

1996

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

• CONSUMER CREDIT ACT 1995
CONSUMER CREDIT REGULATIONS

EXPLANATORY STATEMENT

Circulated by authority of

Gary Humphries

Minister for Consumer Affairs

EXPLANATORY STATEMENT

CONSUMER CREDIT REGULATIONS

Background

The Consumer Credit Regulations ("the Regulations") are made under the *Consumer Credit Act 1995* ("the Act"). Section 13 of the Act confers a general power on the Executive to make regulations. The Act applies uniform consumer credit legislation nationally, in the form of the Consumer Credit Code ("the Code") in the ACT. The Act also deals with supporting mechanisms relating to the Code's operation in the ACT.

Regulations 1, 2 and 3 - Citation, Commencement and Interpretation

Regulations 1 and 2 provide for the citation and commencement of the Regulations, respectively. Regulation 1 provides that the Regulations may be cited as "the Consumer Credit Regulations". Regulation 3 provides that for the purposes of the Regulations, "the Act" means "the Consumer Credit Act 1995".

Regulation 4 - Transfer of Proceedings

Subsection 7(3) of the Act states that the regulations may make provision for the transfer of proceedings between the Credit Tribunal and other courts or between other courts. Regulation 4 makes provision for the transfer of proceedings between the Credit Tribunal to other courts, and for the transfer of proceedings in other courts to the Credit Tribunal. Under this regulation proceedings may be transferred where all the parties to a proceeding agree, or if the court or Credit Tribunal so directs of its own motion, or on the application of a party. This section ensures that where proceedings need to be transferred from either the Credit Tribunal or the courts, there is power to do so.

Regulation 5 - Maximum annual percentage rate

Subsection 10(1) of the Act provides that regulations may prescribe the maximum annual percentage rate of interest for a credit contract or a class of credit contracts to which the Code applies. Regulation 5 sets 48 percent per annum as the maximum annual percentage rate of interest for all classes of credit contracts in the ACT to which the Code applies. This rate mirrors the 48 percent per annum maximum annual percentage rate set by New South Wales and Victoria for credit contracts in their respective jurisdictions. A maximum annual percentage rate ensures that credit providers in the ACT do not engage in unfair practices by setting interest rates which are substantially higher than the market norm.