

JURISDICTION: NEW ZEALAND

AUTHORITY: RESERVE BANK OF NEW ZEALAND – TE PŪTEA MATUA

Background

The Reserve Bank of New Zealand, Te Pūtea Matua, is New Zealand's central bank. We promote a sound and dynamic monetary and financial system by:

- Formulating and implementing *monetary policy* to achieve and maintain price stability and support maximum sustainable employment;
- Assisting the functioning of a *sound and efficient financial system*;
- Meeting the *currency needs* of the public; and
- Overseeing and operating effective *payments systems*.

We seek to achieve our vision - A Great Team, Best Central Bank - with values of:

- Integrity: Being professional and exercising sound judgement;
- Innovation: Actively improving what they do; and
- Inclusion: Working together for a more effective Bank.

We are investing heavily in reviewing and testing our policy frameworks and policy settings in light of domestic and international experience, and ensuring that our independence is balanced by appropriate public disclosure and accountability.

Like many other central banks and regulators, we see climate as a key risk to the financial stability that underpins our economy. Assessing material risks to banks and insurers, and the financial system as an ecosystem, is our core business. Climate sits firmly within those responsibilities. New Zealand being a small, island nation with an agricultural-based economy means we will be impacted differently than others.

Sustainability objectives

Our thinking on the interface of the climate and financial systems has evolved and culminated in a stocktake in 2018. The result was the adoption of our *climate strategy* which acknowledges that managing major risks such as those posed by climate change sits squarely within our core responsibilities. Our strategy has three components: incorporating climate change into our core functions; managing our direct impact on the climate; and leading through experience and collaboration.

Our key climate focus for 2020/21 includes:

1. Raising awareness of the climate risks to financial stability
2. Contributing to New Zealand regulatory/policy discussions
3. Building our own capacity and awareness

Sustainability work highlights

The Reserve Bank has rolled out climate risk training for prudential supervisors, and staff in the Financial Stability Group more generally. The SIF insurance Question Bank is integrated within this training, which also draws on the New Zealand findings from the SIF TCFD survey.

We are also leading the New Zealand Council of Financial Regulators' work on the climate challenge, including helping to develop a shared programme to build awareness and capacity:

<https://www.rbnz.govt.nz/news/2019/11/council-of-financial-regulators-sets-work-priorities-for-2020>

The Reserve Bank welcomed the announcement by the New Zealand Government in September 2020, that New Zealand will introduce a mandatory climate-related financial disclosure regime. If agreed by Parliament, this will come into effect in 2022. We consider that this regime will contribute positively to our ability to advance our financial stability objective, including through the identification and management of the prudential risks associated with climate change.

Membership of any other initiatives/networks working on sustainability

- IAIS
- NGFS
- New Zealand Council of Financial Regulators
- Deep South National Science Challenge Representative User Group

Recent engagement with SIF

The Reserve Bank attended both the 8th SIF meeting in February 2020 and the following virtual meetings in May 2020, providing valuable contributions to SIF's 2020 work plan. The Reserve Bank further provided recommendations and comments on SIF's Future Work Programme 2021-2023, helping SIF to identify which areas of work to focus on going forward.

