

AUSTRALIAN CAPITAL TERRITORY

CREDIT ACT 1985

DECLARATION NO.30 OF 1996

EXPLANATORY STATEMENT

The *Credit Act 1985* (the *Credit Act*) regulates the provision of consumer credit in the Australian Capital Territory. Section 19 of the Act enables the Minister to exempt from the operation of the Act certain specified persons or classes of persons, as well as specified transactions or classes of transactions.

This declaration specifically exempts transactions relating to the Commonwealth Bank of Australia's "repayment redraw facility" from Parts III to VIII of the *Credit Act*. The facility is provided to Commonwealth Bank Home Loan customers, which enables them to make credit withdrawals when they have made extra repayments on their Housing Loan Contract.

This declaration is necessary to remove doubts about the *Credit Act's* application to the repayment redraw facility. If the facility is viewed as a home loan with a separate continuing credit facility it will be regulated by the *Credit Act*. If however it is viewed as an integrated package where the continuing credit facility is subsumed within the original home loan then the *Credit Act* would not apply as most normal home loans far exceed the Act's current monetary limits.

All Credit Act jurisdictions will be working towards similar declarations.

Circulated by the authority of the Attorney General,
Gary Humphries MLA