EXPLANATORY STATEMENT

Issued by the authority of the Minister for Veterans' Affairs

Military Rehabilitation and Compensation Act 2004

MRCA Instrument No.6 of 2004

DETERMINATION OF RATE OF INTEREST

The Military Rehabilitation and Compensation Act 2004 (MRC Act) provides compensation payments for injury, disease or death caused by service in the Australian Defence Force.

Section 78 provides that a person may choose to receive compensation payments in the form of weekly payments or a lump sum. Where a person chooses to receive a lump sum, subsection 79(1) requires that it be paid within 30 days after the date on which the Military Rehabilitation and Compensation Commission became aware of the choice.

If the lump sum is not paid within this time, subsection 79(2) requires the Commonwealth to pay interest at a rate set by the Minister in writing under subsection 79(3). This provision is similar to subsection 26(3) of the Safety, Rehabilitation and Compensation Act 1988.

The purpose of the instrument to which this Explanatory Statement relates is to specify that the rate of interest is the weighted average yield derived from the Treasury note tender for ninety day notes settled immediately before the last day of the 30 day settlement period. This rate also applies for the purposes of subsection 26(3) of the Safety, Rehabilitation and Compensation Act 1988.

The interest rate will come into effect from 1 July 2004.

By virtue of subsection 79(4) of the MRC Act, the instrument is a disallowable instrument for the purposes of section 46A of the Acts Interpretation Act 1901.