

EXPLANATORY STATEMENT

No. 177 of 1992.

This Declaration enables the R & I Bank of Western Australia Ltd. (the Bank) to unconditionally calculate interest on a daily basis for the use of any of its Mastercard continuing credit contracts.

On 11 August 1992 legal counsel acting for the Bank advised the ACT Consumer Affairs Bureau that the Bank intended to offer its customers a credit card facility under the Bank's Mastercard logo. 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).

The Bank already enjoys the benefit of a general exemption order made on 19 March 1985 published in Gazette No. S95 of 26 March 1985, which enables all banks to calculate daily interest on certain types of continuing credit contracts entered into before 28 February 1985.

The Bank is therefore seeking an unconditional exemption from sections 52, 54(2), 55(1), 59(1)(b) 59(1)(f) and clause 1(n) of Schedule 7 of the Act. These provisions require a credit provider to calculate 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 the Bank 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 major 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.