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ASIAN DEVELOPMENT BANK (ADDITIONAL SUBSCRIPTION) BILL 1977

Date introduced: 17 March 1977
House: House of Representatives
Presented by: Hon. Ian Viner, M.P.,
Minister for Aboriginal Affairs and Minister Assisting the
Treasurer

Short Digest of Bill

Purpose

To enable the Treasurer to make an additional share capital subscription on behalf of Australia to the Asian Development Bank of \$US346.1 million, of which 10% will be “paid in” over a period of 4 years commencing in 1977–78 with the balance remaining on call.

This represents Australia’s full entitlement in the general increase of \$US5004 million, or 135 per cent, being made to the authorised capital of the A.D.B. This increase is based on solution No. 104 of the Bank’s Board of Governors, adopted on 29 October 1976. Australia voted in favour of that resolution.

Main Provisions

The Bill authorises the Treasurer to make an agreement with the Bank to purchase 2869 paid-in shares and 25,818 callable shares for our capital subscription (clause 4). It authorises the issue to the Bank, to the extent required in the pursuance of the agreement, of non-negotiable non-interest bearing promissory notes, (Clause 6), and the necessary appropriation of the Consolidated Revenue Fund (clause 7).

Such an agreement is conditional on the achievement of the Bank’s total increase in capital in accordance with Resolution No. 104 which is set out in the Schedule to this Bill (Clause 5).

Use of Funds by A.D.B.

The additional subscription will enable the Bank to increase its ordinary lending activities. This is distinct from contributions to the Asian Development Fund which are used to finance “concessional” loans, normally on long terms at low interest rates.

Twenty-one Developing Member Countries of the Bank are eligible for loans from ordinary capital. Over the period 1968–75 “ordinary loans” amounted to \$US1.9 billion of which 77% were made to the Republic of Korea, Malaysia, Pakistan, the Philippines and Thailand.

Asian Development Bank (Additional Subscription) Bill 1977 (Bills Digest 6, 1977)
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Warning:

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Related Legislation

Asian Development Bank Act No. 25 of 1966.

This Act authorised Australia's initial share subscription of \$US85 million of which \$US42 million was paid in.

Asian Development Bank (Special Fund Contributions) Act No. 113 of 1970.

This Act authorised the contribution of \$US10 million (in 1966 dollars) to the special funds of the Asian Development Bank, such funds being for concessional lending.

Asian Development Bank (Additional Subscription) Act No. 60 of 1972.

This Act authorised an additional share subscription of \$US127.5 million (1966 dollars) of which \$US25.5 was paid in. The additional subscription was part of a 150% increase in the Bank's capital stock.

Asian Development Fund Act No. 54 of 1974.

The Asian Development Fund was established by the Bank in 1973 to finance concessional lending, superseding the Multi-Purpose Special Fund. Contributions to the new Fund are on a more organised basis and must not be tied to procurement from the donor country. This Act authorised Australia's contribution of \$US27 million (1966 dollars) to the Fund.

Asian Development Fund Act No. 146 of 1976.

This Act authorised an additional contribution by Australia to the fund of \$US41.6 (1966 dollars)

Asian Development Bank (Special Funds Contribution) Amendment Act No. 147 of 1976.

This Act amended the Asian Development Bank (Special Fund Contribution) Act of 1970 to enable funds to be transferred from the Multi-Purpose Special Fund to the Asian Development Fund.

22 March 1977

Finance, Industries, Trade and Development Group
LEGISLATIVE RESEARCH SERVICE

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