Date Introduced: 16 August 1978
House: House of Representatives
Presented by: Hon. J. Howard, M.P., Treasurer

Short Digest of Bill

Purpose

To permit the Treasurer to borrow up to $2,000 million during 1978-79 to meet the anticipated deficit in the Consolidated Revenue Fund (CRF) and to apply the borrowed funds to defence purposes.

Background

This Bill authorizes borrowings for defence purposes so that expenditure on defence which would otherwise be met from the CRF may instead be met from the Loan Fund. Because payments from CRF cannot exceed moneys available in it, this is the normal method of reducing payments from CRF by charging to the Loan Fund some expenditure normally met from CRF.

As borrowings under this Bill are for defence purposes, they will not require the approval of the Australian Loan Council.

The estimated CRF deficit is $1,903.5 million (compared with an actual deficit of $1,359m. last year), so the amount of borrowings permitted by this Bill provides just a small margin to allow for possible unforeseen developments during the year.

The overall prospective deficit for 1978-79 is $2,813 million but part of this arises in the Loan Fund rather than CRF.

See Second Reading Speech for further explanation.

Main Provisions

Clause 3 gives authority to the Treasurer to borrow amounts not exceeding $2,000 million in the aggregate. The borrowing must be in accordance with the Commonwealth Inscribed Stock Act 1911 or an Act authorizing the issue of Treasury Bills.
The effect of clauses 4 and 5 is that the moneys borrowed must be spent on the expenses of borrowing or for the defence services for which expenditure is already authorized under the Supply Act (No. 1) 1978-79 or for which it will be authorized under later Appropriation Acts for this financial year. However, no more may be spent on those defence services than has actually been appropriated by Parliament for those services; but this does not affect the expenditure of the "Advance to the Treasurer".

Expenditure, other than for the expenses of borrowing, must be before the end of the current financial year.

22 August 1978