

A BILL

entitled

GOVERNMENT LOANS AMENDMENT ACT 2019

TABLE OF CONTENTS

1	Citation
2	Amends section 12(2)
3	Amends section 12(4)
4	Amends section 12A
5	Repeals section 12AA
6	Application of amendments to principal Act to financial year 2019/2020

WHEREAS it is expedient to amend the Government Loans Act 1978;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act, which amends the Government Loans Act 1978 (the "principal Act"), may be cited as the Government Loans Amendment Act 2019.

Amends section 12(2)

2 Section 12(2) of the principal Act is repealed and substituted by the following subsections—

"(2) In each financial year, there may be paid into the Fund out of the Consolidated Fund—

- (a) an amount equal to two and one-half per centum of the public debt outstanding at the end of the next preceding financial year; or
- (b) such other amount representing such per centum of the public debt outstanding as the Minister may deem appropriate, upon taking into consideration the annual budget.

(2A) In each financial year, there shall be paid into the Fund out of the Consolidated Fund—

GOVERNMENT LOANS AMENDMENT ACT 2019

- (a) any amount of the sums borrowed under section 2(1) that is in excess of the amount necessary to meet the budgetary requirements of the particular financial year; and
- (b) an amount consisting of the whole or part of the purchase money for land sold by the Minister responsible for works and engineering, as approved by the Legislature, under section 8(2A) of the Public Lands Act 1984.”.

Amends section 12(4)

3 Section 12(4) of the principal Act is repealed and substituted by the following subsections—

“(4) Where the Minister determines that a contribution for purposes of subsection (2) shall be paid into the Fund in any financial year and where a contribution required to be paid into the Fund under subsection (2A) is payable in any financial year, such contribution shall be so paid during that financial year.

(4A) No interest shall be incurred where a contribution referred to in subsection (4) is not paid during the financial year it was determined as payable under subsection (2) or required to be paid under subsection (2A).”.

Amends section 12A

4 In section 12A(1)(a) of the principal Act, insert “, purchase” after “reduce”.

Repeals section 12AA

5 Section 12AA of the principal Act is repealed.

Application of amendments to principal Act to financial year 2019/2020

6 The provisions of the principal Act as amended under this Act shall be deemed to apply to the financial year 2019/2020.

GOVERNMENT LOANS AMENDMENT BILL 2019

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Government Loans Act 1978 to provide for special arrangements in respect of the Sinking Fund.

Clause 1 is self-explanatory.

Clause 2 amends subsection (2) of section 12 by repealing the subsection and substituting subsections (2) and (2A). Under the new subsection (2), the Minister may, in each financial year, pay into the Fund out of the Consolidated Fund an amount equal to two and one-half per centum of the public debt outstanding or such other amount as he may deem appropriate upon taking into consideration the annual budget. Under the new subsection (2A), in each financial year there shall be paid into the Fund out of the Consolidated Fund any amount from the sums borrowed under section 2(1) that is in excess of the annual budgetary requirements and the whole or part of any amount realized from the sale of land by the Minister responsible for works and engineering, as approved by the Legislature.

Clause 3 amends subsection (4) of section 12 by repealing the subsection and substituting subsections (4) and (4A) so as to require that contributions payable under the new subsections (2) and (2A) of section 12 shall be paid within the applicable financial year and to provide that interest shall not accrue in the case of non-payment of the contributions within the applicable financial year.

Clause 4 amends section 12A(1)(a) to provide that the Sinking Fund can be applied to purchase the public debt.

Clause 5 amends the principal Act to repeal section 12AA as power of the Minister to suspend contributions without incurring interest is now provided for under section 12 as amended by clauses 2 and 3 of the Bill.

Clause 6 provides for amendments to the principal Act to be deemed to apply to the financial year 2019/2020.