

AUSTRALIAN CAPITAL TERRITORY

RATES AND LAND RENT (RELIEF) ACT 1970

NOTICE FIXING RATES OF INTEREST

No. 150 of 1995

EXPLANATORY STATEMENT

This Notice Fixing Rates of Interest revokes the Notice Fixing Rates of Interest published in the Australian Capital Territory Gazette No S188 on 14 September 1993, and fixes the interest rates to be charged on amounts deferred by determination and amounts unpaid after a determination has been revoked, for the purpose of subsection 23(1) of the Rates and Land Rent (Relief) Act 1970 (the Act).

From 16 November 1995 the interest rate for the purpose of subsection 23(1)(a), in relation to amounts deferred by determination, is fixed at 7.5 percent per annum and for subsection 23(1)(b), in relation to amounts unpaid after a determination has been revoked, the interest is fixed at 19.5 percent per annum

The previous rates were 9 percent and 17 percent per annum, respectively.

The rates have been determined on the following bases:

- the rate for the purpose of paragraph 23(1)(a) of the Act is based on the 90 day bank bill rate (rounded to one decimal place) and represents the interest foregone by the Government by not being able to invest deferred revenue; and
- the rate for the purpose of paragraph 23(1)(b) of the Act is determined on the basis of the weighted average yield of the 13 week Treasury note tenders as of 10 October 1995 which was 7.5 percent (rounded to one decimal place). This is further adjusted by adding a fixed rate of 4 percent to approximate the Prime Bank Rate. To this is added a fixed penalty rate of 8 percent to increase the interest rate to the point where it is uneconomical to use the Government as a source of finance.

Circulated by authority of the Chief Minister and Treasurer
Kate Carnell, MLA