

EXPLANATORY MEMORANDUM TO

The Debt Relief Act (Northern Ireland) 2010 (Consequential Amendments) Order (Northern Ireland) 2016

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Enterprise, Trade and Investment to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under section 5 of the Debt Relief Act (Northern Ireland) 2010 and is subject to the draft affirmative resolution procedure.

2. Purpose

- 2.1. [The purpose of this Order is to make amendments to provisions in various pieces of primary and subordinate legislation which already provide for disqualification of persons from office in the event of insolvency, so as to extend these disqualifications to persons subject to debt relief orders (under Part 7A of the Insolvency (Northern Ireland) Order 1989, and debt relief restrictions orders (under Schedule 2ZB to the Insolvency (Northern Ireland) Order 1989).]

3. Background

- 3.1. The Debt Relief Act (Northern Ireland) 2010 ("2010 Act) inserted a new Part 7A along with new Schedules 2ZA and 2ZB into the Insolvency (Northern Ireland) Order 1989, to introduce debt relief orders and debt relief restrictions orders in Northern Ireland.
- 3.2. The 2010 Act was brought into operation on 30 June 2011 to enable the Department of Enterprise, Trade and Investment to operate a Debt Relief Scheme in Northern Ireland. The aim of this Scheme is to help eligible individuals who are over burdened with debt to obtain relief from this debt at a much cheaper cost than petitioning for bankruptcy.
- 3.3. There are strict qualifying conditions placed on a debtor before he/she can obtain a debt relief order and they include having total debts of no more than £15,000, no more than £300 of assets, and surplus income of no more than £50 per month. Once he/she has obtained a debt relief order, a debtor is subject to a number of restrictions that are similar to those imposed on persons who have been made bankrupt.
- 3.4. A debt relief restrictions order is similar to a bankruptcy restrictions order and addresses any culpable conduct of the debtor before or after he/she obtained a debt relief order.
- 3.5. This draft order makes consequential amendments to or in connection with disqualification provisions to take account of Debt Relief Orders (DROs) and Debt Relief Restrictions Orders (DRROs).]

4. Consultation

- 4.1. There has been no public consultation carried out for this order as a public policy consultation was carried out prior to the making of the 2010 Act.
- 4.2. Some consultation has been carried out at official level with the government departments whose legislation is to be amended.

5. Equality Impact

- 5.1. Formal equality screening has not been carried out as the proposed provisions will not have any differential impact on any of the section 75 groups. This had also been addressed fully at the making of the 2010 Act.

6. Regulatory Impact

- 6.1. A Regulatory Impact Assessment has not been prepared for this order as it will not impose any costs on business and will not impact on charities, social enterprise or voluntary bodies.

7. Financial Implications

- 7.1. [There are no identifiable costs to the public or the Assembly.]

8. Section 24 of the Northern Ireland Act 1998

- 8.1. [The provisions of this order are considered to be compliant with section 24 of the Northern Ireland Act 1998, including that they are compatible with Community Law and Convention Rights as defined in the Human Rights Act 1998.]

9. EU Implications

- 9.1. Not applicable.

10. Parity or Replicatory Measure

- 10.1. This order is in line with the Tribunals, Courts and Enforcement Act 2007 (Consequential Amendments) Order 2012 (S.I. 2012/2404) applying in GB.]

11. Additional Information

- 11.1. Not applicable.]