

TREASURER'S ADVANCE AUTHORISATION BILL 2022

EXPLANATORY MEMORANDUM

Clause 1: Short Title

Clause 2: This clause provides for the commencement of the Act.

- (1) The Short Title and Commencement provisions of the Act come into operation on the day on which the Act receives the Royal Assent.
- (2) The remaining provisions of the Act come into operation on the day following that on which the Act receives the Royal Assent.

Clause 3: Authorisation of expenditure to make certain payments or to make advances for certain purposes.

- (1) The objective is to increase the Treasurer's Advance Account limit for the current financial year (2021-22) 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 (Recurrent 2020-21) Act 2020 and *Appropriation (Capital 2020-21) Act 2020* appropriated \$22,774,038,000 (twenty two billion, seven hundred and seventy four million, and thirty eight thousand dollars) for recurrent purposes and \$4,575,225,000 (four billion, five hundred and seventy five million, two hundred and twenty five thousand dollars) for capital purposes respectively – a total of \$27,349,263,000 (twenty seven billion, three hundred and forty nine million, two hundred and sixty three thousand dollars). Multiplying this amount by the 3% limit provided for in the FMA results in an 'automatic' Treasurer's Advance limit for 2021-22 of \$820,477,890 (eight hundred and twenty million, four hundred and seventy seven thousand, and eight hundred and ninety dollars).

- (2) The \$1,500,000,000 (one billion and five hundred million dollars) increase sought by the Treasurer's Advance Authorisation Bill 2022 brings the total amount sought for the Treasurer's Advance limit for the 2021-22 financial year to \$2.32 billion (two billion and three hundred and twenty million dollars).