

1992

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION
AMENDMENT BILL 1992

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister
for Industry, Technology and Commerce,
Senator the Hon. John N Button)



AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION AMENDMENT BILL
1992

GENERAL OUTLINE

The purpose of this Bill is to amend the Australian Industry Development Corporation Act 1970 to extend the Commonwealth Guarantee until 30 June 1998, to clarify issues relating to the Australian Industry Development Corporation's (AIDC's) trading powers and to reduce the size of its Board. These changes will facilitate the smooth operations of the AIDC in the financial markets, and will reflect the diminished level of activity conducted by the AIDC since the transfer of the bulk of AIDC's business to its subsidiary, AIDC Ltd, on 1 July 1989.

FINANCIAL IMPACT STATEMENT

2 The extension of the Commonwealth Guarantee to 30 June 1998 will have no net effect on revenue.

NOTES ON CLAUSES

Clause 1: Short Title etc

3 Once enacted this Bill will be cited as the Australian Industry Development Corporation Amendment Act 1992.

4 The "Principal Act" referred to in this Bill is the Australian Industry Development Corporation Act 1970.

Clause 2: Powers of Corporation

5 This clause clarifies AIDC's power to undertake certain financial transactions by inserting a new paragraph 7(2)(bb) in the Principal Act. This amendment confirms the ability of AIDC to undertake transactions, including swaps, foreign exchange agreements, forwards rate agreements, option agreements, futures agreements or hedge agreements, in the course of its business. The need for this amendment arose following a UK Court decision that called into question the ability of statutory corporations to enter such financial transactions.

Clause 3: Membership of Board

6 This clause reduces the size of AIDC's Board of Directors, reflecting the fact that AIDC is essentially a holding Corporation (apart from its ongoing role as borrower for the AIDC group), with AIDC Ltd acting as the operating company of the group. This amendment will reduce the Board to a Chairman, the Chief Executive of AIDC, the Secretaries of the Department of Industry, Technology and Commerce and the Department of Primary Industries and Energy and one other Director. Previously the Board had a minimum of four and maximum of eight other Directors.

Clause 4: Meetings of Board

7 In line with the reduced size of the restructured Board, section 21 of the Principal Act is amended so that the quorum of the Board is reduced to two Directors, one of whom must be the Chairman or Chief Executive and one of whom must not be the Chairman or Chief Executive.

Clause 5: Guarantee by Commonwealth

8 This clause extends the Commonwealth Guarantee for AIDC from 30 June 1994 to 30 June 1998 by substituting the new date in subsection 35(1) of the Principal Act. This clause also clarifies the application of the Guarantee to deposited funds left on deposit with AIDC where reinvestment dates occur after the Guarantee cut-off date. Such funds will no longer attract the Guarantee after such reinvestment (subsections 35(8 - 10)).

Clause 6: Consequential Amendments

9 Provisions in the Principal Act referring to Directors are amended as a consequence of the reduction in the size of the Board of Directors.

