

Regulatory Affairs
Privacy - 9(2)(a)



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Dear Sir or Madam

Bank of New Zealand's submission on Te Ara Paerangi Future Pathways Green Paper 2021

1. Introduction

Bank of New Zealand ("BNZ") appreciates the opportunity to contribute to the consultation on the issues facing the research, science and innovation system. BNZ agrees that there is a strong case for change to the research system and that parts of the system are not working as well as is required to support New Zealand's economic and well-being ambitions.

BNZ is not a participant in the broader research, science and innovation system and as such our response is limited to two of the key questions. BNZ's interest in the research system stems from BNZ's commitment to its sustainability strategy and forthcoming obligations under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act (the "Act"). Under that Act, BNZ, along with other climate reporting entities, will soon be required to:

- (a) keep proper records relating to their obligations to make climate-related disclosures; and
- (b) prepare climate statements; and
- (c) lodge those statements.

Fulfilling these obligations in a meaningful way requires up-to-date, consistent climate impact data to be readily and freely available. In addition, to ensure that reporting entities climate-related disclosures are comparable, they need to be prepared from the same base data set. There is no central climate impact data set that is currently widely available. The only climate impact data that is available is fragmented and must be purchased on a per user basis. BNZ submits that this lack of readily available climate data puts New Zealand's climate ambitions and targets at unnecessary risk and complicates an environment where all tools and information should be made available to the participants in the economy as easily and efficiently as possible.

BNZ considers financial markets can play a major part in shifting investment towards low-emission, resilient development pathways, assisted by the disclosure to investors of consistent, comparable, reliable, and clear information about climate-related risks and opportunities. However, to do this climate reporting entities need the support of a central public institution for climate change research and data and supports the creation of such an institution as a priority.

2. KEY QUESTION 1: What principles could be used to determine the scope and focus of research Priorities?

In preparing to comply with Act, BNZ and other reporting entities have been hampered by the lack of a locus of effort for climate change research. BNZ supports the need for a set of clearly expressed, whole-of-system research Priorities and submits that climate change research should be one of those priorities. It makes sense that New Zealand's international commitments under the Paris Agreement should inform the direction of the country's research priorities.

3. **KEY QUESTION 9: How do we design collaborative, adaptive and agile research institutions that will serve our current and future needs?**

BNZ acknowledges that there is a place for CRIs to obtain commercial gains for their research. However, BNZ queries whether this is appropriate for climate-related data. Currently certain climate data is available at certain CRIs. However, that data is not freely available. In our experience, there is a tension between the CRI meeting its commercial objectives and generating value for New Zealand.

BNZ considers that a consistent climate impact data set should be made readily available and free of charge for all New Zealand reporting entities and participants in the economy to use. As noted above, this would ensure that disclosures are prepared from a comparable base set of data. More importantly though, there will be value to the wider economy and risk management practices for *non-reporting entities* if they are able to access the climate data and apply this to their own businesses.

Climate-related data should not be restricted based on the ability of an entity to pay for the data. Freely available climate related data ought to assist New Zealand prepare for, and successfully respond to, the challenges and opportunities associated with climate change risk management. The public good in making climate related data freely available in our view supersedes the role of commercial gains for an individual institution. To the extent this impacts on that institution's funding, this needs to be carefully considered as part of the funding part of the Green Paper.

Finally, we note that open-source and free of charge climate data is the model that applies in other major jurisdictions such as the United States. If New Zealand's climate ambitions are to be realised, it is critical in our view that crown entities play their role in making data and information readily available, on an open-source basis that is free of charge for use across the economy. Anything less could compromise New Zealand's ambitions and put us at a disadvantage to the peer economies as we respond to the challenges of climate change, as well as seizing the economic opportunities that will undoubtedly arise across the country.

4. All enquiries on this submission may be directed to Paul Hay, GM Regulatory Affairs at
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Yours sincerely

A handwritten signature in purple ink, appearing to read 'Paul Hay', is written over a grey rectangular redaction box.

Paul Hay
GM, Regulatory Affairs