



## COVERSHEET

<b>Minister</b>	Hon Dr Duncan Webb	<b>Portfolio</b>	Commerce and Consumer Affairs
<b>Title of Cabinet paper</b>	Exemption for Temporary Credit to Consumers Affected by Upper North Island Flooding	<b>Date to be published</b>	20 March 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
February 2023	Exemption for Temporary Credit to Consumers Affected by Upper North Island Flooding	Office of the Minister of Commerce and Consumer Affairs
8 February 2023	Exemption for temporary credit to consumers affected by upper North Island flooding  CAB-23-MIN-0017 Minute	Cabinet office
February 2023	Credit Contracts and Consumer Finance (Exemption for Emergency Relief) Amendment Regulations (No 2) 2023	Office of the Minister of Commerce and Consumer Affairs
20 February 2023	Credit Contracts and Consumer Finance (Exemption for Emergency Relief) Amendment Regulations (No 2) 2023  CAB-23-MIN-0042 Minute	Cabinet office

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld under

- Confidential advice to Government
- Free and frank opinions
- Confidential information entrusted to Government.



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Exemption for Temporary Credit to Consumers Affected by Upper North Island Flooding

**Portfolio**                      **Commerce and Consumer Affairs**

On 8 February 2023, Cabinet:

- 1        **agreed** to provide an exemption from section 9C(3)(a)(ii) of the Credit Contracts and Consumer Finance Act 2003 (CCCFA) for credit contracts where:
  - 1.1      the credit contract is a temporary overdraft or home loan of up to \$10,000 supplied to existing customers;
  - 1.2      if the contract is an overdraft or another revolving credit contract, the maximum term is 12 months;
  - 1.3      if the contract is not a revolving credit contract, the term is reasonable;
  - 1.4      the credit contract is provided for the purposes of borrowers addressing the impacts of upper North Island flooding in January and February 2023; and
  - 1.5      the credit contract is entered into before 31 March 2023;
- 2        **agreed** that this exemption be subject to the following conditions:
  - 2.1      before the credit contract is entered into, lenders must highlight to the borrower that assistance is available at the end of the temporary period, should the borrower experience any financial difficulties or be at risk of hardship;
  - 2.2      after entering the contract, in the event there is evidence the borrower is experiencing financial difficulties or is at risk of hardship, lenders must notify to the borrower that hardship assistance is available;
  - 2.3      lenders must comply with relevant provisions of the Responsible Lending Code relating to identifying and responding to financial difficulties;
  - 2.4      if hardship assistance is requested at any point after entering the contract, lenders must make reasonable inquiries to determine whether or not repayment of the credit contract is affordable; and

- 2.5 if those inquiries show repayment is not affordable, the lender must provide relief in respect of the credit contract sufficient to avoid the borrower suffering substantial hardship;
- 3 **noted** that section 138(1A) of the CCCFA provides that the responsible Minister may only recommend regulations under section 138(1)(ab) if:
- 3.1 the Minister has had regard to the purposes of the CCCFA set out in section 3;
- 3.2 the Minister is satisfied the exemption would not cause significant detriment to debtors under credit contracts, lessees under consumer leases, or occupiers under buy-back transactions; and
- 3.3 compliance with the relevant provision or provisions would, in the circumstances, require a creditor, lessor, or transferee or a class of creditors, lessors, or transferees to comply with requirements that are unduly onerous or burdensome;
- 4 **noted** the advice of the Minister of Commerce and Consumer Affairs that the conditions in paragraph three above will be met;
- 5 **noted** that a waiver of the 28-day rule is sought:
- 5.1 so the regulations can come into force as soon as possible;
- 5.2 on the grounds that the regulations are being made in response to an emergency;
- 6 **agreed** to waive the 28-day rule so that the regulations can come into force immediately on notification in the Gazette;
- 7
- Constitutional conventions
- 8 **agreed** to give effect to the decisions above through regulations under the CCCFA;
- 9 **authorised** the Minister of Finance, the Minister of Revenue and the Minister of Commerce and Consumer Affairs to take final decisions on the proposals to be progressed;
- 10 **invited** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 11 **authorised** the Minister of Finance and Minister of Commerce and Consumer Affairs to make additional policy decisions and minor or technical changes, consistent with the intent of the paper under CAB-23-SUB-0017, on any issues that arise during drafting;
- 12 **authorised** the Minister of Finance and Minister of Commerce and Consumer Affairs to have Power to Act to jointly authorise submission of the regulations to Executive Council during the period from the meeting of Cabinet on 8 February 2023 until the next meeting on 13 February 2023.

Rachel Hayward  
Secretary of the Cabinet