

1978-79

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WHEAT INDUSTRY STABILIZATION (REIMBURSEMENT OF
BORROWING COSTS) BILL 1979

EXPLANATORY MEMORANDUM

(Circulated by the Minister for Primary Industry,
the Rt. Hon. I. McC. Sinclair, M.P.)

Explanatory Memorandum

Wheat Industry Stabilization

(Reimbursement of Borrowing Costs) Bill 1979

The purpose of this Bill is to provide for the reimbursement of the Australian Wheat Board for costs incurred by it in making certain commercial borrowings in lieu of borrowings from the Reserve Bank to assist in financing the first advance payment to growers and marketing expenses of the 1978/79 season's wheat pool. Following is an explanation of clauses of the Bill.

Clause 3 - Interpretation

Sub-clause (1) defines terms used in the Bill.

The definition "expenses of borrowing" limits the expenses of borrowings that are reimbursable under other clauses to interest costs and other borrowing expenses that accrue up to 31 March 1980. (This is the date by which the Wheat Board is required to have repaid its Reserve Bank (Rural Credits Department) borrowings).

"Loan repayment" refers to repayment of borrowings made by the Board under section 36(1) of the Principal Act. i.e. borrowings made for first advance and expenses purposes from the Rural Credits Department of the Reserve Bank.

"prescribed borrowing" confines reimbursable costs to those associated only with borrowings by the Board in respect to wheat of the current (1978/79) season including the borrowings made by the Board before the commencement of the Act.

Sub-clause 3(2) covers the situation where one borrowing is made for more than the one purpose, viz the purposes of repaying loans made, or to be made, to it by the Reserve Bank or for raising funds for the purposes for which Reserve Bank funds are made available to the Board.

Sub-clause 3(3) includes in a "commercial borrowing" the raising of moneys by dealing with securities, etc., as is described in the accompanying Wheat Industry Stabilization Amendment Bill, 1979 and the raising of moneys in that way that took place before the passage of that Act.

Clause 4 - Amounts payable to the Wheat Board

Sub-clause 4(1) specifies the basis for the determination by the Minister for Primary Industry of the amount payable the Board in respect of interest incurred on commercial borrowings by the Board whether these borrowings are for either the purpose of repaying a loan obtained from the Rural Credits Department of the Reserve Bank or to meet the purpose for which loans may be made from the Rural Credits Department. The amount payable to the Board is difference between the interest incurred on those borrowings and the interest that would have been payable had the borrowings been made from the Reserve Bank under its normal Rural Credits funding.

Sub-clause 4(2) refers to the amount payable to the Board in respect of expenses of the commercial borrowings by the Board for purposes for which advances from the Rural Credits Department of the Reserve Bank are normally made. (Borrowings made for the purpose of repaying the Rural Credits Department are specifically covered by the following sub-clause). The amount payable in respect of expenses incurred in those borrowings is to be, as determined by the Minister, only costs additional to those that would have been incurred had the borrowings been made through the Rural Credits Department of the Reserve Bank.

Sub-clause 4(3) refers to expenses incurred by the Board on borrowings made to repay the Rural Credits Department loan and as these are costs which the Board would not have normally incurred, provides for the Board to be reimbursed in total for those expenses, the amount payable to be determined by the Minister.

Clause 5 - Advances

Sub-clause 5(1) provides for advances to be made to the Board, at the discretion of the Minister for Finance, against amounts expected to become payable to it under Clause 4.

Sub-clause 5(2) requires the Board to refund any over-payment of an advance made under the previous sub-clause.

Clause 6 - Appropriation

This clause provides for appropriation of amounts from the Consolidated Revenue Fund to cover payments to the Board under the Act.