

1982-83
THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES
LOAN BILL 1983

EXPLANATORY MEMORANDUM
(Circulated by authority of the Minister for Finance,
the Hon J.S. Dawkins MP)

OUTLINE

LOAN BILL 1983

The purpose of the Bill is to supplement the provision made in the Loan Act (No 2) 1982 for the financing of that part of the prospective 1982-83 Budget deficit that would be reflected in the Consolidated Revenue Fund. The deficit now in prospect indicates that the provision made in that Act will not be sufficient.

To meet such likely insufficiency, this Bill:

- (a) increases from \$1500 million to \$2700 million the authority contained in the Loan Act (No 2) 1982 to borrow moneys for defence purposes and to meet from Loan Fund defence expenditures that would otherwise be met from the Consolidated Revenue Fund; and
- (b) authorizes borrowings to supplement the Consolidated Revenue Fund in respect of any remaining deficit.

The Bill does not authorize any expenditure over and above that approved and appropriated by the Parliament.

NOTES ON CLAUSES

PART I - PRELIMINARY

Clause 1 - Short Title
Loan Act 1983

Clause 2 - Commencement

The Act is to come into force on the day on which it receives Royal Assent. This will enable expenditures for the Department of Defence and/or the Department of Defence Support from that day until the end of the financial year to be financed by borrowings authorized by this Bill. It will also enable the borrowing of moneys to reimburse the Consolidated Revenue Fund from the Loan Fund in respect of other expenditures.

PART II - AMENDMENT OF THE LOAN ACT (NO 2) 1982

Clause 3 - Principal Act
Loan Act (No 2) 1982

Clause 4 - Authority to borrow

This Clause increases the limit on the borrowing authority included in section 3 of the Loan Act (No 2) 1982 from \$1,500 million to \$2,700 million.

PART III - SUPPLEMENTATION OF THE CONSOLIDATED REVENUE FUND

Clause 5 - Authority to borrow

This Clause authorises the Treasurer to borrow moneys up to the amount necessary to overcome a shortfall in CRF receipts over expenditure, together with the costs of borrowing. The borrowings will be made through the issue of Treasury Bills or other Commonwealth securities and will be within the limit of available Loan Council authority.

The borrowings proposed in the Clause may be made by the issue of securities to the public or to the Reserve Bank or by investment of Trust Fund balances in such securities. The choice of the particular instrument is largely a question of monetary policy.

The authority is designed to enable the supplementation of the Consolidated Revenue Fund by the amount necessary to meet any remaining deficit in that Fund after other authority has been utilized.

The Act does not authorize any expenditure not otherwise approved by Parliament.

Clause 6 - Application of moneys borrowed

The proceeds of any borrowings under Clause 5 are to be used only for the purpose of supplementing the Consolidated Revenue Fund - thus ensuring that moneys are available to meet expenditures which have been appropriated by Parliament - and to meet the expenses of borrowing.

Clause 7 - Appropriation

This clause provides the necessary appropriation of the Loan Fund for the purposes of this Act.