefit in identifying key data elements and research that are required to support key national priorities and ensuring these are easily accessible to the public, for example, coastal inundation modelling which relates to the key priorities of climate change adaptation and long-term housing and investment decisions. Such data should also be available either freely or at a lower cost, with bespoke research developed for industry/commercial interests being charged for as a commercial venture, ideally in a format the general public is familiar with (e.g. through local authorities).

## Te Tiriti

We agree that the research system should seek to understand and honour Te Tiriti obligations and opportunities. As noted in the Green Paper, it will be important that MBIE

openly and genuinely engage with Māori as this work continues and policy decisions are made. The RSI system should support the growth of Māori researchers and work to further iwi interests. Research priorities should align with, or at the very least not conflict with, Te Tiriti principles and obligations.

## Research Workforce

We agree that it is important to design a research system that is more connected, diverse and dynamic, that attracts and retains excellent talent. Some suggestions from NZBA include:

- Identifying areas where there is a skill shortage and developing a strong recruitment plan in those areas
- Identify capability gaps within the existing workforce and actively seek to close those through relevant trainings
- Reducing barriers to the research workforce moving within the RSI system
- Growing diversity at all levels, including senior leadership levels, of science system participant institutions
- Reducing barriers to collaboration between CRIs and other science system participants.

## Research Institutions and Infrastructure

This review of the design and organisation of CRIs is very timely, and presents an important opportunity to reshape New Zealand's research institutions so that they can most effectively help both private and public sector entities further the Government's key priorities for New Zealand, as well as the general public more broadly. We agree with the observation in the Green Paper that the current CRI model is outdated, and needs to be reformed so CRIs are able to respond flexibly to a changing future, and be dynamic, connected and linked closely to each other.

### ***Challenges with the current CRI model***

As noted in the paper, there is a conflict between the obligations imposed on CRI directors under the Companies Act 1993, and the expectation that CRIs operate for the public benefit of New Zealand. We agree with the observation that the current CRI model can impede collaboration and sharing of research – our members have, for example, experienced these challenges when trying to access climate data which our members will need to make disclosures under the Financial Sector (Climate Related Disclosures and Other Matters) Amendment Bill 2021.

Comparative to some other entities, banks are large and well-resourced. If our members are struggling to access this data, we consider it will likely be near impossible for smaller, less resourced entities to access it and contribute to New Zealand's climate change goals.

CRIs should be encouraged and enabled through funding and resourcing to act nimbly and with speed in responding to the needs of the private sector in enabling productivity and growth in the NZ economy. This is particularly the case in relation to climate change given the short timeframes and urgency attached to both the country's response, as well as the introduction of mandatory reporting requirements.

We consider the ability of all New Zealanders to respond appropriately to the Governments' 2020 declaration of a climate emergency would be significantly enhanced if the CRIs provided easy access to the valuable data they hold, and made this available at a price point that was realistic for individuals and small corporates. Some NZBA members have observed that CRIs are withdrawing data that was previously available (such as GNS property level 'Hazard' reporting previously available via third party property data firms). We consider this approach is inconsistent with efforts to ensure New Zealanders are aware of climate related risks and reduces their ability to take mitigating actions now.

While an appropriate funding model that removes or reduces the commercial imperative will be a critical enabler to delivering what is required, CRIs cannot be weighed down with unnecessary process constraints and should be structured and empowered to act responsively to the needs and opportunities identified in the private sector. Ultimately, if the opportunities are realised effectively, the net contribution to the NZ Government through the taxes attached to the increased growth and productivity in the private sector might more than outweigh any increase in the costs of more fully funding CRIs. We recommend that MBIE undertake some more detailed cost/benefit analysis of this opportunity as it develops its recommendations under this review. NZBA recommends that at a minimum, this exercise is completed in relation to climate change and the associated data that might help accelerate NZ's transition to a low carbon economy.

### **Suggestions**

In our view a standard framework, criteria and pricing should be established for use by all CRIs in considering commercial requests for access to their data and products. This will enable faster turnaround and easier prioritisation, as well as ensuring fairness and consistency across the market.

We encourage CRIs to work closely with relevant industry bodies and government entities to understand the requirements arising for different user groups from climate-change-related legislation, in particular mandatory disclosures.

We expect that some users will interact with multiple CRIs, and in our view it would be helpful if there was a "single front door" mechanism for customers, with all research housed in a single location for ease of access, with an index and data dictionary. This index and data dictionary should be open source and publicly available with clear and transparent pricing set out wherever possible.

CRI research will be useful for people across all sectors of industry and society, and in our view there would be real NZ Inc benefit in promoting the availability of CRI research/data for wider use.

We query whether there is an opportunity to move established processes to other agencies so that CRIs focus on the innovative aspect of research. For example, if NIWA produce daily data on aquatic resources, rainfall etc, could that function be moved to Statistics NZ for the supply of data so that NIWA's resources can be focused on innovative analytics and monitoring? In the interests of time, if this approach was to be explored in establishing a

'front end' data access window with Statistics NZ, it should be undertaken in parallel with immediately making all NIWA climate related data available directly via NIWA on an open source, and free basis for the benefit of the wider economy.