LOAN BILL 1984

Date Introduced: 21 August 1984
House: House of Representatives
Presented by: Hon. J.S. Dawkins, M.P., Minister for Finance

Short Digest of Bill

Purpose

To provide for the financing of the prospective 1984-85 Budget deficit ($6.74 billion) which gives rise to a deficit in the Consolidated Revenue Fund (CRF) of about the same magnitude.

Background

Because payments from the CRF cannot exceed the amount in it, the normal method of limiting payments from the CRF is to charge the Loan Fund some expenditure normally met from the CRF. Legislation, in the form of a Loan Bill, has been introduced by successive governments to provide authority to charge to the Loan Fund defence expenditures which would otherwise be met from the CRF, and to reimburse the CRF from the Loan Fund in respect of certain non-defence expenditures. The Bill also provides borrowing authority to finance those expenditures from the Loan Fund.

Borrowings under this Bill for defence purposes do not require the approval of the Australian Loan Council. The legal limit for borrowing for non-defence purposes is determined by the level of borrowing authority approved by the Loan Council.

Main Provisions

Clause 3 authorizes the Treasurer to borrow moneys in accordance with the provisions of the Commonwealth Inscribed Stock Act 1911 or an Act authorizing the issue of Treasury Bills. The limit on the amount to be borrowed and expended from the Loan Fund for defence purposes will be the amount appropriated for such purposes under Appropriation Acts enacted for the 1984-85 financial year, less amounts expended under such Acts prior to the enactment of this Bill.
Clause 4 provides that moneys borrowed must be used to finance expenditures by the Departments of Defence and Defence Support as specified in the Supply Act (No. 1) 1984-85 and in any subsequent Appropriation Act for the service of the 1984-85 financial year. Furthermore, moneys borrowed are also to be used to defray the expenses of borrowing.

Clause 5 authorizes the Treasurer to borrow moneys to supplement the CRF by the amount necessary to meet the remaining deficit in the CRF, together with the costs of borrowing, after other borrowing authority has been utilised. The borrowings are to be made through the issue of Treasury Bills or other Commonwealth securities and must be within the limit of the borrowing authority approved by the Loan Council.

By clause 6, moneys borrowed are to be used only to supplement the CRF and to meet the expenses of borrowing.

Clause 7 provides that the Loan Fund be appropriated for the purposes of this Bill.

Clause 8 provides that the total expenditure under this Bill and under Appropriation Act (No. 1) 1984-85 and subsequent Appropriation Acts for the Departments of Defence and Defence Support will not exceed the amounts specified therein. However, by sub-clause 8(2), there is no limit on the power of the Minister for Finance to make additional moneys available for defence purposes under the "Advance to the Minister for Finance".

For further information, if required, contact:

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