

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Treasurer**

#### *Commonwealth Inscribed Stock Act 1911*

#### *Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Direction 2020*

Subsection 51JA(2) of the *Commonwealth Inscribed Stock Act 1911* (the Act) provides that the Treasurer must give a direction as to the maximum total face value of stock and securities that may be on issue under the Act and the *Loans Securities Act 1919* in relation to borrowings under section 3A of the Act and section 4 of the *Loans Redemption and Conversion Act 1921*.

The purpose of the *Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Direction 2020* (the Direction) is to set this maximum total face value of stock and securities at \$850 billion. The Direction repeals and replaces the *Direction Relating to Commonwealth Borrowing 2017* (the 2017 Direction) given under section 51JA of the Act in 2017, which previously set the maximum total face value of stock and securities at \$600 billion.

The maximum total face value of stock and securities of \$850 billion provides headroom to finance government operations and provides certainty to financial markets that the Government will be able to issue additional debt.

Subsection 51JA(3) of the Act provides that delegates of the Treasurer's power in section 3A of the Act are required to comply with the Direction. All delegates under section 3A of the Act are officers of the Australian Office of Financial Management.

The Australian Office of Financial Management was consulted during the development of the Direction.

Details of the Direction are set out in [Attachment A](#).

The Direction is a legislative instrument for the purposes of the *Legislation Act 2003*. However, the Direction is not subject to disallowance (see item 2 of the table in section 9 of the *Legislation (Exemptions and Other Matters) Regulation 2015*) or sunseting (see item 3 of the table in section 11 of that regulation).

The Direction commenced on the day after it was registered on the Federal Register of Legislation.

**Details of the Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Direction 2020**

**Section 1—Name of the Direction**

Section 1 provides that the name of the Direction is the *Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Direction 2020* (the Direction).

**Section 2—Commencement**

Section 2 provides that the Direction commenced on the day after the instrument was registered on the Federal Register of Legislation.

**Section 3—Authority**

Section 3 provides that the Direction is made under the *Commonwealth Inscribed Stock Act 1911* (the Act).

**Section 4—Schedule**

Section 4 provides that each instrument that is specified in a Schedule to this instrument will be amended or repealed as set out in the applicable items in the Schedule, and any other item in a Schedule to this instrument has effect according to its terms.

This section activates Schedule 1, which repeals the *Direction Relating to Commonwealth Borrowing 2017* (the 2017 Direction) given under section 51JA of the Act in 2017.

**Section 5—Definitions**

Section 5 provides definitions of expressions used in the Direction.

As referred to in the note, other expressions, including the expression “stock”, have the same meaning in the Direction as in the Act as in force from time to time. This is provided for by paragraph 13(1)(b) of the *Legislation Act 2003*.

**Section 6—Direction as to the maximum total face value of stock and securities that may be on issue**

Section 6 directs that the maximum total face value of stock and securities that may be on issue under the Act and the *Loans Securities Act 1919* in relation to borrowings under section 3A of the Act and section 4 of the *Loans Redemption and Conversion Act 1921* is \$850 billion. This direction is given effect by subsection 51JA(3) of the Act, which requires delegates of the Treasurer’s power under section 3A of the Act to comply with the Direction.

## Schedule 1—Repeals

Item 1 of Schedule 1 repeals the 2017 Direction, which previously set the maximum total face value of stock and securities at \$600 billion.