

EXPLANATORY STATEMENT

Building Australia Fund General Drawing Rights Limit Declaration 2009

Nation-building Funds Act 2008

Objective of the declaration

For the purposes of section 109 of the *Nation-building Funds Act 2008* (Funds Act), the *Building Australia Fund General Drawing Rights Limit Declaration 2009* (the Declaration) provides the general drawing rights limit for the Building Australia Fund (BAF) for the financial year ending on 30 June 2009. Details of projects being funded from the BAF are included in the 2009-10 Budget Papers.

Background

The BAF is established under section 12 of the Funds Act. It consists of the investments of the BAF and the BAF Special Account, which is a Special Account recognised under section 21 of the *Financial Management and Accountability Act 1997* (FMA Act) and established under section 13 of the Funds Act. The general drawing rights limit applies to the main purposes of the BAF, namely making payments in relation to the creation or development of transport infrastructure, communications infrastructure, energy infrastructure and water infrastructure. The general drawing rights limit does not apply to payments for eligible Nation Broadband Network matters.

The intention for specifying a general drawing rights limit in the Declaration is to set a maximum limit on the amount that may be covered by drawing rights issued by the Minister for Finance and Deregulation under the FMA Act for the financial year ending on 30 June 2009 for the purposes to which the limit applies.

Specifying a general drawing rights limit, and thereby limiting the ability to issue drawing rights to that limit, is an effective mechanism to manage expenditure of public money as the official or Minister making a payment of public money cannot do so without the authority of a valid drawing right under the FMA Act.

The general drawing rights limit for the BAF in the Declaration is specific to the financial year ending on 30 June 2009. The general drawing rights limit in the Declaration will not limit the general drawing rights limit that may be specified in regard to any other year.

The general drawing rights limit for the 2009-10 financial year and beyond are included in Appropriation Acts. In order to give effect to the Government's announcement, on 14 October 2008, to fast track its nation-building agenda in response to the global financial crisis, paragraph 109(1)(a) of the Funds Act enables the general drawing rights limit in relation to the financial year ending on 30 June 2009 to be declared by the Minister for Finance and Deregulation in writing.

Subsection 109(3) of the Funds Act provides that the Declaration is a legislative instrument that is not disallowable. As a legislative instrument, the Declaration is required to be tabled in the Parliament and published on the Federal Register of Legislative Instruments.