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This submission is not confidential

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Financial Markets Policy
Building, Resources and Markets
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OraTaiao Submission on MBIE Review of KiwiSaver default provider arrangements

Thank you for the opportunity to have input on the review of KiwiSaver default provider arrangements. OraTaiao: New Zealand Climate & Health Council has about 650 health professional members. [Our Health Call to Action](#) on Climate Change is supported by [17 leading health professional organisations](#) including the New Zealand Medical Association, the New Zealand Nurses Organisation and the Public Health Association, as well as a number of Specialist Colleges and the leaders of both New Zealand's Faculties of Medical and Health Sciences. All New Zealand's climate change and health experts are members, including eminent international climate change and health experts.

Climate change is increasingly recognised as the biggest global health threat of the 21st Century,^{1,2} as well as the greatest opportunity to improve health.³ As senior doctors, nurses and other health professionals, we are advocating on behalf of our patients and communities. One of our strategic priorities is to: - "Demonstrate leadership in achieving a climate-resilient net zero emissions health sector".

OraTaiao is a politically non-partisan incorporated society, emphasising science, evidence, health, health and social equity, and resilience. We regard climate change adaptation and mitigation as New Zealand health priorities.

¹ Costello A, Abbas M, Allen A, et al. Managing the health effects of climate change: Lancet and University College London, Institute for Global Health Commission. Lancet 2009,373:1693–1733.
[http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(09\)60935-1/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(09)60935-1/fulltext)

² World Medical Association. WMA Declaration of Delhi on Health and Climate Change,
<https://www.wma.net/policies-post/wma-declaration-of-delhi-on-health-and-climate-change/>

³ Watts N, Adger WN, Agnolucci P, Blackstock J, et al., Montgomery H, Costello A, for The 2015 Lancet Commission on Health and Climate Change. Health and climate change: policy responses to protect public health. Lancet 2015. doi: 10.1016/S0140-6736(15)60854-6.
<http://www.thelancet.com/commissions/climate-change-2015>

Responsible Investment

We think it is vital that the Government takes steps to ensure default KiwiSaver schemes invest responsibly. It is common for managed funds to divest from tobacco, alcohol, gambling and armaments as these investments are viewed to be unethical. Increasingly managed funds around the world are divesting from fossil fuels due to the effect these companies' operations have on climate change. By December 2016, a total of 688 institutions and over 58,000 individuals representing \$5.5 trillion in assets worldwide had divested from fossil fuels.

In 2017 OraTaiao advocated for the Medical Assurance Society (MAS) of New Zealand (a member based insurer and KiwiSaver provider with a large medical membership) to invest its KiwiSaver funds and retirement funds ethically including divestment from fossil fuels. As of September 2017 MAS investment funds including kiwisaver are all divested from fossil fuels.

Option 1 - We would like the government to take steps to ensure all default KiwiSaver providers are divested from the fossil fuel industry (companies involved in the exploration, extraction, refining, processing and burning of fossil fuels). Option 2 – “Require providers to give members standard information in relation to their responsible investment practices, so that members can make informed decisions” – is less likely to be effective as it is common for investors to remain with their default provider and this option does not require providers to responsibly invest - including divestment from fossil fuels.

Divestment removes both the financial and social support these companies need to operate. Divesting from these companies makes a clear statement that the industry is not compatible with a safe climate and healthy population. A requirement for divestment from fossil fuels by default kiwisaver providers would align with the Government's commitment under the Paris Agreement 2016 to limit global average temperature rises to well below 2 degrees celsius above pre-industrial levels. As these KiwiSaver providers are default options there is still an opportunity for individuals to opt out into alternative schemes if they do not agree with fossil fuel divestment (or if the requirement for divestment results in higher administration fees and they wish to move to a lower fee provider).

Conclusion

In conclusion, OraTaiao welcomes the opportunity to submit on the review of KiwiSaver default provider arrangements. It is vital that the government takes steps to ensure default KiwiSaver schemes invest responsibly including requiring these providers to divest from the fossil fuel sector. The climate crisis is the greatest threat to health in the 21st century. The Government must use all available tools to provide a healthy and safe climate for New Zealanders.

Yours sincerely

Dr Rhys Jones
Co-convenor

Dr Matthew Jenks
Executive Board member

OraTaiao: The New Zealand Climate and Health Council