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ASIAN DEVELOPMENT FUND BILL 1982

Date Introduced:	26 August 1982
House:	House of Representatives
Presented by:	Hon. A. A. Street, M.P., Minister for Foreign Affairs

Short Digest of Bill

Purpose

To authorize payment to the Asian Development Bank of up to $212,332,030 as Australia's contribution to the third replenishment of the Asian Development Fund.

Background

The Asian Development Bank was established in 1966. Its lending activities comprise ordinary lending, using capital resources borrowed at commercial or near commercial terms, and special operations, funded from the Asian Development Fund.

The Fund was set up in 1974, and is designed to systematically mobilize resources for concessional lending to the Bank's poorest and least developed member countries. Australia's contribution to the establishment of the Fund was authorized by Act. No. 54 of 1974, to a limit of $US27 million.

Further Asian Development Fund Acts, Nos. 146 of 1976 and 164 of 1978, respectively authorized payments of $Aust 30.73 million and $Aust 96.82 million, for the first and second replenishments of the Fund. The 1978 contribution comprised 5.14 per cent of total contributions of member countries.

Additional amounts were authorized to be transferred to the Fund from the Multi-Purpose Special Fund (MPSF) of the Bank, in Australia's case by the Asian Development Bank (Special Funds Contribution) Amendment Act 1976. This change followed complications arising where contributions to this special fund by member countries were frequently tied to procurement in those countries. The procurement decisions in implementing funded projects remain a real issue. Australia's share of contract disbursements has been less than its proportional contribution, a result attributed by some writers to Australia's less competitive

tendering for Fund projects.

The legislation authorizing payments of Australia's contribution to this and previous replenishments operates by authorizing the Treasurer to issue promissory notes to the Bank to the specified limit, to be cashed by the Bank as required for loan funding. Payment from the Consolidated Revenue Fund is therefore not required in one financial year.

The replenishment of the Asian Development Fund for the period 1983-86 was to have been $US4.1 billion in total. Opposition by the United States to fulfilling its quota of 22 per cent contribution led to a cut to $US3.2 billion, described by the Asian Development Bank (ADB) president as the "minimum amount needed" to maintain recent funding levels in real terms. The US contributed 17 per cent; Japan, with Australia's assistance, making up some of the shortfall in funding commitments. Australia by this Bill will contribute 7.2 per cent. However the present Bill's expression of the commitment in terms of the Australian dollar has reduced this proportion in recent weeks with the downward movement in the Australian dollar. The exchange rate at the time of encashment is speculative at this stage.

Main provisions

Clause 2 provides for commencement on the date of Royal Assent.

Clause 4 authorizes the Minister to notify the Bank of Australia's intention to contribute up to $212,332,030. By clause 5, the Treasurer is empowered to issue promissory notes, payable on demand, up to this amount. Appropriation from the Consolidated Revenue Fund of moneys to pay promissory notes presented for payment is made by clause 6.

For further information, if required, contact:

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Economics and Commerce Group
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Reference

Asian Development Bank, Annual Report 1981, Manila, 16 March 1982.