LOAN AMENDMENT BILL 1978

Date Introduced: 25 May 1978
House: House of Representatives
Presented by: Hon. John Howard, Treasurer

Short Digest of Bill

Purpose

To amend the Loan Act 1977 to increase by $300 million the amount which may be borrowed for defence purposes so as to meet the prospective deficit in the Consolidated Revenue Fund for 1977-78.

Background

The Loan Act 1977 authorised borrowings for defence purposes of up to $1100 million so that expenditure on defence which would otherwise be met from the CRF can instead be met from the Loan Fund. This method of avoiding a deficit in the CRF has been used in the past by successive governments. Borrowings for defence purposes are nominated largely because they do not require the approval of the Loan Council.

The anticipated CRF deficit for 1977-78 at the time of the Loan Bill 1977 was $90lm., and the Bill allowed for $1100m., giving a small margin to spare. However, due to subsequent unforeseen developments, it now appears that the deficit will turn out higher and an extra $300m. is allowed for by this Bill. The increase is mainly due to an expected shortfall in revenue from income tax and customs duty. Some new expenditures not originally provided for are expected to roughly balance savings in other items.

Section 3 of the Principal Act gives authority to the Treasurer to borrow amounts not exceeding $1100 million in aggregate. Section 4 and 5 together mean that moneys so borrowed must be spent in 1977-78 on the expenses of borrowing or on defence services for which expenditure is already authorised under the Appropriation Acts.

Provisions

Clause 3 of this Bill amends s.3 of the Principal Act by changing the $1100 million to $1400 million.