

National Debt Sinking Fund

No. 65 of 1966

An Act to make provision in relation to the
Redemption of the National Debt.

[Assented to 29 October 1966]:

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

Short title.

1. This Act may be cited as the *National Debt Sinking Fund Act 1966*.

Commence-
ment.

2. This Act shall be deemed to have come into operation on the first day of July, One thousand nine hundred and sixty-six.

Repeal.

3. The following Acts are repealed:—

National Debt Sinking Fund Act 1923;
National Debt Sinking Fund Act 1924;
National Debt Sinking Fund Act 1925;
National Debt Sinking Fund Act 1928;
National Debt Sinking Fund Act 1929;
National Debt Sinking Fund Act 1930;
National Debt Sinking Fund Act 1934;
National Debt Sinking Fund Act 1945;
National Debt Sinking Fund Act 1959;
National Debt Sinking Fund (Special Payment) Act 1951.

4.—(1.) In this Act, unless the contrary intention appears— Interpretation.

“ Commissioner ” means a member of the Commission;

“ the Commission ” means the National Debt Commission continued in existence by this Act;

“ the Commonwealth Sinking Fund ” means the account kept in relation to the public debt of the Commonwealth in accordance with sub-section (2.) of section 7 of this Act;

“ the Financial Agreement ” means the agreement approved by the *Financial Agreement Act* 1928, as varied by agreements made before the commencement of this Act and by any later agreement;

“ the public debt of the Commonwealth ” means the liabilities of the Commonwealth in respect of the repayment of moneys borrowed by the Commonwealth, other than liabilities in respect of—

(a) moneys that have been paid to a State under the Financial Agreement; or

(b) moneys borrowed by the issue of new securities by way of conversion of, or borrowed for the purpose of discharging liabilities under, securities that relate to moneys referred to in the last preceding paragraph or to a debt that was taken over by the Commonwealth from a State under the Financial Agreement;

“ year ” means financial year.

(2.) For the purposes of this Act, the investment of moneys standing to the credit of the Trust Fund in securities of the Commonwealth, other than Treasury Bills or securities in the nature of Treasury Bills, not being investment by way of the purchase of securities from a holder of those securities, shall be deemed to be a borrowing of those moneys by the Commonwealth.

(3.) For the purposes of this Act, where the Commonwealth has issued new securities by way of conversion of existing securities in respect of moneys borrowed by the Commonwealth (whether with or without payments to holders of existing securities), the Commonwealth shall be deemed to have borrowed an amount equal to the principal moneys payable under the new securities and to have discharged its liability in respect of the principal moneys payable under the existing securities.

(4.) For the purposes of this Act, where the Commonwealth has issued, in respect of a borrowing (including a borrowing referred to in the last preceding sub-section) securities upon which an amount is specified as the face value of the securities, the amount repayable in respect of that borrowing, and the principal moneys payable under the securities, shall be deemed to be an amount equal to that face value.

**National Debt
Commission.**

5.—(1.) The body corporate established under the name of the National Debt Commission by the Acts repealed by this Act is, by force of this section and subject to this Act, continued in existence under that name for the purposes of this Act.

(2.) The Commission—

(a) continues to be a body corporate with perpetual succession and a common seal; and

(b) may acquire, hold and dispose of real or personal property and is capable of suing and being sued in its corporate name.

(3.) All courts, judges and persons acting judicially shall take judicial notice of the common seal of the Commission affixed to a document and shall presume that it was duly affixed.

(4.) The Commission has such powers and duties as are conferred or imposed on it by this Act or any other Act and by the Financial Agreement.

**Constitution of
Commission.**

6.—(1.) The Commission consists of—

(a) the Treasurer;

(b) the persons for the time being holding the offices of—

(i) Chief Justice of the High Court;

(ii) Governor of the Reserve Bank of Australia;

(iii) Secretary to the Department of the Treasury;

(iv) Secretary to the Attorney-General's Department; and

(c) a person for the time being approved by a majority of the States as the representative of the States on the Commission.

(2.) The approval by a State of a person as the representative of the States on the Commission shall be given by instrument signed by the Premier of the State or by a Minister of State of the State acting for and on behalf of the Premier and delivered to the Chairman of the Commission, and may be revoked in the same manner.

(3.) An approval given by the Premier of a State that was in force immediately before the commencement of this Act for the purposes of section 6 of the *National Debt Sinking Fund Act 1923–1959* continues in force as an approval for the purposes of this section but may be revoked in accordance with this section.

(4.) The exercise or performance of a power or function by the Commission is not invalidated by reason only of a vacancy or vacancies in the membership of the Commission.

(5.) The Treasurer is the Chairman of the Commission.

(6.) The powers and functions of the Treasurer as a Commissioner may be exercised and performed by any Minister of State acting for and on behalf of the Treasurer.

(7.) The powers and functions, as a Commissioner, of the holder of an office specified in paragraph (b) of sub-section (1.) of this section may (whether or not there is a vacancy in that office) be exercised and performed by a person, not being the holder of that office, for the time being performing the duties of that office.

(8.) The Governor-General may appoint a person to act as a Commissioner in lieu of the holder of an office referred to in sub-paragraph (ii), (iii) or (iv) of paragraph (b) of sub-section (1.) of this section at any meeting of the Commission at which the holder of that office is not present (including a meeting of the Commission occurring during a vacancy in that office) and the person so appointed may exercise and perform the powers and functions of a Commissioner in relation to such a meeting.

(9.) At a meeting of the Commission, three Commissioners constitute a quorum and for this purpose a person authorized by this section to perform the functions of a Commissioner shall be counted as a Commissioner.

7.—(1.) There shall be maintained within the Trust Fund a fund to be known as the National Debt Sinking Fund.

National Debt
Sinking Fund.

(2.) Separate accounts shall be kept of the payments into and out of the National Debt Sinking Fund—

- (a) in pursuance of this Act or any other Act in relation to the public debt of the Commonwealth; and
- (b) in pursuance of the Financial Agreement and of this Act in relation to each State.

(3.) The National Debt Sinking Fund established under the Acts repealed by this Act is continued as the National Debt Sinking Fund for the purposes of this Act, and the separate accounts kept in the Fund immediately before the commencement of this Act in relation to the Commonwealth and each State continue as the separate accounts for the purposes of the last preceding sub-section.

(4.) Subject to this Act and the Financial Agreement, the Commission has the general control of the National Debt Sinking Fund, and payments out of that Fund shall be made in accordance with decisions of the Commission, and not otherwise.

8. The Commission shall pay into the National Debt Sinking Fund all moneys received by it in relation to a State in pursuance of the Financial Agreement, and moneys so paid shall be credited to the appropriate account of that Fund, and applied and invested in accordance with the Financial Agreement.

Moneys
received by
Commission
under
Financial
Agreement.

Payments into
Fund in
relation to
public debt of
Commonwealth.

9.—(1.) Subject to this section, the Treasurer shall, in relation to the public debt of the Commonwealth, pay into the National Debt Sinking Fund—

- (a) in the year commencing on the first day of July, One thousand nine hundred and sixty-six, and in each of the next succeeding twenty-four years—an amount of Thirty million, nine hundred and forty thousand dollars;
- (b) in each year of the twenty-five years next succeeding a year (not being earlier than the year commencing on the first day of July, One thousand nine hundred and sixty-six) in which there was a net debt created—an amount equal to four per centum of the amount of that net debt created; and
- (c) in each year in which any moneys are received by the Commonwealth in repayment of loans or advances made out of moneys in the Loan Fund, not being moneys in that Fund to which, by virtue of a provision contained in another Act, this Act does not apply—an amount equal to the moneys so received.

(2.) The moneys otherwise payable into the National Debt Sinking Fund under the last preceding sub-section shall be reduced—

- (a) in each year—by the net income from investments of that year, ascertained in accordance with the next succeeding sub-section; and
- (b) in each of the twenty-five years next succeeding a year (not being earlier than the year commencing on the first day of July, One thousand nine hundred and sixty-six) in which there was a net reduction of debt—an amount equal to four per centum of the amount of that net reduction of debt.

(3.) For the purposes of the last preceding sub-section, the net income from investments of a year is the amount ascertained by adding to, or deducting from, the income received in that year from investments of moneys standing to the credit of the Commonwealth Sinking Fund any profit derived or loss sustained, as the case may be, in that year from the realization of such investments.

Calculation of
net debt created
or net reduction
of debt.

10.—(1.) For the purposes of this Act, the net debt created in a year or the net reduction of debt in a year shall be ascertained by the Treasurer in accordance with this section.

(2.) There shall first be ascertained the total amount of the moneys borrowed by the Commonwealth in the year otherwise than upon the security of Treasury Bills or Treasury Notes, being moneys the liability in respect of which became part of the public debt of the Commonwealth.

(3.) Where, at any time during the year, there was a change in the relative values of Australian currency and a foreign currency in which any part of the public debt of the Commonwealth (other than moneys borrowed upon the security of Treasury Bills or Treasury Notes) that existed at that time, and continued to exist at the end of the year, is repayable, the Treasurer shall determine the increase or decrease, by reason of the change, in the amount in Australian currency that is represented by that part of the public debt of the Commonwealth, and the amount so determined shall, if it is an increase, be added to or, if it is a decrease, be subtracted from, the total amount ascertained under the last preceding sub-section.

(4.) There shall next be ascertained, as at the end of the year, the amount of the net increase or decrease, in terms of Australian currency, that has occurred since the end of the last preceding year in the total amount of Treasury Bills and Treasury Notes issued but not redeemed, being Treasury Bills and Treasury Notes that relate to liabilities included in the public debt of the Commonwealth, and the amount so ascertained shall, if it is an increase, be added to or, if it is a decrease, be subtracted from, the amount resulting from the application of the last two preceding sub-sections.

(5.) There shall next be ascertained the sum of—

(a) so much of the total amount ascertained under sub-section (2.) of this section as consists of—

(i) moneys borrowed for the purpose of making advances or loans that are repayable to the Commonwealth; or

(ii) moneys to which, by virtue of a provision contained in another Act, this Act does not apply;

(b) the amount, in terms of Australian currency, of any portion of the public debt of the Commonwealth (other than a liability secured by Treasury Bills or Treasury Notes) that was discharged in the year—

(i) by the issue of new securities by way of conversion of existing securities (whether with or without payments to holders of the existing securities);

(ii) by the redemption of securities by payments out of the Consolidated Revenue Fund or the Loan Fund; or

(iii) by the repurchase or redemption of securities in pursuance of the *Loan Consolidation and Investment Reserve Act 1955*; and

(c) any amount paid into the National Debt Sinking Fund in the year under the next succeeding section.

(6.) Where moneys have been borrowed otherwise than in Australian currency, or a liability payable otherwise than in Australian currency has been discharged, the equivalent in Australian currency of the moneys so borrowed or of the liability so discharged, ascertained as at the time of the borrowing or discharge, shall be taken into account for the purposes of this section.

(7.) If the amount resulting from the application of sub-sections (2.), (3.) and (4.) of this section exceeds the amount ascertained under sub-section (5.) of this section, the excess is the amount of the net debt created in the year.

(8.) If the amount ascertained under sub-section (5.) of this section exceeds the amount resulting from the application of sub-sections (2.), (3.) and (4.) of this section, the excess is the amount of the net reduction of debt in the year.

(9.) A reference in this section to the public debt of the Commonwealth does not include a reference to any part of that debt that results from a borrowing under the *Loan (Short-term Borrowings) Act 1959*.

Additional payments to Commonwealth Sinking Fund.

11. The Treasurer may, in any year, pay out of the Consolidated Revenue Fund into the National Debt Sinking Fund, in relation to the public debt of the Commonwealth, such sum as he determines, in addition to amounts payable in accordance with section 9 of this Act.

Appropriation.

12. The Consolidated Revenue Fund is appropriated to the extent necessary for the purposes of this Act.

Conversion into Australian currency.

13. For the purposes of this Act, the equivalent in Australian currency of an amount in any other currency shall be ascertained as the Treasurer considers appropriate.

Time for making payments.

14. Payments to be made by the Treasurer to the National Debt Sinking Fund in any year may be made at such time or times during that year as the Treasurer determines.

Application of Commonwealth Sinking Fund.

15.—(1.) The Commission may apply the moneys standing to the credit of the Commonwealth Sinking Fund in reduction of the public debt of the Commonwealth by the repurchase or redemption of securities of the Commonwealth.

(2.) Securities repurchased or redeemed by the Commission (not including securities purchased by way of investment under the next succeeding section) shall be cancelled.

(3.) Where any portion of the public debt of the Commonwealth is discharged by the issue of new securities in lieu of existing securities and the making of payments to holders of the existing securities, moneys standing to the credit of the Commonwealth Sinking Fund may be applied in making those payments.

(4.) The application of this section in relation to any part of the public debt of the Commonwealth is subject to any provision made by another Act affecting the application of this Act to that part of the public debt of the Commonwealth.

16.—(1.) Subject to this section, the Commission may invest any moneys standing to the credit of the Commonwealth Sinking Fund—

Investment of Commonwealth Sinking Fund.

(a) in the purchase of securities of, or guaranteed by, the Government of the United Kingdom, the Commonwealth or a State; or

(b) on fixed deposit with a bank approved by the Treasurer, and may at any time sell any securities referred to in this section or exchange any such securities for other such securities.

(2.) All moneys received by the Commission as interest in respect of investments under this section or on the realization of such investments shall be paid into the National Debt Sinking Fund to the credit of the Commonwealth Sinking Fund.

(3.) The Commission shall not invest moneys in accordance with this section unless it is of the opinion that greater benefit will accrue to the Commonwealth by that investment than the benefit that would accrue from the purchase or redemption of securities of the Commonwealth in accordance with the last preceding section.

17.—(1.) The Commission may repurchase securities of the Commonwealth that have been accepted by the Treasurer in payment of estate duty.

Purchase of securities accepted in payment of estate duty.

(2.) Securities repurchased under this section shall be repurchased at a price equal to the amount of the credit in respect of estate duty allowed by the Treasurer in respect of them.

18. The Commission shall, in the month of August in each year, furnish to the Treasurer, for presentation to the Parliament, a report on the operations of the Commission in relation to the National Debt Sinking Fund.

Annual report to Parliament.

19. The Acts specified in the first column of the Schedule to this Act are amended as respectively specified in the second column of that Schedule and each of those Acts, as so amended, may be cited in the manner specified in the third column of that Schedule opposite to the reference to that Act in the first column.

Consequential amendments of other Acts.

20. The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which are necessary or convenient to be prescribed for carrying out or giving effect to this Act.

Regulations.

THE SCHEDULE
CONSEQUENTIAL AMENDMENTS OF OTHER ACTS

Section 19.

First Column Acts amended	Second Column Amendments	Third Column Citation
<i>Funding Arrangements Act 1921</i>	Omit section 4	<i>Funding Arrangements Act 1921-1966</i>
<i>Loan (Emergency Wheat Storage) Act 1955</i>	Omit section 8	<i>Loan (Emergency Wheat Storage) Act 1955-1966</i>
<i>Loan (Short-term Borrowings) Act 1959</i>	Omit section 16	<i>Loan (Short-term Borrowings) Act 1959-1966</i>
<i>Loan (Temporary Revenue Deficits) Act 1953</i>	Omit section 6	<i>Loan (Temporary Revenue Deficits) Act 1953-1966</i>
<i>Northern Territory (Administration) Act 1910-1962</i>	Omit sub-section (4.) of section 14	<i>Northern Territory (Administration) Act 1910-1966</i>
<i>Seat of Government (Administration) Act 1930-1955</i>	Omit section 9	<i>Seat of Government (Administration) Act 1930-1966</i>
<i>War Service Homes Act 1918-1962</i>	At the end of section 39 add the following sub-section:— “(5.) All moneys credited, after the commencement of this sub-section, to the War Service Homes Trust Account in respect of purchase money and repayments of advances shall be paid from that Trust Account to the Consolidated Revenue Fund at such times as the Treasurer directs, and paragraph (c) of sub-section (1.) of section nine of the <i>National Debt Sinking Fund Act 1966</i> does not apply to any such moneys.”	<i>War Service Homes Act 1918-1966</i>