

EXPLANATORY STATEMENT

Safety, Rehabilitation and Compensation Act 1988

Issued by the authority of the
Minister for Employment and Workplace Relations

Notice of Declaration under Section 26(3)

The purpose of this notice is to specify a rate of interest to apply under the *Safety, Rehabilitation and Compensation Act 1988* (the Act) to payments for permanent impairment which are made after the due date.

The Act provides for lump sum payments to claimants for injuries which result in permanent impairment. The amount of compensation is assessed under section 24 or 25 of the Act. Provision exists under section 26 for payment of interest to a claimant in limited circumstances. If payment is not made to the permanently impaired person within 30 days after the date of assessment of the amount, interest is payable for the period from the 31st day to the day on which the amount is paid.

This notice seeks to set the mechanism for determining the rate of interest payable for the purposes of subsection 26(3) of the Act. The notice specifies the rate of interest payable to be the weighted average yield of 90 day bank accepted-bills settled immediately prior to the last day of the 30 day settlement period. The Reserve Bank of Australia publishes the rate of 90 day bank-accepted bills, and also outlines the 30 day settlement period for the rate.

Bank-accepted bills cover similar periods and have returned comparable rates to Treasury note tenders, which were previously used to set the rate of interest under section 26(3) but which the Reserve Bank of Australia has ceased to provide. Applying the rate of 90 day bank-accepted bills has the advantage of maintaining for any future payments a rate comparable to the rate for payments calculated using the ninety day Treasury note tenders.

An existing notice, the *Notice under Section 26(3)(No 4 of 2003)* (2003 notice), made on 9 June 2003, currently sets the same mechanism for the rate of interest payable for the purposes of section 26(3). As the 2003 notice amends and revokes previous instruments that are not required to be backcaptured, it is appropriate that this notice be remade as a stand-alone document. Remaking the 2003 notice will avoid the need to refer back to old instruments which remain effective in part only, and will simplify and expedite the process for meeting the Department's obligations under the *Legislative Instruments Act 2003*. This instrument remakes the 2003 notice to satisfy registration obligations under the *Legislative Instruments Act 2003*. This instrument will be registered on the Federal Register of Legislative Instruments (FRLI), which aims to be a complete repository of up-to-date and operative instruments.

Consultation was not undertaken as the redrafted notice does not alter the coverage of the 2003 notice, and does not change the existing entitlements of or impose any additional obligations on any party. An exemption from the preparation of a Regulation Impact Statement was also granted by the Office of Regulation Review on this basis.

This declaration will take effect upon registration on the FRLI.

This Notice is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.