

House of Representatives
Supplementary Order Paper

Tuesday, 15 April 2014

**Credit Contracts and Financial Services Law
Reform Bill**

Proposed amendments

Carol Beaumont, in Committee, to move the following amendments:

New clause 22B

After *clause 22A* (page 41, after line 21), insert:

22B Section 39 amended (Limit on interest charges)

(1) In the heading to section 39, after “**Limit on interest charges**”, insert “**and interest rate**”.

(2) After section 39(2), insert:

“(2A) No consumer credit contract may charge a higher maximum annual percentage rate than that prescribed under regulations. The maximum rate set by regulation may vary according to the amount and term of the loan.”

Clause 65

After *clause 65(2A)* (page 101, after line 32), insert:

(2B) After section 138(1)(f), insert:

“(fa) prescribing, for the purpose of **section 39(2A)**, a maximum annual percentage rate that can be charged under a consumer credit contract.”.

New Part 3

After *clause 108* (page 123, after line 25), insert:

**Part 3
Amendment to Secondhand Dealers and
Pawnbrokers Act 2004**

109 Principal Act

This Part amends the Secondhand Dealers and Pawnbrokers Act 2004 (the **principal Act**).

110 Section 57 amended (Redemption price)

Repeal section 57(2).

Explanatory note

This Supplementary Order Paper amends the Credit Contracts and Financial Services Law Reform Bill by prescribing a maximum rate of interest to be set by regulation that can vary according to the amount and term of the loan.

Interest rate restrictions will make it essential that the prohibition on charging of fees by pawnbrokers under the Secondhand Dealers and Pawnbrokers Act 2004 is repealed. If this is not done, then licensed pawnbrokers would not be able to provide services within the capped rate of interest.
