

EXPLANATORY STATEMENT

Issued by authority of the Treasurer

Commonwealth Inscribed Stock Act 1911

Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Amendment 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*.

Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

The purpose of the *Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Amendment Direction 2020* (the Amending Direction) is to increase the maximum total face value of stock and securities from \$850 billion to \$1,200 billion.

The maximum total face value of stock and securities of \$1,200 billion provides certainty to financial markets about the Government's ability to issue additional debt in response to the COVID-19 pandemic.

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 Amending Direction.

Details of the Amending Direction are set out in Attachment A.

The Amending Direction is a legislative instrument for the purposes of the *Legislation Act 2003*. However, the Amendment 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 Amending Direction commenced on the day after it was registered on the Federal Register of Legislation.

ATTACHMENT A

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

Section 1—Name of the instrument

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

Section 2—Commencement

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

Section 3—Authority

Section 3 provides that the Amending 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.

Schedule 1—Amendments

Item 1 of Schedule 1 increases 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* from \$850 billion to \$1,200 billion.