

## EXPLANATORY MEMORANDUM

### MAGISTRATES COURT (CIVIL JURISDICTION) REGULATIONS AMENDMENT

The amending regulation amends the *Magistrates Court (Civil Jurisdiction) Regulations* (the Principal Regulations) to prescribe a new rate of interest for the period after 15 July 1991.

Section 227B of the *Magistrates Court (Civil Jurisdiction) Act 1982* provides that pre-judgement interest, calculated as prescribed by regulation, may be included in the amount for which judgement is entered by default, confession or agreement.

The Principal Regulations prescribe that rate of interest applicable in the Magistrates Court 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 Table of prescribed interest rates (the Table) is derived from figures published in the Reserve Bank Bulletin: F3 Interest Rates and Yields: Banks – Overdrafts less than \$100,000.00. This rate provides a relevant and objective base from which to derive an appropriate interest rate which is based on the mean interest rate for a particular month or months.

The Table is normally reviewed as soon as possible after the relevant figures are available in June and December for the previous months of May and November. It is amended only when the change to the prescribed interest rate has varied up or down by 1% or more.

The downward trend in interest rates in the last quarter of 1990 necessitated a review of the prescribed interest rate. The rate of 17.50% was prescribed with effect from 15 January 1991.

The continuing downward trend in interest rates in the first part of 1991 is reflected in the rates on which the prescribed interest rate is based. The amending Regulation reflects that review. It prescribes a rate of 15.75% for the period after 15 July 1991. The new interest rate is based on the Reserve Bank figures for May 1991.

Authorised by the  
Attorney General