

**Consumer Credit (New South Wales)  
Amendment (Maximum Annual  
Percentage Rate) Bill 2005**

**Explanatory note**

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

Section 11 of the *Consumer Credit (New South Wales) Act 1995* (the **Principal Act**) enables a maximum annual percentage rate to be prescribed for credit contracts covered by the *Consumer Credit (New South Wales) Code* (the **Code**). The Principal Act together with the *Consumer Credit (New South Wales) Special Provisions Regulation 2002* (the **Principal Regulation**) currently set that maximum rate at 48% and provide that the calculation for determining the maximum annual percentage rate is to include interest charges and all credit fees and charges in the case of credit contracts that do not exceed 62 days. Section 10B of the Principal Act also provides that in disclosing the annual percentage rate for contracts of that duration all charges in the nature of interest charges are to be included whether or not they are described as interest charges.

The objects of this Bill are:

- (a) to amend the Principal Act to enable the making of regulations that require the calculation for determining the maximum annual percentage rate to include interest charges and all credit fees and charges for all credit contracts covered by the Code, and
- (b) to amend the Principal Act to extend the disclosure requirements in section 10B of the Act to all credit contracts covered by the Code (these disclosure requirements currently apply only to a contract for the provision of credit limited to a total period that does not exceed 62 days), and
- (c) to amend the Principal Regulation to provide that interest charges and all credit fees and charges are to be included for the purposes of calculating the maximum annual percentage rate for all credit contracts covered by the Code (with the exception of certain temporary credit facilities provided by authorised deposit-taking institutions), and
- (d) to amend the Principal Regulation to provide for additional assumptions that are to apply when calculating the maximum annual percentage rate for continuing credit contracts.

Outline of provisions

**Clause 1** sets out the name (also called the short title) of the proposed Act.

**Clause 2** provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

**Clause 3** is a formal provision that gives effect to the amendments to the Principal Act set out in Schedule 1.

**Clause 4** is a formal provision that gives effect to the amendments to the Principal Regulation set out in Schedule 2.

**Schedule 1 Amendment of Consumer Credit (New South Wales) Act 1995**

**Schedule 1 [1]** amends section 10B of the Principal Act, to extend the disclosure requirements in that section to all credit contracts covered by the Code. The current disclosure requirements apply only to a contract for the provision of credit limited to a total period that does not exceed 62 days.

**Schedule 1 [2]** substitutes section 11 of the Principal Act, to enable the making of regulations that require the calculation for determining the maximum annual percentage rate to include interest charges and all credit fees and charges for all credit contracts covered by the Code.

**Schedule 1 [3]** amends section 14 of the Principal Act to enable the making of regulations of a savings and transitional nature consequent on the enactment of the proposed Act.

**Schedule 2 Amendment of Consumer Credit (New South Wales) Special Provisions Regulation 2002**

**Schedule 2 [1]** inserts proposed clause 7 (2)–(5) into the Principal Regulation, to provide that interest charges and all credit fees and charges are to be included for the purposes of calculating the maximum annual percentage rate for all credit contracts covered by the Code (with the exception of certain temporary credit facilities provided by authorised deposit-taking institutions).

**Schedule 2 [2]–[4] and [6]–[8]** contain consequential amendments.

**Schedule 2 [5]** inserts proposed clause 8 (6A) into the Principal Regulation, to provide for additional assumptions that are to apply when calculating the maximum annual percentage rate for continuing credit contracts.

**Schedule 2 [9]** applies the amendments to existing credit contracts.