

Increase of Treasury Bills Limit  
to \$200 Million

The House of Representatives is asked to approve an increase in the Limit on outstanding Treasury Bills for \$100 million to \$200 million.

2. Section 3 of the Treasury Bills Act, reads as follows:

"The Minister whenever authorised thereto by a resolution of the House of Representatives may borrow, either at one time or by such instalments as he may deem necessary, by the issue in this Island of Government Treasury Bills, sums not exceeding the amount specified in such resolution; and the Minister may also borrow from time to time by the issue of such Treasury Bills, such sums as may be required to pay off at maturity bills already lawfully issued and outstanding. All Treasury Bills issued under the provisions of this Act shall be in such form as the Minister may direct and approve."

3. The present limit of \$100 million was established by a resolution of the House of Representatives in December, 1975, Treasury Bills outstanding as at 26th January, 1977 amounted to \$100,000,000. The limit has been reached.

4. The proceeds from Treasury Bill offerings are used by the Government for the following:

- (i) to meet fluctuations in cash flows during a financial year; and
- (ii) to finance expenditure chargeable to loans until loan funds can be raised.

5. At the same time Treasury Bills provide commercial banks and other financial institutions with short term investment outlets thus enabling them to maintain a certain level of liquidity.

6. The statutory liquidity ratio for commercial banks is 24.5% of average deposits, and a substantial proportion of the liquid assets is held in Treasury Bills. The commercial banks now hold approximately \$60.5 million of bills outstanding. It is anticipated that the demand for bills both by the commercial banks as well as the need by the Government for additional funds from this source will necessitate additional issues beyond the existing ceiling.

7. I shall, in due course, move a resolution seeking authorisation of Treasury Bill borrowings not exceeding \$200 million.

D. H. COORE  
Deputy Prime Minister and Minister of  
Finance & Planning  
1st February, 1977