

Hire-Purchase (Further Amendment) Bill

EXPLANATORY MEMORANDUM

Background

This Bill implements the Government Response to the Report by the Scrutiny of Acts and Regulations Committee (SARC) on its review of the **Hire-Purchase Act 1959** (HPA), to be tabled in the Spring sitting of Parliament, which partially accepts SARC's recommendation to repeal the HPA by proposing to:

- (a) except as indicated below, end its application to any future hire-purchase agreements;
- (b) retain the protections in sections 24 and 25 of the HPA for the farming sector for a "sunset" period of two years; and
- (c) insert provisions in the **Goods Act 1958** to preserve the hirer's right to any surplus proceeds following the sale of repossessed goods by the owner/credit provider in respect of all hire-purchase agreements falling outside the Consumer Credit Code.

PART 1—PRELIMINARY

Clause 1 sets out the purpose of this Act.

Clause 2 provides that:

- Part 1 of this Act commences on the day this Act receives Royal Assent; and
- the rest of this Act is to commence on a day or days to be proclaimed, or by 1 July 1998, which ever date occurs first.

PART 2—AMENDMENT OF HIRE-PURCHASE ACT 1959

Clause 3 amends section 1 of the HPA to:

- limit the application of the HPA to hire-purchase agreements in force before the commencement of this Act;
- extend, for two years, the operation of sections 24 and 25 of the HPA to hire-purchase agreements entered into after

the commencement of this Act, and adds a requirement that the owner must have notified the farmer/hirer of these rights at the commencement of the agreement.

- Clause 4 inserts, in section 2 of the HPA, a definition of "farm machinery", which has the same meaning as the term currently has in section 25 of the HPA.

PART 3—AMENDMENT OF GOODS ACT 1958

- Clause 5 inserts a new Part V into the **Goods Act 1958**. The new Part V preserves the right of a hirer to any surplus remaining from the sale of repossessed goods and the satisfaction of the amount owed to the owner/credit provider that would occur without legislative provision. This Part is based on section 15 of the HPA and equivalent provisions in the Consumer Credit Code.