

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

COMMONWEALTH BORROWING LEVY BILL 1987

EXPLANATORY MEMORANDUM

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

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GENERAL OUTLINE AND MAIN PURPOSE OF THE BILL

The purpose of the Bill is to give effect to the decision by the Government, made in the context of the 1987-88 Budget, that from 1 July 1987 an annual levy should be applied to all borrowings (including raisings of money otherwise than by borrowing) by Commonwealth semi-government authorities, other than those engaged primarily in the business of financial intermediation (eg Commonwealth banks, Australian Industry Development Corporation).

The Bill provides that all borrowings undertaken by authorities (listed in the Schedule to the Bill), other than any borrowings which may be excluded by regulation, are subject to the levy at a rate not exceeding 0.5 per cent per annum.

Provision for the collection of the levy is made in the Commonwealth Borrowing Levy Collection Bill 1987 (the Collection Bill).

The levy replaces the Commonwealth Guarantee Charge which was imposed in 1986-87 on borrowings by authorities subject to an explicit Commonwealth Government guarantee.

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

Self explanatory

CLAUSE 3 - INTERPRETATION

Sub-clause 3(1) defines the bodies to which the Bill applies as the authorities listed in the Schedule.

Sub-clause 3(2) provides that expressions used in the Bill have the same meaning as in the Collection Bill. That Bill, inter alia, defines "borrowing" to include the raising of money otherwise than by borrowing.

CLAUSE 4 APPLICATION OF ACT

Clause 4 provides that the Bill applies to all borrowings made by authorities listed in the schedule undertaken on or after 1 July 1987, including those made in a foreign currency.

CLAUSE 5 - IMPOSITION OF LEVY

Clause 5 provides that the levy is imposed on all borrowings (defined in the Collection Bill) made by authorities listed in the Schedule undertaken on or after 1 July 1987, except where exempted by regulations.

CLAUSE 6 - RATE OF LEVY

Clause 6 sets the maximum rate of the levy at 0.5 per cent of the amount of borrowings in respect of which the levy is payable, with the actual rate to be prescribed by regulation.

CLAUSE 7 - BY WHOM LEVY PAYABLE

Clause 7 provides that the levy is payable by the body which undertakes the borrowing.

CLAUSE 8 - REGULATIONS

Clause 8 authorises the Governor-General to make regulations necessary to give effect to the requirements of this Bill.

SCHEDULE

The Schedule provides a list of bodies to which the Bill applies and includes all Commonwealth semi-government authorities with the power to borrow other than those engaged primarily in the business of financial intermediation.