

## **EXPLANATORY STATEMENT**

DECLARATION NO. 111 of 1992

This Declaration of Exemption enables St George Bank Limited (The Bank) to calculate credit charges on a daily basis for its Visa Card continuing credit facility.

On 3 June 1992 the Corporate Manager of St George Building Society Ltd (St George) advised the Registrar of the ACT Credit Tribunal that St George was applying for banking status under the Commonwealth Banking Act 1909.

As a bank St George must comply with certain provisions of the ACT Credit Act 1985 (the Act) when entering into continuing credit contracts under its Visa Card name. These provisions require a credit provider to calculate credit charges based on the amount owing at the end of each billing cycle. The Act provides that billing cycles shall be based on a period between 24 days and 40 days duration. In practice, most credit providers adopt 30/31 day billing cycles to coincide with the end of each calendar month.

The Bank is, therefore, seeking a general exemption from sections 52, 54(2), 55(1), 59(1)(b), 59(1)(f) and clause (1)(n) of Schedule 7 of the Act. This will enable the Bank to calculate credit charges on a daily basis for the use of its Visa Card when it commences operation as a bank in 1 July 1992.

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

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