

FINANCIAL AGREEMENT BILL 1994

EXPLANATORY NOTE

GENERAL OUTLINE

Objectives of the Legislation

The primary objective of the Bill is to give legislative effect to the recent amendments made to the Financial Agreement by the Commonwealth, States and Territories.

The secondary objective of the Bill is to give the Treasurer the express legislative authority to borrow on behalf of the State.

Reasons for the Bill

The Commonwealth and the States have agreed that amendments to the Financial Agreement would be effected through the enactment of complementary Commonwealth and State legislation. These amendments do not take effect until the legislation is enacted in all jurisdictions.

The amendments being made to the *Financial Administration and Audit Act 1977* are also necessary, because the amendments to the Financial Agreement effectively remove the power of the Treasurer to borrow on behalf of the State. Accordingly, there is a need for the Treasurer to be given express legislative authority to borrow on behalf of the State.

Estimated Cost for Government Implementation

There will be no cost for Government arising from this Bill.

Consultation

This legislation has been the subject of consultation involving the Commonwealth and all States and Territories.

PART 1—PRELIMINARY

Clause 1 specifies the short title.

Clause 2 provides for the commencement of Sections 7 and 10 of the Act.

PART 2—APPROVAL OF 1994 FINANCIAL AGREEMENT

Clause 3 provides for the approval of the signed 1994 Financial Agreement which is set out in the Schedule.

PART 3—AMENDMENT OF FINANCIAL ADMINISTRATION AND AUDIT ACT 1977

Clause 4 provides for the *Financial Administration and Audit Act 1977* to be amended by Part 3.

Clause 5 amends the definition of “Financial Agreement” to account for the 1994 Financial Agreement and amends the definition of “public debt” to reflect the definition in the 1994 Financial Agreement.

Clause 6 inserts section 19 so that the Treasurer’s approval is not required when the net credit balance of all bank accounts of the public accounts is unintentionally overdrawn.

Clause 7 provides for the Treasurer’s Annual Statement to report on the Debt Retirement Reserve Trust Account in lieu of the National Debt Sinking Fund which is replaced by the 1994 Financial Agreement.

Clause 8 inserts section 40A to give the Treasurer the authority to borrow on behalf of the State. Authority for the Treasurer to borrow was contained in the previous Financial Agreements but has been omitted from the 1994 Financial Agreement.

Clause 9 amends section 109 by adding the new section 40A (Treasurer's borrowing powers) to the list of sections under which the Treasurer may delegate his power.

PART 4—REPEALS

Clause 10 provides for the repeal of previous legislation relating to the Financial Agreement.