



FINANCIAL SERVICES FEDERATION

26 July 2021

Ministry of Transport, &
Ministry of Business, Innovation and Employment

Energy Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473,
Wellington 6140

By email to: energymarkets@mbie.govt.nz

Dear Sir/Madam

Thank you for the opportunity for the Financial Services Federation ('FSF') to comment on the Consultation paper on the Sustainable Biofuels Mandate *'Increasing the use of biofuels in transport'*.

By way of background, the FSF is the industry body representing responsible non-bank lenders, credit-related insurance providers, and fleet leasing providers. We have over 70 members and affiliates providing these products to more than 1.5 million New Zealand consumers and businesses. Our affiliate members include internationally recognised legal and consulting partners. A list of our members is attached as Appendix A. Data relating to the extent to which FSF members (excluding affiliate members) contribute to New Zealand consumers, society and business is attached as Appendix B.

The Consultation paper is of particular interest to members of the FSF, as many are in the business of financing vehicles through fleet leasing and vehicle lending; Appendix B demonstrates how vast is our members' impact on the New Zealand motor vehicle market.

Generally, the FSF acknowledges the inevitability of New Zealand's transition to a 'net' zero emissions future and agrees that emission reductions should not just be targets set out by the Government, but the basis of a partnership between Government and the private sector to achieve those targets and develop a resilient and flexible market-led approach to achieving 'net' zero. Therefore, on its principles, the FSF supports the mandate outlined in the Consultation document.

However, the document still presents some concerns which have all been well articulated in the BusinessNZ Energy Council ('BEC') submission.

The FSF is a member of BusinessNZ's Affiliated Industries Group and is in total agreement with all the responses provided in their submission. The FSF, as a member, has played a constructive role in the creation of BEC's submission. Thus, the FSF offers our full support to BEC's submission on this Consultation paper, as they have demonstrated insightful responses and their collaboration with various businesses, academia and Government has been well articulated in their submission.

We particularly agree with BEC's point about the need to forge a collaborative outcome based regulatory environment that enables the private sector to innovate and forge a market-led path to 2050.

The BEC's submission shows modelling which hypothesises a slower uptake of EV's, resultantly demonstrating an increase in the need for biofuels and hybrid vehicles in the short to medium term.

The FSF echoes this point made by BEC, and also agrees with the hypothesis that the EV uptake will be far slower than what regulators expect as a result of supply issues. Motor vehicle dealerships order supply four years in advance. This reality in combination with the lack of supply of right hand-drive vehicles from EV manufacturer; the slowdown in supply of vehicles due to overseas manufacturing plants having to shut down for prolonged periods during COVID lockdowns' supply chain and shipping issues; and the underlying issues New Zealand already has as a small nation with its power in securing EVs, points to a heavier reliance on biofuels and hybrids as a reality.

Alongside this concern, biofuels tend to be used within their country of production. And Australia is not estimated to have fuel available for export until 2025 and even then, this supply will be limited.

The FSF echoes BEC's concerns that there may be an increased cost for consumers if the scheme is not able to be reviewed in reaction to the market. The regulator should be able to respond to the forecasted market conditions and have tools prepared which will counter the increased cost for consumers, and not adversely affect New Zealand consumers' ability to partake in the motor vehicle market.

The FSF is grateful for this opportunity to consult on this document, and for the ongoing involvement the FSF has had with the Ministry of Transport regarding the Clean Car Programme. The FSF and its wider membership appreciate the Ministry taking on board concerns and participating in conversation with members to realise the practical issues at stake with the Clean Car Programme and the unrealised financial implications on lenders and lessors.

The FSF looks forward to continued collaboration with the Ministry of Transport further into the year.

The FSF allows this submission to be published and has no requests for any aspect to remain confidential.

Please do not hesitate to contact me if you have any queries.

A handwritten signature in black ink, consisting of several overlapping loops and a final vertical stroke, likely representing the name Diana Yeritsyan.

Diana Yeritsyan
Legal and Policy Manager



FINANCIAL SERVICES FEDERATION

Appendix A

Membership List as at June 2021

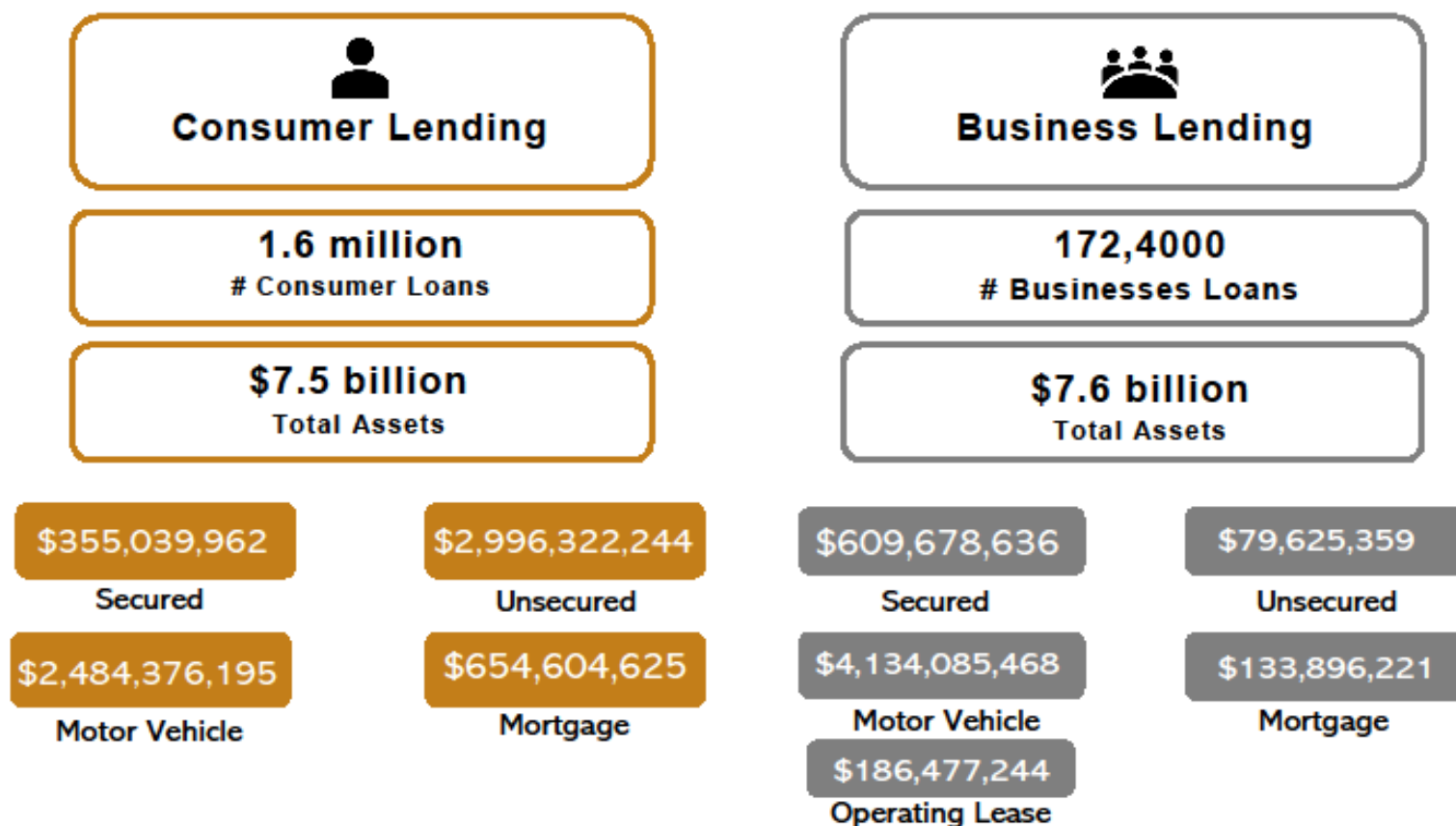
| Non-Bank Deposit Takers Leasing Providers | Vehicle Lenders | Finance Company Diversified Lenders | Finance Company Diversified Lenders | Credit Reporting & Debt Coll Agencies | Affiliate Members |
|---|--|--|--|---|---|
| <u>Rated</u> Asset Finance (B) <u>Non-Rated</u> Mutual Credit Finance Gold Band Finance ➤ Loan Co <u>Credit Unions/Building Societies</u> First Credit Union Nelson Building Society <u>Leasing Providers</u> Custom Fleet Fleet Partners NZ Ltd Lease Plan ORIX New Zealand SG Fleet | AA Finance Limited Auto Finance Direct Limited BMW Financial Services ➤ Mini ➤ Alphera Financial Services Community Financial Services European Financial Services Go Car Finance Ltd Honda Financial Services Mercedes-Benz Financial Motor Trade Finance Nissan Financial Services NZ Ltd ➤ Mitsubishi Motors Financial Services ➤ Skyline Car Finance Onyx Finance Limited Toyota Finance NZ Yamaha Motor Finance | Avanti Finance ➤ Branded Financial Caterpillar Financial Services NZ Ltd Centracorp Finance 2000 Finance Now ➤ The Warehouse Financial Services ➤ Southsure Assurance Flexi Group (NZ) Limited Future Finance Geneva Finance Harmony Home Direct Instant Finance ➤ Fair City ➤ My Finance John Deere Financial Latitude Financial Metro Finance Pepper NZ Limited Personal Loan Corporation | Pioneer Finance Prospra NZ Ltd Smiths City Finance Ltd South Pacific Loans L & F Group ➤ Speirs Finance ➤ Speirs Corporate & Leasing ➤ Yoogo Fleet Thorn Group Financial Services Ltd Turners Automotive Group ➤ Autosure UDC Finance Limited | Baycorp (NZ) ➤ Credit Corp Centrix Collection House Equifax (prev Veda) Illion (prev Dun & Bradstreet (NZ) Limited Intercoll Quadrant Group (NZ) Limited <u>Credit-related Insurance Providers</u> Protecta Insurance Provident Insurance Corporation Ltd | 255 Finance Limited Buddle Findlay Chapman Tripp Credit Sense Pty Ltd Experian EY FinTech NZ Finssoft Green Mount Advisory Happy Prime Consultancy Limited HPD Software Ltd KPMG LexisNexis PWC Simpson Western Verifier Australia Total 71 members |

Appendix B



FINANCIAL SERVICES FEDERATION

The Financial Services Federation (FSF) is the association for responsible finance and leasing companies operating in New Zealand. This infographic is a snapshot of our 40 lending members, the membership list can be found at our website www.fsf.org.nz.



FSF lending members data survey period as at 29 February 2020 . Data collected and aggregated by KPMG. Values in NZ\$.