

LAW REFORM COMMISSION OF BRITISH COLUMBIA

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Backgrounder

LRC 59—Report on Interest and Jurisdictional Limits in the County and Provincial Courts

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The (provincial) small claims court has a monetary limit to its jurisdiction. At the time that this minor report was written, that limit was \$2000.¹ If the amount claimed in an action exceeded this limit, then the action had to be commenced in a superior court. In a similar vein, the county court (which is no longer in existence) had a monetary limit on the claims that it could hear.

Since the mid 1970s, successful litigants in British Columbia have been entitled to receive interest on the amounts they have been awarded by the courts. This right is contained in legislation now known as the *Court Order Interest Act*. Under the *Court Order Interest Act*, a court must add to every judgment for money an amount of interest. This amount of interest is calculated on the amount ordered to be paid in the judgment at a rate that the court considers appropriate. Prejudgment interest is payable from the date on which the cause of action arose to the date of the judgment.

The issue considered in this minor report was whether the entitlement to prejudgment interest should be considered in determining whether or not a litigant has met or exceeded the monetary limit to the jurisdiction of a court. The report was, in part, a response to a court decision that held that prejudgment interest should be considered in making this determination.

The Law Reform Commission recommended enacting legislation to reverse the effect of this court decision. In the commission's view, the inherent uncertainty in determining the amount of prejudgment interest makes it undesirable to consider interest in relation to a monetary limit on a court's jurisdiction. Further, as a matter of principle, the commission favoured excluding all types of interest, whether prejudgment interest or interest arising by agreement or otherwise, from this determination.

1. Since the date of this report, the government has raised this monetary limit a number of times.

Further Developments

See *Miscellaneous Statutes Amendment Act (No. 1), 1984*, S.B.C. 1984, c. 25, s. 63 (now *Small Claims Act*, R.S.B.C. 1996, c. 430, s. 3).