

1994

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

CREDIT ACT 1985
CREDIT REGULATIONS

EXPLANATORY MEMORANDUM

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TERRY CONNOLLY
ATTORNEY-GENERAL

EXPLANATORY STATEMENT

Credit Regulations (Amendment)

These Regulations amend the *Credit Regulations* by providing for the setting of the upper financial limit applicable to regulated credit sale and loan contracts and the annual percentage rate applicable to regulated loan contracts.

Previously, section 30 of the *Credit Act 1985* (the Act) provided protection for credit sale contracts relating to goods and services where the cash price was not more than \$20,000. There were some exceptions which related to contracts entered into in relation to commercial vehicles and farm machinery. Further, only credit sale and loan contracts with a percentage rate of less than 14% were covered by the Act.

The Act regulates the provision of consumer credit in the ACT as part of a scheme of almost uniform legislation which operates in most States and the Territory.

Section 266 of the Act provides that the Executive may make regulations, not inconsistent with the Act, prescribing all matters which are required or permitted to be prescribed or which are necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Credit (Amendment) Act 1994* (the Amending Act) provides further protection for consumers by allowing the regulations to prescribe the upper financial limit applicable to regulated credit sale and loan contracts and the annual percentage rate applicable to regulated loan contracts. This means that changes to the rates may be made easily without the need to amend the Act.

The Amending Act is to commence on 5 October 1994. As a result there is a need to prescribe the upper financial limit applicable to regulated credit sale and loan contracts and the annual percentage rate applicable to regulated loan contracts. These amounts have been prescribed as \$30,000 and 8%, respectively.

Clause 2 of the Regulations provides for the commencement of the Regulations on the day section 7 of the Act commences.