

Public Trustee (Interest Rate) Amendment Regulation (No. 3) 2024

Explanatory Notes for SL 2024 No. 182

made under the *Public Trustee Act 1978*

General Outline

Short Title

Public Trustee (Interest Rate) Amendment Regulation (No. 3) 2024.

Authorising Law

Section 142 of the *Public Trustee Act 1978*.

Policy objectives and the reasons for them

The purpose of the *Public Trustee (Interest Rate) Amendment Regulation (No. 3) 2024* (Amendment Regulation) is to introduce the six month term deposit rate payable to prescribe the interest rate payable for customers' funds invested in the Public Trustee common fund term deposit accounts into the *Public Trustee Regulation 2023* (Regulation).

The interest rates in the Regulation are intended to reflect the results of the regular review undertaken by the Public Trustee of interest rates payable under the Regulation. At the time of each review, the Public Trustee analyses the market return of a comparative set of competitive financial products and prevailing economic conditions to arrive at an appropriate interest rate for each of the classes of amounts within the common fund held on behalf of customers of the Public Trustee.

The policy objective of the Amendment Regulation is to introduce the six month term deposit rate payable to prescribe the interest rate payable on customers' funds invested in the Public Trustee common fund term deposit accounts into the Regulation.

Including the six month deposit rate in the Regulation as the interest rate payable for term deposit amounts will-

- provide transparency on the way that the interest rate payable for term deposit amounts is calculated;
- reduce administrative costs by removing the requirement to amend sections 4(2) and 4(3) of the Regulation every time there is a change to the actual interest rate figure; and
- ensure the interest rate payable for term deposit amounts for customers of the Public Trustee is comparable to the interest rate payable for retail deposit accounts by the interest rate payable for retail deposit accounts by Australian banks for comparative financial products.

Achievement of policy objectives

The Amendment Regulation amends the Regulation to give effect to the stated policy objectives.

The effect of the Amendment Regulation will be to amend the interest rate for amounts held in the Public Trustee's common fund from 1 October 2024 as follows:

Funds held for	Current Interest Rate from 01/04/2024	Proposed Interest Rate from 01/10/2024
Class 1 and class 5 amounts: General trusts, minor beneficiaries, life interest estates, trusts and deceased estates	0.21%	0.21% (no change)
Class 2(c) and class 3 amounts: Agency deposit at call accounts, Financial management customers and enduring powers of attorney accounts	1.78%	1.78% (no change)
Class 4 amounts	the 90 day bank accepted bill rate for the relevant day for a quarter	the 90 day bank accepted bill rate for the relevant day for a quarter (no change)
Term deposit amount other than a class 2 amount	3.89%	The six-month term deposit rate
For a term deposit amount that is a class 2 amount: a) if a rate is allowed by order of a court; or b) if paragraph (a) does not apply and a rate of at least 3.89% is agreed on by the public trustee and the person paying the amount to the public trustee—the rate agreed; or c) if paragraphs (a) and (b) do not apply—3.89%.	3.89%* *including conditions specified in Section 4(3)(a),(b),(c) as per current Regulation	the six month term deposit rate* *including conditions specified in Section 4(3)(a),(b),(c) as per current Regulation

The effect of the Amendment Regulation is to remove the requirement to provide a specific figure for the interest rate payable for term deposit amounts in sections 4(2) and 4(3), and instead prescribes the rate as 'the six month term deposit rate' which is the retail deposit and investment rate of interest for six month bank term deposits as published by the Reserve Bank of Australia (RBA) on its website (series FRDIRBTD10K6M).

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the policy objectives of the *Public Trustee Act 1978*. The policy objective of the authorising law is to ensure that estates having moneys in the common fund are credited, at least annually, with interest at the prescribed rate. The Amendment Regulation introduces the six month term deposit rate to prescribe the interest rate payable on customers' funds invested in the Public Trustee common fund term deposit accounts.

Inconsistency with policy objectives of other legislation

The Amendment Regulation is not inconsistent with the policy objectives of other legislation.

Benefits and costs of implementation

The implementation of the Amendment Regulation will not impose any cost on the community.

Implementing the Amendment Regulation will result in administrative efficiencies for Government as the Regulation will no longer be required to be amended every six months to reflect changes to interest rates payable on common fund fixed term deposit amounts.

The Public Trustee will continue to publish the interest rates payable for term deposit account on the Public Trustee's website.

Consistency with fundamental legislative principles

The Amendment Regulation does not raise any fundamental legislative principle issues.

Consultation

The Department of the Premier and Cabinet and Queensland Treasury were consulted on the Amendment Regulation and did not raise any objections.

An Impact Analysis Statement has been prepared which identifies that the proposed amendments to interest rates is not subject to regulatory impact assessment requirements under the *Queensland Government Better Regulation Policy* as it is a regulatory proposal that is machinery in nature.