

1985

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

COMMONWEALTH BANKS AMENDMENT BILL 1985

EXPLANATORY MEMORANDUM

(Circulated by the Authority of the Treasurer
the Hon. P.J. Keating, MP)

GENERAL OUTLINE OF THE BILL

The main purpose of the Commonwealth Banks Amendment Bill 1985 is to amend the Commonwealth Banks Act 1959 so as to broaden the charter of the Commonwealth Development Bank:

- to allow the Commonwealth Development Bank to provide finance for all general business purposes; and
- to empower the Commonwealth Development Bank to provide equity finance or packages of equity and debt finance, subject to approval by the Treasurer of the Development Bank's general policies in undertaking an equity finance role.

These changes were decided upon following a review of the role of the Commonwealth Development Bank, particularly in regard to its ability to meet the funding requirements of small business. Other clauses of the Bill will ensure that the Commonwealth Banks Act 1959 is consistent with the Sex Discrimination Act 1984, and repeal a section of the Act which is redundant following the repeal of the Officers' Rights Declaration Act 1928.

There are no significant costs, revenue or savings to the Government arising directly from the legislation.

NOTES ON CLAUSES OF THE BILL

CLAUSE 1 SHORT TITLE

Self Explanatory

CLAUSE 2 FUNCTIONS OF DEVELOPMENT BANK

This clause substitutes a new Section 72. Previously Section 72 of the Principal Act allowed the Bank to provide finance for the purposes of primary production or for the establishment or development of business undertakings where the Bank was satisfied that finance would not otherwise be available on reasonable and suitable terms and conditions. Section 72 now allows the Development Bank to provide finance for all business purposes in its lender of last recourse role. In addition, paragraph 72(b) provides for the Bank to participate in businesses, which will enable the Bank to provide funds to a business in the form of equity or to provide debt/equity packages.

In taking up equity in a business, the Bank must be satisfied that other persons would not be prepared to participate on reasonable and suitable terms and conditions. The policies of the Bank in respect of its equity funding role are to be approved by the Treasurer.

CLAUSE 3 - POWERS OF DEVELOPMENT BANK

This clause amends section 74 of the Act to provide the requisite powers to the Development Bank to enable it to take up an equity interest in businesses. Paragraphs 74 2(ha), (hb) and (hc) will allow the Bank to be involved in the formation of a company, to take up an equity interest in an existing company or to enter into a partnership or other profit sharing arrangement.

CLAUSE 4 - REQUIREMENTS FOR APPOINTMENT TO SERVICE

This clause amends section 90 of the Act by requiring that the Commonwealth Banking Corporation Service be satisfied as to the good character of persons prior to their appointment to the Service. The old section 91 of the Act (to be repealed) had previously provided for the good character requirement to be satisfied prior to a person being admitted to an entrance examination.

CLAUSE 5 - ADMISSION TO EXAMINATION

This clause repeals section 91 of the Act. This will result in persons no longer having to be of the required age and sex to be admitted to entrance examinations, so ensuring that the Act is not inconsistent with the provisions of the Sex Discrimination Act 1984.

CLAUSE 6 - PRESERVATION OF RIGHTS

Section 128 of the Principal Act, which related to the preservation of rights of Commonwealth Public Servants joining the Commonwealth Banking Corporation, is repealed as a consequence of the repeal of the Officers' Rights Declaration Act 1928.



