

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

FINANCIAL MANAGEMENT AND ACCOUNTABILITY BILL 1996

SUPPLEMENTARY EXPLANATORY MEMORANDUM
(Amendment to be moved on behalf of the Government)

(Circulated by Authority of the Minister for Finance,
the Honourable John Fahey, MP)

AMENDMENT TO THE FINANCIAL MANAGEMENT AND ACCOUNTABILITY BILL 1996

General Outline

The proposed amendment is to remove any doubt that, in line with the Government's initiatives to establish appropriate operating environments of competitive neutrality, deposit-taking institutions (such as credit unions and building societies) whose operations are subject to State, Territory or Commonwealth prudential supervision, may compete for the banking business of the Commonwealth.

Financial Impact Statement

The proposed change has no financial impact.

Details concerning the proposed amendment

Clause 5 - Definitions

Under this clause, "bank" is defined to mean "...a person who carries on the business of banking, either in Australia or outside Australia;".

The definition is intended to be comprehensive. A legal doubt has emerged, however, whether the term 'business of banking' may have, within Australia, unwittingly precluded non-bank deposit-taking institutions, such as credit unions and building societies, from competing for aspects of the Commonwealth's banking and investment business. The proposed amendment adds words to expand the definition to overcome any unintended limitation in that regard.



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