



# Cabinet Economic Growth and Infrastructure Committee

EGI Min (15) 1/14

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## Minute of Decision

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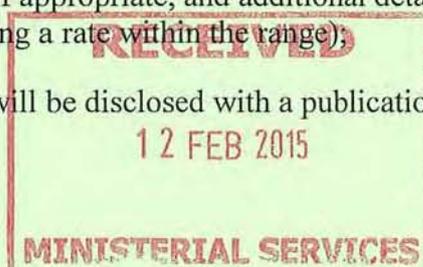
### Regulations to Implement the Credit Contracts and Consumer Finance Amendment Act 2014

#### Portfolio: Commerce and Consumer Affairs

On 11 February 2015, the Cabinet Economic Growth and Infrastructure Committee (EGI):

- 1 **noted** that regulations are required under the Credit Contracts and Consumer Finance Amendment Act 2014 (the Amendment Act) to prescribe the costs of borrowing information (including interest charges and fees) to be publicly disclosed by lenders;
- 2 **noted** that:
  - 2.1 in October 2014, EGI:
    - 2.1.1 agreed to the release of the discussion document entitled *Credit-related Disclosure and Rebate Regulations: Discussion Document* for public consultation;
    - 2.1.2 invited the Minister of Commerce and Consumer Affairs (the Minister) to report to EGI on the outcome of consultation, and with final recommendations on the proposed regulations, in February 2015;

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  - 2.2 the discussion document was released for consultation in November 2014, and that public consultation was undertaken for the disclosure related regulations and targeted consultation was undertaken for Voluntary Targeted Rate (VTR) exemption regulations;
- 3 **agreed** that, for costs of borrowing, fees be permitted to be disclosed by lenders in a variety of ways, including disclosure of a dollar figure or a maximum dollar figure;
- 4 **agreed** that, for costs of borrowing, lenders will disclose an annual interest rate (or range of rates), which may be a representative figure if appropriate, and additional detail (such as the factors that the lender will consider in selecting a rate within the range);
- 5 **agreed** that costs of borrowing information will be disclosed with a publication date, where appropriate;



- 6 **agreed** that costs of borrowing must be located on the lender's website in a way that makes these easy to find and compare;
- 7 **agreed** that credit card minimum repayment warnings be in the form of a written warning statement that directs consumers to an online calculator, that this warning be displayed prominently on the billing statement, and that disclosure of this warning may not be required in certain circumstances;
- 8 **agreed** that VTR schemes be exempt from the unforeseen hardship provisions of the Credit Contracts and Consumer Finance Act 2003 (the CCCFA);
- 9 **agreed** that VTR schemes be exempt from the unreasonable default fees provisions of the CCCFA;
- 10 **agreed** that the rebate formula for repayment waivers be equivalent to the existing rebate formula for consumer credit insurance;
- 11 **agreed** that the rebate formula for extended warranty agreements between lenders and borrowers be a straight-line rebate formula;
- 12 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to draft regulations to give effect to the above paragraphs;
- 13 **authorised** the Minister to make any necessary further minor or technical changes, consistent with the policy framework in this paper, on any issues that arise during the drafting process;
- 14 **agreed** to release the paper under EGI (15) 6 and related Cabinet decisions online, subject to any deletions that would be justified if the information had been requested under the Official Information Act 1982.

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