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Asian Development Bank (Special Funds Contributions) Amendment Bill 1976

Presented by the Minister for Foreign Affairs, Hon. A. Peacock.

House of Representatives, 21 October 1976.

Short Digest of Bill

The purpose of the Bill is to authorise an agreement with the Asian Development Bank to transfer moneys previously contributed by Australia under the Asian Development Bank (Special Funds Contributions) Act 1970 (and repayments and interest on the loans made with the money) from the Bank's Multi-Purpose Special Fund to its Asian Development Fund.

The Asian Development Fund will replace the Multi-Purpose Special Fund (MPSF) as the main vehicle for the ADB's concessional lending to developing Asian countries. Contributions to the MPSF were on a voluntary ad hoc basis and were frequently tied, whereas contributions to the ADF are on an organised uniform basis and must not be tied to procurement of goods and services from the donor country.

Australia supported the establishment of the ADF in 1973 and has contributed to it. Our contributions to the MPSF were tied to procurement from Australia but in August 1976, the Australian Government decided to untie the outstanding balance of our MPSF contribution in order to facilitate its transfer to the ADF.

Australia's contribution to the MPSF was in the form of promissory notes lodged at the Reserve Bank encashable on demand.

All outstanding notes have been fully encashed recently indicating that the money is being used by the ADB. The Bill authorises a transfer to the ADF so that the administration and repayments of the loans granted from Australia's contribution will be under the simplified arrangements of the ADF rather than the MPSF.

Finance Industries Trade and Development

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LEGISLATIVE RESEARCH SERVICE

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