

D  
JAMES

Submission No. 16



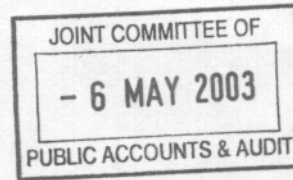
Telephone: (02) 6263 3744  
Facsimile: (02) 6263 3007

**THE TREASURY**

Commonwealth State Relations Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

29 April 2003

Mr Bob Charles MP  
Chairman of the Joint Statutory Committee  
of Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600



Dear Mr Charles,



**FURTHER RESPONSES TO THE JOINT STATUTORY COMMITTEE ON PUBLIC ACCOUNTS AND AUDIT**

At the public hearings held by your Committee on 7 March on the draft of the *Financial Framework Legislation Amendment* bill I undertook to provide answers in writing to two questions raised by your Committee.

Please find attached the Treasury responses to these questions taken on notice.

If you have any specific concerns regarding these answers, please contact Rob Sturgiss on 6263 2912.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jan Harris".

Jan Harris  
General Manager  
Commonwealth State Relations Division  
Treasury

## Treasury Question on Notice

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT  
Review of the draft Financial Framework Legislation Amendment Bill

### PROPOSED LIST OF ACTS FOR REPEAL

#### PA5 of Hansard (Q24)

**CHAIRMAN**—Could AFFA and Treasury tell us whether they support repealing the acts in total, rather than just making amendments? (in relation to the *Loans (Australian Industry Development Corporation) Act 1974* and the *Loans (Qantas Airways Ltd) Acts*.)

#### Response

Schedule 2 of the *AIDC Sale Act 1997* provides for the *Australian Industry Development Corporation Act 1970* and the *Loans (Australian Industry Development Corporation) Act 1974* to be repealed only after the Minister for Finance and Administration is satisfied that the Australian Industry Development Corporation has no assets and liabilities. The Australian Industry Development Corporation still has assets and liabilities outstanding and it would not be appropriate to repeal these Acts earlier than the timeframe specified in the *AIDC Sale Act 1997*.

With respect to the *Loans (Qantas Airways Ltd) Act (No 2) 1971, 1972, 1974 and 1976* it would be premature at this point to repeal these Acts. In particular, while the risk of unclaimed interest and principal monies is low further inquiries need to be made to assess the nature of the Commonwealth's liability. The outcome of these inquiries will determine whether the Acts can be repealed.

### TRANSFER OF POWERS OF APPROVAL OVER PROVISION OF BORROWING GUARANTEES TO CERTAIN COMMONWEALTH ENTITIES FROM THE TREASURER TO THE MINISTER FOR FINANCE AND ADMINISTRATION

#### PA37 of Hansard : (Q32)

Have guarantees been granted in the past without the approval of the Treasurer?

#### Response

Schedule 2 of the Financial Framework Legislation Amendment Bill 2003 currently lists 20 Acts that are not the administrative responsibility of Treasury, but for which the Treasurer has the power to guarantee borrowing by Commonwealth entities. Ten of these 20 Acts provide for the Treasurer to delegate this power to officials. In practice, delegations are exercised only rarely. For the one instance among these Acts where a delegation to officials has been observed there has not been any subsequent action by officials to grant or provide a borrowing guarantee. As indicated in the Treasury submission to the Committee, the provision of guarantees generally is subject to the Government's policy of not issuing further formal Commonwealth guarantees for commercial entities and reflects the implementation of competitive neutrality principles to government business arrangements.