

AUSTRALIAN CAPITAL TERRITORY

CREDIT ACT 1985

DECLARATION

No. 114 of 1994

EXPLANATORY STATEMENT

The Credit Act 1985 (the Act) regulates the provision of consumer credit, contracts providing credit and the licensing of persons in connection with the provision of credit. The Act prohibits, amongst other things, the calculation of interest on a daily basis for credit card accounts and other forms of revolving credit. Section 19 of the Act permits the Attorney General to declare that the Act or parts of the Act do not have effect in relation to a specified person or transaction or class thereof

This Declaration enables Citibank Ltd (Citibank) to calculate interest charges on a daily basis for its Gold Mastercard and Gold Visa Card continuing credit facilities.

Citibank has advised that it intends to introduce a Gold Mastercard and Gold Visa Card facility in the ACT. This will require the calculation of interest on a daily basis, a method of calculation otherwise prohibited by the Act

Citibank has sought 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 in relation to its Gold Mastercard and Gold Visa Card credit facilities. These provisions require a credit provider to calculate interest 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 25 days and 42 days duration. In practice, most credit providers adopt 30/31 day billing cycles to coincide with the end of each calendar month.

The Director of Consumer Affairs has obtained an undertaking from Citibank that it will inform the Director of Consumer Affairs of any change in the terms and conditions applicable to the proposed facilities (in so far as calculation of the interest rate or credit charge is concerned) where these differ from the methods outlined by Citibank as the basis for requesting this exemption. Other uniform credit States have already granted similar exemptions to Citibank on a similar condition to that proposed.

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