

# TREASURER'S ADVANCE AUTHORISATION BILL 2021

## 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 Royal Assent.
- (2) The remaining provisions of the Act come into operation on the day following that on which the Act receives Royal Assent.

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

- (1) The objective is to increase the Treasurer's Advance Account limit for the current financial year (2020-21) 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 2019-20) Act 2019* and *Appropriation (Capital 2019-20) Act 2019* appropriated \$20,316,487,000 (twenty billion, three hundred and sixteen million, four hundred and eighty seven thousand dollars) for recurrent purposes and \$2,644,709,000 (two billion, six hundred and forty four million, seven hundred and nine thousand dollars) for capital purposes respectively – a total of \$22,961,196,000 (twenty two billion, nine hundred and sixty one million, one hundred and ninety six thousand dollars). Multiplying this amount by the 3% limit provided for in the FMA results in an 'automatic' Treasurer's Advance limit for 2020-21 of \$688,836,000 (six hundred and eighty-eight million, eight hundred and thirty six thousand dollars).

- (2) The \$750,000,000 (seven hundred and fifty million dollars) increase sought by the Treasurer's Advance Authorisation Bill 2021 brings the total amount sought for the Treasurer's Advance limit for the 2020-21 financial year to \$1.439 billion.