

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

COMMONWEALTH BORROWING LEVY COLLECTION BILL 1987

EXPLANATORY MEMORANDUM

(Circulated by the Authority of the Treasurer,
the Hon P.J. Keating, MP)

COMMONWEALTH BORROWING LEVY COLLECTION BILL 1987

GENERAL OUTLINE AND MAIN PURPOSE OF THE BILL

The purpose of the Bill is to provide for the collection of the Commonwealth Borrowing Levy imposed by the Commonwealth Borrowing Levy Bill 1987 (the Levy Bill).

The provisions of the Bill define the borrowings in respect of which the levy may be payable, and provide for the Treasurer to make determinations in relation to the arrangements for collecting the levy. These determinations are to be published in the Gazette and are to be subject to disallowance by either House of Parliament.

The Bill also provides for the repeal of the Commonwealth Guarantees (Charges) Act 1987 except insofar as it applied to guaranteed borrowings or raisings of money undertaken between its commencement on 1 July 1986 and 30 June 1987.

FINANCIAL IMPACT STATEMENT

The levy imposed by this Bill is expected to raise revenue of some \$1.3 million in 1987-88, while on-going revenue from the Commonwealth Guarantee Charge is estimated to amount to \$7.6 million.

NOTES ON CLAUSES

CLAUSE 1 - SHORT TITLE

Self explanatory

CLAUSE 2 - COMMENCEMENT

Sub-clause 2(1) provides for the repeal with effect from 1 July 1987 of the Commonwealth Guarantees (Charges) Act 1987, except insofar as it applied to guaranteed borrowings or raisings of money undertaken between its commencement on 1 July 1986 and 30 June 1987.

Sub-clause 2(2) provides for the remaining provisions of the Act to come into operation when the Act receives Royal Assent. The Levy Bill provides that the levy applies to borrowings undertaken on or after 1 July 1987.

CLAUSE 3 - INTERPRETATION

Clause 3 defines the borrowings in respect of which the levy may be payable. Borrowings as defined in this clause generally correspond with the borrowings and raisings of money otherwise than by borrowing that bodies subject to the levy (listed in the Schedule to the Levy Bill) are empowered to undertake.

Sub-clause 3(1) provides that a "borrowing" includes a raising of money otherwise than by borrowing made by dealing in securities. It provides a broad definition of securities including stocks, debentures, bonds, promissory notes, bills of exchange and similar financial instruments.

Sub-clause 3(2) defines the phrase "dealing with securities" to involve a broad range of financial transactions involving securities.

Sub-clause 3(3) provides that a borrowing includes the issue of an instrument acknowledging a debt in consideration of a payment or deposit of money and the provision or obtaining of credit.

Sub-clause 3(4) excludes from sub-clause 3(3) the issue of an instrument or obtaining of credit by a body in the ordinary course of day-to-day operations of the body, except in the case of wholly owned subsidiaries of the Australian National Airlines Commission and the Federal Airports Corporation.

CLAUSE 4 - COLLECTION OF LEVY

Clause 4 provides for the Treasurer to make a determination, published in the Gazette, in relation to the arrangements for collecting the levy.

Paragraph (a) of sub-clause 4(1) provides that the Treasurer may determine the times when and manner in which the levy is to be paid.

Paragraph (b) of sub-clause 4(1) provides that the Treasurer may determine that bodies are required to provide to him statements certifying the amounts of borrowings undertaken, the amount of the levy calculated to apply to those borrowings and any other particulars of the borrowings relevant to the calculation of the levy.

Sub-clause 4(2) provides for the determinations made under this clause to be subject to those sections of the Acts Interpretation Act 1901 which provide for regulations to be tabled in both Houses of Parliament and subject to disallowance, as if they were regulations.

Sub-clause 4(3) provides for the determinations made under this clause to be excluded from the requirements for publication in the Statutory Rules Publication Act 1903, since they are required to be published under sub-clause 4(1).

CLAUSE 5 - REGULATIONS

Clause 5 authorises the Governor-General to make regulations necessary to give effect to the requirements of this Bill.

CLAUSE 6 - REPEAL OF COMMONWEALTH GUARANTEES (CHARGES) ACT

Sub-clause 6(1) provides for the repeal of the Commonwealth Guarantees (Charges) Act 1987. Sub-clause 2(1) provides that this will have effect from 1 July 1987.

Sub-clause 6(2) provides that the Commonwealth Guarantees (Charges) Act 1987 continues to apply to borrowings and raisings of money made by bodies subject to that Act prior to 1 July 1987. As a result, where a borrowing or raising was made that was subject to the Commonwealth Guarantee Charge, that charge continues to apply until the borrowing or raising matures.