

Steve Jurkovich  
Chief Executive  
Kiwibank Limited  
Private Bag 39888  
Wellington Mail Centre

24 July 2020

Dear Mr Jurkovich,

I would like to express my surprise and disappointment at KiwiBank's decision to withhold all banking services from businesses involved in the extraction of fossil fuels. In our view this decision makes little sense from an economic or environmental perspective.

Given that New Zealand is going to continue using natural gas and oil as we transition to lower emissions, it makes sense to produce these locally. Otherwise we are likely to use higher emitting sources such as coal, and/or imported LNG from overseas – a lose-lose outcome for both the economy and environment.

It is also worth noting there are many different uses of fuels like natural gas, many of which do not involve burning and the release of emissions. For example, around 45% of natural gas produced in New Zealand is used to create methanol which is used in all kinds of everyday products.

We absolutely agree on the need to lower emissions and some of the tools to achieve this include:

- Replacing coal with natural gas, which has half the emissions
- Using the Emissions Trading Scheme (ETS) to incentivise emissions reductions
- Using natural gas as a back-up and enabler for renewable electricity sources, keeping prices down and therefore encouraging decarbonisation through electrification of transport and heat processes
- Carbon capture and storage technology (CCS)

The arbitrary nature of KiwiBank's decision is highlighted by your continued lending to the agricultural sector which is responsible for nearly half of New Zealand's emissions.

In contrast, our sector is directly responsible for just one per cent of New Zealand's emissions. All major emitters are covered by the ETS which is widely recognised as the best tool for reducing emissions.

We also note you are not withholding your services from the users of fossil fuels, which highlights the illogical nature of the decision.

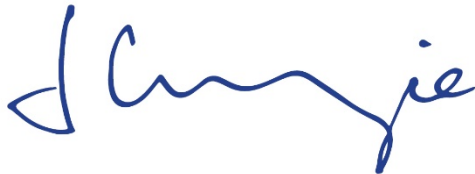


As an industry we are proud of our role in providing energy to help New Zealanders live better lives, and proud of our contribution to lowering emissions. KiwiBank should also be confident and proud of this business relationship.

I enclose a copy of our publication "The Future of Oil and Gas in a Lower Carbon World" which covers these issues in more detail. Also enclosed is our latest publication "Asking the Burning Questions" which highlights how complex and multi-dimensional these issues are.

Finally, we were surprised such a decision was made without consulting industry bodies such as ourselves which could have led to a better-informed outcome. My door is always open to discuss any such issues in future - please feel free to contact me at any time on via either [john@pepanz.com](mailto:john@pepanz.com) or 021 375061.

Yours sincerely

A handwritten signature in blue ink, appearing to read "John Carnegie". The signature is fluid and cursive, with the first letter 'J' being particularly large and stylized.

John Carnegie  
**Chief Executive**  
PEPANZ