



FINANCIAL SERVICES FEDERATION

22 August 2016

Financial Markets Policy
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140
New Zealand

By email: feesandlevyreview@mbie.govt.nz

Reviews of the Financial Markets Authority funding, the Financial Markets Authority levy, the External Reporting Board levy and Companies Office fees

The Financial Services Federation (“FSF”) wishes to comment on aspects of the above Consultation Document of July 2016 (the “Consultation Document”).

By way of background, the FSF is the industry body for the responsible and ethical finance and leasing providers of New Zealand. We have over forty members and associates providing financing, leasing, investment, banking and insurance services to over 1 million New Zealanders. Our affiliate members include internationally recognised legal and consulting partners. A list of our members is attached as Appendix A.

Many of the fees addressed in the Consultation Document impact FSF members, in particular the Companies Office, PPSR and FSP fees. In respect of those fees, the FSF is broadly comfortable with the proposals on page 8, and accordingly does not wish to respond to each of the questions in the Consultation Document. However, the FSF does wish to comment briefly on the approach to be taken to the funding options and related, and on a small number of other issues addressed in the Consultation Document, as follows.

In respect of the approach to be taken to the funding options and Question 1 in the Consultation Document, it is difficult to take issue with the FMA’s preference for the “Enhanced Case” option, rather than the “Base Case” or the “Lowest case” options. However the FSF is less comfortable with the additional funding required being recovered solely from levies so as to, in effect, decrease the share that is presently borne by Government rather than by levy payers. The FSF believes it is important for Government to maintain the level of its commitment to good outcomes in this area, and would accordingly prefer to see the additional funding being recovered in the same proportions as presently.

As regards the future need for additional funding, para 62 of the Consultation Document notes the connection between that and new areas of risk not presently being actively monitored. The FSF

A National Federation of Financial Institutions

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accepts that there is such a connection, but it is not clear to the FSF what those new areas of activity might be, nor what the “misconduct evident in other markets” may be. The FSF would request that it be consulted about such matters if they are likely to impact FSF members.

In addition to the above, the FSF also wishes to comment briefly on the following specific aspects arising from the Consultation Document:

- a) So far as PPSR fees are concerned, a number of FSF members are high volume users of the PPSR, typically on a G2B basis. They are pleased to see that it is proposed to reduce the PPSR search fee, and are obviously supportive of that even if the amount involved is relatively small on a per-search basis;
- b) Many FSF members are also registered financial service providers. The FSF is disappointed to see that it is proposed to increase the FSP renewal fee by over \$20, and was surprised see the relatively high unit cost of service for what is typically a simple process;
- c) Para 120 of the Consultation Document proposes to increase the proportion of the FMA levy that is paid by banks and NBDTs back to the level that applied when first the levy was established in 2012. The FSF does not accept the reason given for this proposal – surely the fact that banks and NBDTs now represent a smaller proportion of total levy payers is a reason for the proportion of levies paid by them to reduce correspondingly?
- d) In respect of Question 13 and the XRB Levy, yes the FSF does consider that actual and forecast over-recovery of the levy should be factored into resetting the levy;

The FSF trusts that its above comments are helpful.

Signed for Lyn McMorran
Executive Director

A handwritten signature in black ink, appearing to read 'Sue Bentley', written in a cursive style.

PP. Sue Bentley
Financial Services Federation



Appendix A - Membership List as at 31 July 2016

Affiliate Members	Insurance	Credit Reporting Other	Finance Company Diversified Lenders	Vehicle Lenders	Debt Issuers - (NBDT) Non-Bank Deposit Takers
<ul style="list-style-type: none"> • American Express International (NZ) Ltd • AML Solutions • Buddie Findlay • Chapman Tripp • EY • Finzsoft • KPMG • PWC • SimpsonWestern 	<ul style="list-style-type: none"> • Autasure • Protecta Insurance • Provident Insurance Corporation Ltd <p style="text-align: center;"><u>Associate Members</u></p> <ul style="list-style-type: none"> • Southsure Assurance 	<ul style="list-style-type: none"> • VEDA Advantage <p style="text-align: center;"><u>Debt Collection Agencies</u></p> <ul style="list-style-type: none"> • Baycorp (NZ) • Consumer Credit Management Limited • Dun & Bradstreet (NZ) Limited 	<ul style="list-style-type: none"> • Advaro Limited • Avanti Finance • Caterpillar Financial Services NZ Ltd • Centracorp Finance 2000 • Finance Now • Future Finance • Geneva Finance • Home Direct • Instant Finance • John Deere Financial • Latitude Financial • Personal Finance Ltd • South Pacific Loans • The Warehouse Financial Services Group • Thorn Group Financial Services Ltd • Turners Finance Limited 	<ul style="list-style-type: none"> • BMW Financial Services • Branded Financial Services • Community Financial Services • Go Cars Finance Ltd • European Financial Services • Mercedes-Benz Financial Services • Motor Trade Finance • Nissan Financial Services NZ Ltd • Onyx Finance Limited • Toyota Finance NZ • Yamaha Motor Finance <p style="text-align: center;"><u>Leasing Providers</u></p> <ul style="list-style-type: none"> • Custom Fleet • Fleet Partners NZ Ltd • LeasePlan NZ Ltd • ORIX NZ • SG Fleet 	<ul style="list-style-type: none"> • Asset Finance (B) • Fisher & Paykel Finance (BB+) <p style="text-align: center;"><u>Non-Rated</u></p> <ul style="list-style-type: none"> • Mutual Credit Finance • Gold Band Finance Limited