

10 December 2021

Submission to the Ministry of Business, Innovation & Employment on the Buy-Now, Pay Later- Discussion Document.

Health Action Trust is a community-based health promotion organisation in Nelson, New Zealand. We provide health promotion and mental health services, under a range of contracts funded by the Ministry of Health and Nelson Marlborough DHB.

We are committed to working in accordance with the principles of Te Tiriti o Waitangi and the cornerstones of the Ottawa Charter.

One of the contracts of Health Action Trust is the Community Action on Youth and other Drugs (CAYAD) programme.

CAYAD is a national programme aimed at reducing the harm young people experience from alcohol and other drugs. We work with other groups to raise awareness and enable young people to make informed choices that lead to healthier outcomes.

Feedback on the key aspects of the Buy Now, Pay Later Discussion Document:

- 1) Health Action Trust/CAYAD Nelson Tasman thank the Ministry of Business, Innovation and Employment for the opportunity to provide feedback on policy options to regulate the new and emerging sector Buy Now, Pay later, with people in financial difficulty in mind.
- 2) We support the financial mentoring sector's view that the Buy Now, Pay Later service can create financial difficulties for consumers.
- 3) We believe that purchasing alcohol (online or in-store) using Buy Now, Pay Later services can further increase accessibility, thereby increasing alcohol use (or maintaining high levels of consumption) and resulting in harm to drinkers and others.
- 4) We are fully convinced that alcohol should not be considered an ordinary retail product. Alcohol is a psychoactive substance with addictive properties, and of all the drugs available in society, it is the most harmful.
- 5) Restrictions on access and availability are among the most effective of all harm-reduction measures.
- 6) Buy Now, Pay Later services offering alcohol products to be sold and advertised at a perceived lower cost is particularly concerning. Consistent research shows that the economic accessibility of alcohol is a key driver of alcohol use, harm and inequities in harm.⁴ Price appears to be particularly important for low income, heavy drinkers, a population group that experiences disproportionately more harm from each drink.
- 7) Whilst we are aware of very few bottle stores currently using Buy Now, Pay Later services, there is significant potential for this to change. This is because, since COVID-19, there has been significant growth in the number of online alcohol retailers seeking to provide 'essential' alcohol purchases during lockdown.

- 8) Rapid online alcohol delivery (within 2 hours) is a specific concern with regards to online alcohol delivery. Any introduction of Buy Now, Pay Later services in this market would significantly increase the risk of harm.
- 9) In the past year, many New Zealanders have turned to alcohol to cope with the impacts of the COVID-19 pandemic. Health Action Trust/ CAYAD Nelson Tasman are also especially concerned that many heavy drinkers have increased their alcohol use during and post-lockdown. Inequities in drinking have also been observed, with a higher proportion of Māori drinkers continuing to drink more than usual coming out of lockdown (20% drinking more than usual in Level 1, July 2020) compared to non-Māori (14%).⁵
- 10) Whilst Health Action Trust/ CAYAD Nelson Tasman acknowledges the benefits that the Buy Now, Pay Later sector can bring to customers, there are clear risks when it has the potential to increase access to harmful drugs such as alcohol.
- 11) It is essential to implement a robust set of regulations that protect consumers from any financial hardship and harm caused by excessive alcohol consumption. In general, our recommendations include:
 - Buy Now, Pay Later sector should be regulated by MBIE – because self-regulatory systems are typically very weak and have limited ability to provide penalties. For example, the evidence relating to the Advertising Standards Authority voluntary code for alcohol marketing shows the code is too weak to meaningfully reduce alcohol marketing exposure and the harm it causes.
 - Alcohol must not be eligible for Buy Now, Pay Later and any other credit-like services – alcohol is an addictive substance and causes too much harm to be made available in this way. As these systems would make alcohol available at lower up front prices, and potentially through rapid delivery services, there is potential to greatly increase consumption, harm and future hardship.

Thank you for the opportunity to provide feedback on the Buy Now, Pay Later discussion document.

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