

## Govt announces commercially focused \$100M green investment fund

By Patrick Smellie

Dec. 5 (BusinessDesk) - The government's \$100 million Green Investment Finance fund, launched today, will concentrate its efforts on decarbonisation investments outside renewable energy, Green Party co-leader James Shaw says.

Operating as a company under the Public Finance Act, the fund is intended to attract much larger sums of private capital to green investments and will be established on far more strictly commercial terms than the \$3 billion Provincial Growth Fund.

The Greens won commitment to the fund in their support agreement to create the Labour-led government; the PGF was part of New Zealand First's deal for being Labour's formal coalition partner.

Shaw said the fund will target similar leverage ratios to similar funds in other countries, which generally aim at three- to four-times leverage, and he'd hope to see the private sector investing around \$300 million. It will have a targeted rate of return of 2 percentage points above the benchmark five-year government bond rate.

The fund also has no executive officers at this stage, with a newly installed board expected to appoint a chief executive and senior management team by about April next year.

Its mandate would be to invest in "industries where the greatest impact on emissions reductions can be made," Shaw and Prime Minister Jacinda Ardern said in a joint statement.

However, with electricity already around 85 percent renewable, "NZGIF will focus on tackling other sectors".

"There may be opportunities to back smaller-scale renewable energy projects; where they are smart and can contribute to making our electricity supply more sustainable as demand for electricity rises," said Shaw.

Areas of potential investment included electric vehicles, manufacturing processes, energy efficient commercial buildings and low-emission farming practices.

"As a commercial entity, NZGIF will likely focus on solutions that already exist; for example, knowledge and technology being used internationally where there is scope for use in New Zealand," said Shaw, who leaves shortly for the annual global climate change summit, in Katowice, Poland.

"It's not a start-up entity or the Provincial Growth Fund by another name or an institutional fund manager like the NZ Super Fund," he said. Decarbonisation is "the single largest economic opportunity in at least a generation," he said.

"In every single sector of the economy, we need to do things in new ways."

NZGIF would "play a leadership role for new green projects".

Chairing its board will be Cecilia Tarrant, an expatriate with extensive international merchant banking experience. The other director so far appointed, David Woods, also has an international banking background.

Environmental entrepreneur Rob Fenwick has agreed to act as an ambassador for NZGIF.

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