

Penalty Interest Rates (Amendment) Bill

EXPLANATORY MEMORANDUM

Clause 1 sets out the purpose of the Bill.

Clause 2 states that the Act comes into operation on the day on which it receives Royal Assent.

Clause 3 substitutes a new section 2 for sections 2 and 3 of the *Penalty Interest Rates Act 1983*. The new section provides that the penalty interest rate is the rate fixed by the Attorney-General from time to time by notice published in the *Government Gazette*. The Attorney-General is to determine the rate after consultation with the Treasurer as to an appropriate institutional benchmark rate and an appropriate penalty adjustment to that rate. If the percentage of the institutional rate changes, the Attorney-General may fix a new penalty interest rate to take account of that change.

Clause 4 amends section 30 of the *Conservation, Forests and Lands Act 1987*, so as to tie the rate of interest payable on moneys owed to the Minister, Director-General or Department of Conservation, Forests and Lands to the penalty interest rate fixed under the *Penalty Interest Rates Act*.

Clause 5 is a transitional provision.

