



Credit Contracts and Consumer Finance Amendment Regulations (No 2) 2024

Cindy Kiro, Governor-General

Order in Council

At Wellington this 4th day of June 2024

Present:

Her Excellency the Governor-General in Council

These regulations are made under section 138(1)(ab), (abd), and (n) of the Credit Contracts and Consumer Finance Act 2003—

- (a) on the advice and with the consent of the Executive Council; and
- (b) on the recommendation of the Minister of Commerce and Consumer Affairs made in accordance with section 138 of that Act.

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Regulations

1 Title

These regulations are the Credit Contracts and Consumer Finance Amendment Regulations (No 2) 2024.

2 Commencement

- (1) These regulations come into force on 7 June 2024.
- (2) However, regulations 4, 5, 7, and 8 come into force on 31 July 2024.

3 Principal regulations

These regulations amend the Credit Contracts and Consumer Finance Regulations 2004.

4 Regulations 4AC to 4AN revoked

Revoke regulations 4AC to 4AN.

5 Regulation 4AO amended (High-cost consumer credit contracts: presumption of substantial hardship)

After regulation 4AO(3), insert:

- (4) In this regulation, unless the context otherwise requires,—

listed outgoings means any of the following:

- (a) fixed financial commitments, including accommodation costs, insurance, rates, body corporate fees, school fees, and child support that is payable under the Child Support Act 1991;
- (b) payments of any debts (whether existing debts or payments under the agreement being entered into or materially changed):
- (c) essential living expenses, including necessary expenses for utilities, food and groceries, personal expenses (such as clothing and personal care), other costs associated with dependants if applicable (such as child care), medical expenses, and transport expenses;
- (d) any non-discretionary regular or frequently recurring outgoings that are material to the estimate of relevant expenses (excluding savings and investments)

relevant expenses means any listed outgoings that are in respect of the relevant period (whether or not they fall due to be paid in or after the relevant period)

relevant period means the period starting with the date on which the agreement is likely to be entered into or materially changed and ending with the earlier of 1 year after that date and the date on which the agreement is likely to terminate.

- 6 Regulations 18D and 18E revoked**
Regulations 18D and 18E are revoked.
- 7 Regulation 28 amended (Exemptions if credit provided, on interim basis, by non-financial service business)**
In regulation 28(3), replace “and (d)(i)” with “and (d)”.
- 8 Regulation 29 amended (Requirements in relation to annual returns)**
Replace regulation 29(4)(d) with:
- (d) for each type of credit contract entered into, or material change to a credit contract, that is described in paragraphs (a) to (c), the total dollar amount to be advanced, or total credit limit, as applicable.

Rachel Hayward,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations but is intended to indicate their general effect.

These regulations come into force on 7 June 2024, except in the case of *regulations 4, 5, 7, and 8*, which come into force on 31 July 2024. These regulations amend the Credit Contracts and Consumer Finance Regulations 2004 (the **principal regulations**).

These regulations do 2 main things.

First, *regulation 4* revokes all the provisions of the principal regulations (except 1) that set out requirements to be applied in the assessment of likelihood of substantial hardship for the purposes of section 9C(3)(a)(ii) and (5A) of the Credit Contracts and Consumer Finance Act 2003 (the **Act**). *Regulations 5, 7, and 8* make consequential amendments to regulations 4AO, 28, and 29 of the principal regulations respectively.

Second, *regulation 6* revokes regulations 18D and 18E of the principal regulations (which relate to COVID-19 and are no longer relevant).

Statement of reasons

The following statement of reasons is published for the purposes of section 138(1B) of the Credit Contracts and Consumer Finance Act 2003.

The Minister of Commerce and Consumer Affairs, having had regard to the purposes set out in section 3 of the Act (as required by section 138(1A)(a) of the Act) and being satisfied as to the matters set out in section 138(1A)(b) and (c)(ii) of the Act, considers the exemptions in regulations 18D and 18E of the principal regulations are no longer appropriate because—

- regulations 18D and 18E were made following the outbreak of COVID-19 at a time when disruptions caused by heightened alert levels meant that compliance with certain requirements of the Act would be unduly onerous and burdensome. Compliance with those requirements is no longer affected by the impact of COVID-19:
- the exemptions in regulations 18D and 18E could only be relied on in circumstances where borrowers or debtors were actively experiencing, or reasonably expected to experience, financial difficulties due to the economic or health effects of COVID-19. Those circumstances no longer exist.

Regulatory impact statement

The Ministry of Business, Innovation, and Employment produced a regulatory impact statement on 14 March 2024 to help inform the decisions taken by the Government relating to the contents of this instrument.

A copy of this regulatory impact statement can be found at—

- <https://www.mbie.govt.nz/dmsdocument/28287-regulatory-impact-statement-reducing-the-burden-of-affordability-requirements-in-consumer-credit-legislation-proactiverelease-pdf>
- <https://treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2019.

Date of notification in *Gazette*: 6 June 2024.

These regulations are administered by the Ministry of Business, Innovation, and Employment.