

1998

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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MINISTER FOR JUSTICE AND COMMUNITY SAFETY

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 Act).

Section 422 of the Act provides that the Executive may make rules or regulations, not inconsistent with the Act, prescribing matters necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 231 of the Act provides that pre-judgment interest, calculated as prescribed, may be included in the amount for which judgment is entered by default, confession or agreement. The Principal Regulations prescribe the rate of interest for the purposes of section 231 of the Act for the period between the date on which a cause of action arises and the date when judgment is entered in cases where interest has been claimed and judgment is entered by default, confession or agreement.

The interest rate is designed to make it unprofitable for a judgment debtor to retain money rather than settle proceedings or pay the judgment debt.

The prescribed interest rate is derived from the 'F4 Indicator lending interest rate', as published in the Reserve Bank Bulletin, the rate for bank loans to large businesses. 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 Act from 9.55% to 8.45 with effect from 30 April 1998.

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 Act, an interest rate of 9.55% from 31 March 1997 to 30 April 1998 (Item 14) and a new interest rate of 8.45% for the period after 30 April 1998 (Item 15).