

1997

AUSTRALIAN CAPITAL TERRITORY LEGISLATIVE ASSEMBLY

*Magistrates Court (Civil Jurisdiction) Act 1982*

*Magistrates Court (Civil Jurisdiction) Regulations*

EXPLANATORY STATEMENT

Circulated by authority of

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## EXPLANATORY STATEMENT

### MAGISTRATES COURT (CIVIL JURISDICTION) REGULATIONS (AMENDMENT)

#### OUTLINE

The Magistrates Court (Civil Jurisdiction) Regulations (Amendment) ("the Regulations") amend the Magistrates Court (Civil Jurisdiction) Regulations ("the Principal Regulations") to provide for a change in the prescribed rate of interest for the purposes of section 231 of the *Magistrates Court (Civil Jurisdiction) Act 1982* (the Principal Act).

Section 422 of the Principal Act provides that the Executive may make rules or regulations, not inconsistent with the Principal Act, prescribing matters necessary or convenient to be prescribed for carrying out or giving effect to the Principal Act. Section 231 of the Principal Act provides that pre-judgement interest, calculated as prescribed, may be included in the amount for which judgement is entered by default, confession or agreement. The Principal Regulations prescribe the rate of interest for the purposes of section 231 of the Principal Act for the period between the date on which a cause of action arises and the date when judgement is entered in cases where interest has been claimed and judgement is entered by default, confession or agreement.

The prescribed interest rates are derived from figures published in the Reserve Bank Bulletin: F4 Indicator lending interest and reflects the rate for bank loans to large businesses. The interest rate is designed to make it unprofitable for a judgement debtor to retain money rather than settle proceedings or pay the judgement debt. The rate prescribed by the Principal Regulations is reviewed twice a year and an amendment made only when there is a movement of 1% or more in the Reserve Bank F4 Indicator lending interest rate.

The Regulations amend the Principal Regulations to reflect the recent movement in the Reserve Bank interest rate and to change the rate of interest prescribed for the purposes of section 231 of the Principal Act from 10.75% to 9.55% with effect from 1 April 1997.

#### FINANCIAL IMPLICATIONS

The Regulations will have no effect on revenue.

#### DETAILS

##### Commencement

Regulation 1 provides that the Regulations are to commence on gazettal.

##### Substitution

Regulation 2 amends Table 2 in the Schedule to the Principal Regulations by omitting Item 13 and substituting a new Item 13 and a new Item 14. The effect is to prescribe, for the purpose of section 231 of the Principal Act, an interest rate of 10.75% from 1 August 1995 to 31 March 1997 (Item 13) and a new interest rate of 9.55% for the period after 31 March 1997 (Item 14).