EXPLANATORY STATEMENT
Declaration No. 148 of 1992

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

On 23 January 1992 the Bank's solicitors advised the ACT Attorney General that the Bank intended to vary the terms and conditions of its Bankcard contracts by reducing the interest free period from 25 days to 15 days. This will require the calculation of interest on a daily basis for the intervening 10 day period, a method of calculation otherwise prohibited by the 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 Bankcards. This general exemption only applies if the continuing credit contract includes, without variation or modification, the same terms and conditions relating to calculation of the credit charge and the annual percentage rate as were applicable under such a continuing credit contract entered into immediately before the commencement of Division 2 of Part III of the Act.

The Bank is now 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 and the Act provides that billing cycles shall be based on a period of between 24 and 40 days. Accordingly, without this Declaration of Exemption the Bank would be unable to charge interest immediately after the expiration of the 15 day period.

The Director of Consumer Affairs does not object to the granting of this Declaration of Exemption, as other major credit providers have already been granted unconditional exemptions for their continuing credit facilities.

The other uniform credit States have granted Declarations of Exemption similar to that proposed.