



MEMORANDUM

DATE: 13 December 2021

TO: MBIE

FROM: Te Rūnanga o Ngāi te Rangī Iwi

RE: SUBMISSION – Buy Now Pay Later Schemes

1. Te Rūnanga o Ngāi Te Rangī Iwi Trust (TRONIT) acknowledges the Ministry of Business, Innovation and Employment for the opportunity to provide feedback on the policy options to regulate the new and emerging Buy-Now, Pay-Later (BNPL) sector, with the interest of people experiencing financial hardship in mind.
2. Ngāi Te Rangī Iwi is the largest Iwi in Tauranga/Western Bay of Plenty. TRONIT is the social and community services provider for the Iwi.
3. TRONIT is active in the field of reducing alcohol and drug related harm and is contracted with Ministry of Health for the Community Action on Youth Alcohol and Drugs programme (CAYAD); and provides drug and alcohol counselling services, transitional housing and support, and social work services through the Whanau Oranga Service.
4. TRONIT believes and asserts that alcohol retailers should not be allowed to offer BNPL services as an alternative payment method.
5. Only one BNPL service provider (Laybuy) has excluded alcohol products from their services on moral grounds.
6. TRONIT acknowledges and supports the comprehensive submission on BNPL by Alcohol Healthwatch and we note the following from that document:
7. Whilst there are some potential benefits of BNPL providing a low-cost, no interest/fee payment alternative to credit cards payments, we support the views of the financial mentoring sector that the BNPL service could create financial hardship for consumers, especially in an unregulated environment.
8. BNPL 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. Price appears to be particularly important for low income, heavy drinkers, a population group that experiences disproportionately more harm from each drink.



9. Whilst we are aware of very few bottle stores currently using BNPL 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.
10. Rapid online alcohol delivery (within 2 hours) is a specific concern with regards to online alcohol delivery. Any introduction of BNPL services in this market would significantly increase the risk of harm.
11. In the past year, many New Zealanders have turned to alcohol to cope with the impacts of the COVID-19 pandemic. It is especially concerning 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%).
12. In addition, we are strongly concerned that purchasing alcohol (online or in-store) by using BNPL services may further increase its economic accessibility, fuelling increases in alcohol use (or maintaining high levels of drinking) and resulting in alcohol harm to drinkers and others.
13. It is clear that alcohol should not be considered an ordinary retail product. It is a psychoactive substance with dependence-producing properties, and of all drugs available in society, is the most harmful (when harm to users as well as others is considered). Restrictions to its accessibility and availability are among the most effective of all measures to reduce harm.
14. It is imperative to put in place a set of robust regulations that protect consumers from any financial hardship and harm from increased drinking. In general, our recommendations include:
 - Alcohol products should be excluded from any BNPL services or other unregulated credit-like services;
 - Alcohol products should not be advertised or sold with fractional costing;
 - Apply the Credit Contracts and Consumer Finance Act 2003 to regulate the BNPL sector (i.e. option 3); and
 - Conduct a public inquiry into the online promotion, sale and delivery of alcohol.

Ngā mihi



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