**Reinvestment Small Working Group**

**Report to GSTHW 2018**

**Background 2014-16**

GSTHW 2014’s Motion 22 required Church trusts and other entities to divest from fossil fuel investments, and to seek ways to reinvest the proceeds in climate change responses, particularly in the Diocese of Polynesia. GS Standing Committee established this SWG to undertake the work.

The SWG reported back to GSTHW 2016 that good progress was being made on divestment; but we reported that reinvestment in climate change responses such as native bush and other forest regeneration projects (as ways to capture and store carbon from the atmosphere), renewable energy and other clean tech projects were still too difficult and uncertain for trusts to engage in.

But as an interim measure, the SWG proposed that GSTHW off-set all the carbon generated by air travel of people attending its meetings. It would do this by buying the requisite credits in carbon sequestration projects; the SWG also offered to keep a watching brief on the development of “green investments.” GS approved both recommendations.

**Progress 2016-18**

Given these two tasks could be readily handled by one person, this author became the sole member of the SWG.

The first step was to set up in the General Synod Office a simple system for collecting data on flights. I’m grateful on this for the guidance of General Secretary Rev’d Michael Hughes and the work of his colleague Marissa Alix. This is a straightforward task, and increasingly so because more airlines and travel agents are generating the required data.

The second step was to find a carbon off-setting project that met three key criteria:

* It would sequester carbon by, for example, reforestation. This ensures existing carbon is removed from the atmosphere. It would also likely carry co-benefits. For example, the money the project receives for its credits often largely flows into community development work such as taking care of the forest or in establishing allied work. In contrast, a hydro-electric scheme or other form of clean electricity means no new carbon is emitted (compared with electricity generated by fossil fuels). But the co-benefits to the local community are likely limited.
* It would be in the Diocese of Polynesia, as a gesture of our support for its travails on the front line of climate change.
  + It would have credits that were strictly verified and lodged on a reputable international registry of credits. Those mechanisms would give transparent and verifiable evidence of the project’s worth.

I sought the advice on such projects from Enviro-Mark Solutions, a company within Landcare Research, the Crown Research Institute. It works with companies at home and internationally on their carbon reduction strategies, and on using high quality credits to off-set some or all of the rest of their emissions.

Because of the nature of its clientele, Enviro-Mark deals only with Compliance Credits, which are ones that count towards a country’s mandated carbon deduction targets. The closest project it could offer us was a hydro-electric scheme in the Solomon Islands, in our neighbouring province of Melanesia.

Enviro-Mark and I kept an eye open for a project in our province. But none such have been established to date.

Therefore, earlier this year I amended the third criteria to include Voluntary Credits. The best of these meet all the stringent requirements of Compulsory Credits, including being registered. But they do not count towards a country’s mandated carbon reduction targets. However, carbon is still being sequestered so the projects are still valid.

This change enabled EKOS, a well-established Wellington company which helps develop, monitor and register such projects, to offer us credits in its Drawa rainforest conservation project in the highlands of Vanua Levu in Fiji. For more details on this project, please see the illustration at the end of this report, and at: <https://www.ekos.org.nz/drawa---fiji.html>

Rev’d Hughes and I hope we can announce at General Synod the completion of purchase of credits in this project, and to give you more details on it. Our goal is to buy sufficient credits to offset General Synod’s air travel involved with GSTHW 2016 and subsequent meetings.

Two other dioceses – Wellington and Auckland -- have expressed interest in using the GS off-setting programme to cover aspects of their ground transport. Once the GS Office has established an efficient working relationship with EKOS, we will bring them, and any other, interested dioceses or Church organisation into the programme.

**Investment in clean technology and other responses to climate change**

Once an area for only specialist investors, this field is becoming more practical for general institutional investors. It remains, however, a very difficult field for retail investors.

Two recent developments highlight the progress:

* The Diocese of Polynesia hosted the second Fono of Anglican Primates and General Secretaries of Oceania in Suva, March 2-5. This attracted the Archbishop of Canterbury and other distinguished guests from Europe and elsewhere in the world.

One of the investment sector guests was Cyrille Arnould, the head of the Global Energy Efficiency and Renewable Energy Fund, established by the European Commission in 2006, and advised by the EU’s European Investment Bank. He said GEEREF was keen to begin investing in Oceania, thereby opening up local opportunities for investors in the Pacific.

* The New Zealand Anglican Church Pension Board is in the final stages of making a significant investment in a European energy transition fund. Mark Wilcox, the Board’s chief executive, is keen to share that newly acquired expertise and investment opportunity with other Church funds.

In conclusion, this SWG respectfully requests its mandate be continued because there is much more work to be done on off-sets and alternative investments; and the group will seek additional members as the work expands.

**Rod Oram**

16th March 2018

