

## Oral for the Financial Sector (Climate-Related Disclosures and Other Matters) Amendment Bill

By zoom, 8.15am Thursday 24<sup>th</sup> June 2021

**Economic Development, Science and Innovation Committee:** Chair **Jamie Strange**, Labour, Hamilton East; Deputy-Chair **Naisi Chen**, Labour, List; **Glen Bennett**, Labour, New Plymouth; **Melissa Lee**, National, List; **Todd McClay**, National, Rotorua

Good morning. I am Vicky Mee, a member of the Auckland Anglican Response to the Climate Crisis Group (AARCC) and I'm speaking on behalf of the Auckland Anglican Diocese. As a faith community we comment from the perspective of intergenerational justice and concern for the impact climate change is having on vulnerable communities and the integrity of creation.

Our group congratulates the government on introducing this Bill with the aim of broadening non-financial reporting by requiring and supporting the making of climate risk disclosures. Providing investors with reliable information in a market where many emissions intensive businesses are overvalued is vital if market forces are to be a driver in the shift away from emission-intensive activities.

The climate crisis poses an existential threat to the global economy and wider society. It is therefore imperative that business acts to minimise any further impacts on climate trends. We are the last generation with the power to prevent catastrophic climate change that will unfairly impact on our own children and grandchildren.

The Climate Change Commission's final report strengthened the role of finance as a potential lever for change and the key message was that the Government must pick up the pace. Aotearoa/NZ will not meet its targets without strong and decisive action now to drive low emissions technologies and behaviour change across all sectors.

THIS BILL, AS IT CURRENTLY STANDS, IS A LOST OPPORTUNITY TO MAKE A SIGNIFICANT DIFFERENCE TO THE CARBON EMISSIONS OF AOTEAROA NEW ZEALAND. This Bill could provide us with a means to act with scale to leverage market systems to work for the good of all.

We see four major areas of concern with the Bill as it currently stands:

**First**, that crown entities have not been included

**Secondly**, that large privately owned business or those owned by multi-nationals are not included

**Thirdly**, the proposed thresholds of assets or revenue for inclusion are so low that only about 200 private entities will meet the criteria

**Fourthly**, the Bill does not set out a plan or a timeframe for smaller entities to transition to the mandatory regime

**In short, the Bill is not ambitious enough.**

We are also concerned whether the support & enforcement regime will be adequately funded.

At the heart of this Bill is the intention of ensuring that the true value of companies is understood by investors through assessment of risks carried, proposed mitigation strategies and understanding of the scope of new opportunities that are being opened up.

It is interesting to see the fallout for three major oil companies in the last few weeks. Despite coal and oil being essential for our modern world to function, Shell, Exxon Mobil and Chevron are being forced to work towards reducing their carbon emissions. Oil companies are less profitable and less significant than they used to be. They have also been chronic investment underperformers.

Revaluation is vital; currently we have ongoing and systemic overvaluation of emissions-intensive activities and a fixation on short term returns despite the warning signs. There are hard times ahead as reality bites.

Bold moves by shareholders and courts are forcing changes in business models. The best future investment returns will come from companies accepting that a zero carbon model is essential. The losers of the future will be those companies stranded with “old” and worthless carbon intensives assets and technologies.

ACC, the Government Super Fund and the New Zealand Super Fund and other crown entities hold large portfolios of financial assets, and it is not acceptable that they are subject only to a letter of Ministerial expectation. They need to lead the way

as part of the mandatory regime. Further, the Commission has suggested that low emissions investment criteria be set up for these Crown entities.

It is also important that we do not overlook the cumulative impact of small and medium sized enterprises with respect to carbon emissions. The AARCC group believes that a timeframe (e.g. five years) should be set to extend the range of companies involved. We would like to see that laid out within the current Bill rather than having to have further Amendment Bills within a short time frame.

## **Conclusion**

In conclusion, the AARCC Group is grateful for New Zealand's leadership role in this area. Our Group conveys the wishes of Anglicans from Cape Reinga through to Pokeno including the Coromandel and was discussed at our Synod in November. We are sure that New Zealanders will look back with regret at this Bill if we do not .....

- Widen the scope to include crown entities, large privately owned companies and those owned by multinationals
- Lower the financial thresholds to include all entities that have a significant impact on the environment
- Set a plan and a timeframe for smaller entities to transition to the mandatory regime
- Fund the guidance and enforcement regime with understanding of the critical nature of this work in mind. It is particularly important that adequate resources are in place to ensure that implementation of enforcement orders following breaches can be followed up in a timely manner.

Broadening the scope of this Bill could be one of the most **significant things we do in Aotearoa to safeguard our planet and lead to just outcomes.**

ANY QUESTIONS?