LOAN BILL 1983

Date Introduced: 21 April 1983
House: House of Representatives
Presented by: Hon. J.S. Dawkins, M.P., Minister for Finance

Purpose

To increase the existing provision for loan financing of the deficit in the Consolidated Revenue Fund, and authorize further borrowings under the Government's approved loan program, the proceeds of which may be credited to that Fund.

Outline

The Bill makes two important provisions. Briefly, the distinction is that the augmented limit of Part II permits loan financing outside the Loan Council program, while Part III permits borrowings under that program to be applied to expenditure out of the Consolidated Revenue Fund.

Background

A contraction of economic activity throughout the economy has significant effects on the Federal Budget, since the reduction in taxation collections, including company tax, is accompanied by an increase in the number of persons qualifying for social security benefits. Deficit financing was provided for in the Loan Act (No.2) 1982. Since the passing of that Act, there have been appropriations for drought assistance, proposals for assistance to bushfire victims, election costs [see Bills Digests for Appropriations Bills (Nos.3 and 4) 1983], and downward revisions in PAYE collection estimates following the wages pause.
Main Provisions

By clause 2, the Act is to commence from Royal Assent. As indicated in the Second Reading Speech, the Government regards the passing of the Bill to be urgent, as defence expenditure cannot be authorized from the Loan Fund until the Bill is enacted, and, further, cannot be charged retrospectively to the Loan Fund.

Section 3 of the Loan Act (No.2) 1982 authorized up to $1,500 million of defence expenditure to be charged to the Loan Fund. Clause 4 of the Bill amends the provision to a limit of $2,700 million. Since the borrowings are for defence purposes, Loan Council approval is not required, but the desired effect of freeing Consolidated Revenue Fund moneys for other Government purposes is achieved.

Clause 5 permits the Treasurer to borrow moneys which, net of borrowing costs, he considers sufficient to finance the deficit remaining in the Consolidated Revenue Fund.

Such borrowings must under clause 6 be applied to the credit of the Consolidated Revenue Fund, or to borrowing costs.

Under clause 7, the Loan Fund, to which such borrowings will be initially credited, is appropriated to the Consolidated Revenue Fund. The borrowings form part of the Federal Government's loan program approved by the Loan Council. It is stressed in the Second Reading Speech that these provisions are financing arrangements. Legislation further appropriating the funds from the Consolidated Revenue Fund to Government purposes is still required.

For further information, if required, contact:

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