



Consumer Guarantees (Removal of Unrelated Party Lender Responsibility) Amendment Bill

112—1

Report of the Economic Development, Science and Innovation Committee

February 2018

Contents

Recommendation.....	2
About the bill	2
Intent of the bill as introduced	2
Request for the bill's withdrawal	2
Appendix.....	3

Consumer Guarantees (Removal of Unrelated Party Lender Responsibility) Amendment Bill

Recommendation

The Economic Development, Science and Innovation Committee has examined the Consumer Guarantees (Removal of Unrelated Party Lender Responsibility) Amendment Bill, and recommends that this bill not proceed.

About the bill

This is a Member's bill in the name of Dr Shane Reti MP. The bill seeks to amend the definition of "supplier" in the Consumer Guarantees Act 1993 to exclude a lender who is an unrelated party.

Intent of the bill as introduced

The bill seeks to narrow the circumstances in which a lender would be responsible for meeting consumer guarantees. Specifically, it proposes to specify that a lender would only be considered a "supplier", within the meaning of section 2 of the Consumer Guarantees Act, when the lender and the retailer were related parties in terms of New Zealand Accounting Standard NZ IAS 24. This would essentially limit obligations to lenders that are in the same corporate group as a retailer, or that establish joint ventures with that retailer.

The bill's explanatory note explains its policy rationale as follows:

when the trader and lender are separate and at arms' length from each other (unrelated parties), recourse should be to the trader who made the sale and not the lender, because the lender has little or no influence on the sale and so should have no direct responsibilities under the Act.

Request for the bill's withdrawal

The member in charge of the bill, Dr Shane Reti MP, has asked that the bill be withdrawn. In light of this, we recommend that the bill not proceed.

Appendix

Committee procedure

The bill was referred to the Commerce Committee of the 51st Parliament on 21 September 2016. The committee called for public submissions on 22 September 2016 and received seven submissions from interested groups and individuals. The committee considered the bill between 1 December 2016 and 16 February 2017. The committee received advice from the Ministry of Business, Innovation and Employment.

On 8 November 2017 the bill was reinstated before the Economic Development, Science and Innovation Committee of the 52nd Parliament. We considered the bill between 16 November 2017 and 1 February 2018.

Committee members

Jonathan Young (Chairperson)
Tamati Coffey
Hon Jacqui Dean
Paul Eagle
Hon Christopher Finlayson
Gareth Hughes
Melissa Lee
Clayton Mitchell
Dr Parmjeet Parmar
Hon Aupito William Sio

Advice and evidence received

The documents that we received as advice and evidence are available on the Parliament website, www.parliament.nz.