

EXPLANATORY STATEMENT

No: 173 of 1992

This Declaration enables the Australian Guarantee Corporation Limited (AGC) to calculate interest on a daily basis for the use of its Personal Line of Credit continuing credit contracts.

On 22 July 1992 the Group Product Manager for AGC advised the Director of Consumer Affairs that it intended to introduce a new continuing credit product to be known as AGC Personal Line of Credit. This facility will require the calculation of interest on a daily basis, a method of calculation currently prohibited by the ACT Credit Act 1985 (the Act).

AGC is seeking an unconditional exemption from sections 52, 54(2), 55(1), 59(1)(b), 59(1)(f) and clause 1(n) of Schedule 7 to the Act. These provisions require a credit provider to calculate the interest based on the amount owing at the end of each billing cycle. The Act effectively provides that billing cycles shall be based on a period of 24 to 40 days. Accordingly, without this Declaration AGC would not be able to calculate interest on a daily basis.

The Director of Consumer Affairs does not object to the granting of this Declaration as other credit providers have already been granted similar exemptions for their continuing credit contracts. In addition, the other uniform credit States have granted similar exemptions to those contained in this Declaration.