LOAN CONSOLIDATION AND INVESTMENT RESERVE AMENDMENT BILL 1978

Date Introduced: 25 May 1978
House: Senate
Presented by: Senator the Honourable P.D. Durack, Attorney-General

Purpose

To ensure that the power of investment of moneys standing to the credit of the Loan Consolidation and Investment Reserve (L.C.I.R.) remains with the Treasurer.

Background

As a result of the changes made by the Order under s.19BA of the Acts Interpretation Act 1901, to be confirmed by the passage of the Administrative Changes (Consequential Provisions) Bill, many of the functions previously assigned by statute to the Treasurer are to be performed by the Minister for Finance. This would be so for the investment of moneys standing to the credit of the L.C.I.R. Control of such investment is related to debt management and macroeconomic policy which is the responsibility of the Treasurer, rather than expenditure control which is the main responsibility of the Minister for Finance. This Bill seeks to keep control over the L.C.I.R. within the Treasurer's area of responsibility.

Provisions

Clause 3 amends the Principal Act so that the L.C.I.R. will no longer be a Trust Account for purposes of s.62A of the Audit Act. It will, however, be part of the Trust Fund established by s.60 of the Audit Act and relevant provisions of that Act except s.62B will apply (sub-clause 3(1)(b)). Sub-clause 3(2) is designed to ensure that although the existing Trust Account established under the Principal Act for the L.C.I.R. will be closed as a result of this Bill, the provisions of sub-sections 62A (4A) and (4B) of the Audit Act, which allow the Minister where a Trust Account has been closed to pay the balance of the Account into the Loan Fund or the C.R.F., will not apply.

Clause 4 alters slightly the method of investing moneys standing to the credit of the L.C.I.R. which have not yet been applied to repurchase or redeem securities which represent portion of the public debt of the Commonwealth. It provides, by amendment to s.6,
that such moneys may be invested in any securities of, or guaranteed by, the Commonwealth. Any further funds not applied to either of these purposes may be invested by the Minister for Finance according to the terms of s.62B of the Audit Act. This investment can take any of 3 forms: (a) securities of, or guaranteed by, the Government of the Commonwealth or of a State; (b) deposit in a bank; or (c) in the purchase of metal for coinage. The power to invest L.C.I.R. moneys in State Government securities was previously prohibited.

Proposed s.7 (inserted by clause 5) enables the Treasurer and the Minister for Finance to delegate their respective powers of investment of L.C.I.R. moneys. Proposed s.8 endows the Treasurer and his successors with corporate personality to enable them to make investments.

Clause 6 contains transitional provisions, ensuring the legality of any investment action taken before the Order under s.19BA of the Acts Interpretation Act or between the date of that Order and the date of assent to this Bill.

31 May 1978

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