



New South Wales

Community Infrastructure (Intergenerational) Fund Bill 2008

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

This Bill is cognate with the *Electricity Industry Restructuring Bill 2008*.

Overview of Bill

The object of this Bill is to establish a Community Infrastructure (Intergenerational) Fund into which the net proceeds of the restructuring of the State's electricity industry (under the proposed *Electricity Industry Restructuring Act 2008*) are to be paid. The Fund is to be used for the purpose of funding capital works and other public purposes approved by the Treasurer.

The Bill sets as the minimum balance for the Fund the amount that would need to be invested at the long-run rate of return for a balanced fund in order to generate an income equivalent to the dividend and tax equivalent income expected from State electricity assets transferred to the private sector under the proposed *Electricity Industry Restructuring Act 2008*. The minimum balance is indexed for inflation.

Outline of provisions

Part 1 Preliminary

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent to the proposed Act.

Clause 3 defines certain words and expressions used in the proposed Act.

Part 2 NSW Community Infrastructure (Intergenerational) Fund

Clause 4 establishes the NSW Community Infrastructure (Intergenerational) Fund in the Special Deposits Account.

Clause 5 provides for payments into the Fund, including payment of the money required to be paid into the Fund under the proposed *Electricity Industry Restructuring Act 2008* as the net proceeds of the restructuring of the State's electricity industry under that Act.

Clause 6 provides for the Fund to be applied for the purpose of the funding of capital works and other public purposes approved by the Treasurer. Payments can also be made for administrative expenses and deductions authorised for the purposes of the electricity industry restructuring.

Clause 7 limits payments from the Fund for the funding of capital works and other public purposes by imposing the minimum balance requirement described in the Overview.

Clause 8 requires the Treasurer to report on payments from the Fund during each financial year.

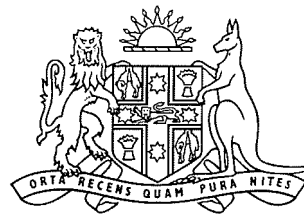
Clause 9 provides for money in the Fund to be invested in the manner authorised by the *Public Authorities (Financial Arrangements) Act 1987*.

Part 3 Miscellaneous

Clause 10 provides for the delegation of the Treasurer's functions under the proposed Act.

Clause 11 is a general regulation-making power.

Clause 12 requires the proposed Act to be reviewed 5 years after it is enacted.



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New South Wales

Community Infrastructure (Intergenerational) Fund Bill 2008

No. , 2008

A Bill for

An Act to establish the Community Infrastructure (Intergenerational) Fund to provide funding for capital works and other public purposes.

Clause 1 Community Infrastructure (Intergenerational) Fund Bill 2008

Part 1 Preliminary

The Legislature of New South Wales enacts: 1

Part 1 Preliminary 2

1 Name of Act 3

This Act is the *Community Infrastructure (Intergenerational) Fund Act 2008*. 4
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2 Commencement 6

This Act commences on the date of assent to this Act. 7

3 Definitions 8

In this Act: 9

exercise a function includes perform a duty. 10

function includes a power, authority or duty. 11

the Fund means the NSW Community Infrastructure 12
(Intergenerational) Fund established by section 4. 13

Part 2	NSW Community Infrastructure (Intergenerational) Fund	1 2
4	Establishment of Fund	3
(1)	There is to be established in the Special Deposits Account a fund called the NSW Community Infrastructure (Intergenerational) Fund.	4 5
(2)	The Fund is to be administered by the Treasurer.	6
5	Payments into the Fund	7
	There is payable into the Fund:	8
(a)	all money required to be paid into the Fund by or under the <i>Electricity Industry Restructuring Act 2008</i> , and	9 10
(b)	all money appropriated by Parliament for the purposes of the Fund, and	11 12
(c)	all money authorised or directed to be paid into the Fund by or under any other Act or law, and	13 14
(d)	the interest and any other amounts from time to time accruing from the investments of the Fund.	15 16
6	Payments from the Fund	17
	There is payable from the Fund:	18
(a)	such amounts as the Treasurer may approve from time to time for the purpose of the funding of capital works or for any other public purpose, and	19 20 21
(b)	administrative expenses incurred in relation to the Fund, and	22
(c)	any deductions authorised to be made from the restructure proceeds under the <i>Electricity Industry Restructuring Act 2008</i> (to the extent that those deductions have not been made from the restructure proceeds before their payment into the Fund).	23 24 25 26
7	Restrictions on payments from Fund—minimum balance	27
(1)	A payment for the purpose of the funding of capital works or for any other public purpose may not be made from the Fund if the balance standing to the credit of the Fund is less than the required minimum balance for the Fund or the payment would reduce the balance standing to the credit of the Fund below the required minimum balance for the Fund.	28 29 30 31 32 33

- (2) The **required minimum balance** for the Fund is the amount that would need to be invested at a rate of return determined by the Secretary to be the long-run rate of return for a balanced fund in order to generate an income equivalent to the dividend and tax equivalent income that would otherwise have been expected to have been received by the State in respect of transferred State electricity assets. 1
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- (3) The Secretary is to determine that expected dividend and tax equivalent income and for that purpose is to have regard to the Budget forward estimates for the businesses concerned. 7
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- (4) The required minimum balance for the Fund is to be adjusted for inflation by increasing it at the rate of increase in the Consumer Price Index (All Groups Index) for Sydney over the relevant adjustment period. 10
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- (5) In this section: 14
Secretary means the Secretary of the Treasury. 15
transferred State electricity assets means State electricity assets (as defined in the *Electricity Industry Restructuring Act 2008*) that are transferred to the private sector pursuant to the authorised restructuring under that Act. 16
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8 Annual report on expenditure from Fund 20

- (1) Within 3 months after the end of each financial year, the Treasurer is to provide a report detailing the amounts paid from the Fund during the financial year and the purposes for which those payments were made. 21
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23
- (2) Each report is to be tabled in each House of Parliament within 6 months after the end of the financial year to which it relates. 24
25
- (3) The Treasurer is to publish each report. 26
Note. The Fund is required to be audited by the Auditor-General under the *Public Finance and Audit Act 1983*. 27
28

9 Investment of money in Fund 29

The Treasurer may invest money in the Fund in such manner as may be authorised by the *Public Authorities (Financial Arrangements) Act 1987*. 30
31
32

Part 3	Miscellaneous	1
10	Delegation	2
	The Treasurer may delegate to the Secretary of the Treasury the exercise of any of the Treasurer's functions under this Act or the regulations, other than this power of delegation.	3 4 5
11	Regulations	6
	The Governor may make regulations, not inconsistent with this Act, for or with respect to any matter that by this Act is required or permitted to be prescribed or that is necessary or convenient to be prescribed for carrying out or giving effect to this Act.	7 8 9 10
12	Review of Act	11
(1)	The Treasurer is to review this Act to determine whether the policy objectives of the Act remain valid and whether the terms of the Act remain appropriate for securing those objectives.	12 13 14
(2)	The review is to be undertaken as soon as possible after the period of 5 years from the date of assent to this Act.	15 16
(3)	A report on the outcome of the review is to be tabled in each House of Parliament within 12 months after the end of the period of 5 years.	17 18