

Submission template

Exposure draft of Credit Contracts and Consumer Finance Amendment Regulations (No 2) 2022 and updated Responsible Lending Code

This is the submission template for responding to the Consultation Paper accompanying two exposure drafts on the Credit Contracts and Consumer Finance Amendment Regulations (No 2) 2022 and Chapter Five and Seven of the updated Responsible Lending Code.

The Ministry of Business, Innovation and Employment (MBIE) seeks your comments by **5pm on 20 October 2022**.

Please make your submission as follows:

1. Fill out your name, organisation and contact details in the table: “Your name and organisation”.
2. Fill out your responses to the discussion document questions in the table: “Responses to discussion document questions”. Your submission may respond to any or all of the questions in the discussion document. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.
3. If you would like to make any other comments that are not covered by any of the questions, please provide these in the “Other comments” section.
4. When sending your submission, please:
 - a. Delete this first page of instructions.
 - b. Note that, except for material that may be defamatory, MBIE intends to upload PDF copies of submissions received to MBIE’s website. MBIE will consider you to have consented to uploading by making a submission, unless you clearly specify otherwise in your submission. If your submission contains any confidential information:
 - i. Please state this in the cover page or in the e-mail accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 that you believe apply. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.
 - ii. Indicate this on the front of your submission (eg the first page header may state “In Confidence”). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
 - c. Note that submissions are subject to the Official Information Act 1982 and may, therefore, be released in part or full. The Privacy Act 2020 also applies.
5. Send your submission as a Microsoft Word document to consumer@mbie.govt.nz.

Please direct any questions that you have in relation to the submissions process to consumer@mbie.govt.nz.

Submission on *Exposure draft of Credit Contracts and Consumer Finance Amendment Regulations (No 2) 2022 and updated Responsible Lending Code*

Your name and organisation

Name	Privacy of natural persons
Organisation (if applicable)	Bay of Plenty Regional Council
Contact details	Privacy of natural persons

[Double click on check boxes, then select 'checked' if you wish to select any of the following.]

The Privacy Act 2020 applies to submissions. Please check the box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.

MBIE intends to upload submissions received to MBIE's website at www.mbie.govt.nz. If you do not want your submission to be placed on our website, please check the box and type an explanation below.

I do not want my submission placed on MBIE's website because... [Insert text]

Please check if your submission contains confidential information:

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

I would like my submission (or identified parts of my submission) to be kept confidential because... [Insert text]

Responses to questions

1	Do you agree with amending the definition of 'listed outgoings' along the lines proposed? Do you have any comments on the wording of these changes?
	Yes agree. No comments.
2	Do you agree with amending the definition of 'relevant expenses' along the lines proposed? Do you have any comments on the wording of these changes?
	Yes agree. No comments.
3	Which of the two options for guidance in the Draft Code relating to treatment of discretionary expenses is most appropriate and why? Do you have any comments on the wording of either of these options?
	Option two because the consultation paper states that it permits lenders to take a narrower initial capture of expenses, further reducing the extent of enquiries.
4	Do you agree with the approach to excluding some credit cards as proposed in regulation 4AL(2A)? If not, what changes would you make?
	Yes.
5	Is any additional guidance needed for the exception in 4AL(2A) for certain credit cards? If so, what should this guidance state?
	We welcome any additional guidance but we do not have any specific comment on what it should state.
6	Do you agree with explicitly excluding BNPL in its entirety from 4AL(2)? If not, are there alternative ways, that would be workable for lenders, to impute future BNPL expenses based on a borrower's existing BNPL facilities?
	Yes.
7	In light of excluding BNPL from 4AL(2), is any further guidance in the Code necessary to address the treatment of BNPL expenses? If so, what should this guidance state?
	We welcome any additional guidance but we do not have any specific comment on what it should state.
8	Do you agree with the way that the Draft Regulations relating to the expanded exception for variations and replacements of existing credit contracts is phrased? If not, what changes would you make?
	We don't think this applies directly to our organisation as we are not involved in refinancing of credit contracts the borrowers have with other lenders.
9	Which of the two drafting options for expanding the exception for variations and replacements of existing credit contracts would be most workable and why?

We don't think this applies directly to our organisation as we are not involved in refinancing of credit contracts the borrowers have with other lenders.

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Do you agree with the suggested guidance in the Draft Code relating to the expanded exception? If not, what changes should be made to the Draft Code guidance?

We don't think this applies directly to our organisation as we are not involved in refinancing of credit contracts the borrowers have with other lenders.

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Would any of these changes require changes to lender systems before they could come into force? If so, what are the likely timeframes for making these changes?

Yes. 6 months.

Other comments

As discussed with MBIE and the Commerce Commission, we are still keen to see changes to the legislation to support VTR schemes by local authorities.