

Departmental Disclosure Statement

Financial Service Providers (Registration and Dispute Resolution) Amendment Bill

The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by Ministry of Business, Innovation and Employment

The Ministry of Business, Innovation and Employment certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

5 March 2025

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Part One: General Policy Statement

This Bill amends the Financial Service Providers (Registration and Dispute Resolution) Act 2008. These changes seek to ensure that financial dispute resolution schemes are governed and operated in an effective and independent manner for the benefit of consumers.

This Bill is part of a financial services reform package of 3 Bills that seek to stream-line and ensure the effectiveness of financial services regulation. The objectives of this reform are to—

- simplify and streamline regulation of financial services (including reducing duplication)
- remove undue compliance costs for financial markets participants
- improve outcomes for consumers.

The other 2 Bills are the Financial Markets Conduct Amendment Bill and the Credit Contracts and Consumer Finance Amendment Bill.

Financial dispute resolution is a free way (as an alternative to the courts) for consumers to resolve disputes with their bank, insurer, KiwiSaver provider, or other financial service provider. This Bill contains 2 key changes aimed at improving financial dispute resolution. These changes aim to ensure—

- improved oversight of approved dispute resolution scheme performance, by requiring the responsible Minister to decide how the schemes must undertake their independent reviews.
- effective and impartial governance of the schemes' boards, by providing for a regulation-making power which can be used to set skills, experience and independence requirements of board members.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	NO
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Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
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Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	NO
The Ministry for Regulation and the Treasury determined that the proposals are exempt from the requirement to provide a Regulatory Impact Statement on the grounds that they have no or only minor impacts on businesses, individuals, and not-for-profit entities.	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
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2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	NO
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	NO
(b) the nature and level of regulator effort put into encouraging or securing compliance?	NO

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?
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The Ministry of Foreign Affairs and Trade were consulted on the Bill and did not identify any inconsistencies with international obligations.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

The Ministry of Business, Innovation and Employment considered whether the Bill might have implications for the rights and interests of Māori protected by the Treaty of Waitangi / te Tiriti o Waitangi. No such implications were identified. Also, the public consultation process on possible reforms was an opportunity for interested parties to identify any questions of consistency with Treaty principles.
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Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?	YES
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Advice provided to the Attorney-General by the Ministry of Justice, or a section 7 report of the Attorney-General, is generally expected to be available on the Ministry of Justice's website upon introduction of a Bill. Such advice, or reports, will be accessible on the Ministry's website at http://www.justice.govt.nz/policy/constitutional-law-and-human-rights/human-rights/bill-of-rights/

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
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(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	NO
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(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	NO
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Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?	NO
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External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	YES
<p>The policies agreed by Cabinet and given effect by this Bill were informed by public consultation on a discussion document setting out options to reform the Financial Service Providers (Registration and Dispute Resolution) Act 2008. This consultation ran for four weeks and resulted in 32 submissions from a range of stakeholders and interested parties including lenders, law firms, consumer advocates and financial dispute resolution schemes. The discussion document and all submissions can be accessed on this webpage https://www.mbie.govt.nz/have-your-say/fit-for-purpose-financial-services-reform</p>	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	NO
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Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
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Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
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Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
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Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
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Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
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4.8. Does this Bill create or amend any other powers to make delegated legislation?	YES
Clause 10 provides for a new regulation-making power to prescribe experience, skills and independence requirements for membership of the scheme's governing boards. Regulations are necessary to ensure there is flexibility in how the Act is applied and allow for matters to be changed or amended in the future to respond to changing circumstances. Regulations will provide the opportunity for flexibility and balance of what is appropriate for scheme governance. The power requires the responsible Minister to consult the FMA and any other persons that the Minister considers are likely to be substantially affected by the regulations, before recommending the making of regulations. Regulations will be drafted by Parliamentary Counsel, subject to Cabinet scrutiny, and not come into force until at least 28 days after their	

making. Regulations will be subject to review by the Regulations Review Committee under Standing Order 314.

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?

NO

