

TREASURER'S ADVANCE AUTHORISATION BILL 2009

Explanatory Memorandum

Clause 1

Short Title.

Clause 2

Provides for sections 1 and 2 of the Act to come into operation on the day on which this Act receives the Royal Assent, with the rest of the Act coming into operation the following day.

Clause 3 – Authorisation of expenditure to make payments in respect of extraordinary or unforeseen matters or to make advances for certain purposes.

The objective is to increase the Treasurer's Advance Account limit for the current financial year (2008-09) from the amount authorised by section 29(1) of the *Financial Management Act 2006* (FMA).

The amount authorised by section 29(1) of the FMA is equal to 3% of the total amount appropriated for the previous financial year by the Appropriation Acts. This is determined as follows:

Appropriation (Consolidated Account) Act (No. 1) 2007 and *Appropriation (Consolidated Account) Act (No. 2) 2007* appropriated \$11 791 774 000 for recurrent purposes and \$2 799 110 000 for capital purposes respectively – a total of \$14 590 884 000. Multiplying this amount by the 3% limit provided for in the FMA results in an 'automatic' Treasurer's Advance limit for 2008-09 of \$437 726 520.

The increase sought by the Treasurer's Advance Authorisation Bill 2009 of \$762 273 480 brings the total amount sought for the Treasurer's Advance limit for the 2008-09 financial year to \$1,200 million.