International Bank for Reconstruction and Development (Share Increase) Bill 1988

Date Introduced: 18 February 1988
House: House of Representatives
Presented by: The Hon. Paul Keating, M.P., Treasurer

Digest of Bill

Purpose
To approve Australia's uptake of increased shares in the International Bank for Reconstruction and Development (IBRD).

Background
The IBRD was established to lend to developing countries, principally to encourage industrialisation and trade. The IBRD forms part of a number of institutions under the World Bank umbrella, such as the International Development Association. The IBRD is financed through the issue of shares to member nations, principally the developed nations and OPEC. The shares take two forms, those that are paid-up and those on-call. The on-call shares are used by the IBRD as security for the raising of funds from other sources. Of this issue, 8.75% will be paid-up, with the remainder on call. In addition to forming the basis of the IBRDs finances, the shares also determine voting rights.

In 1984, the Governors of the IBRD approved an issue of shares to raise additional capital. Australia has taken up the preliminary issue of shares under this issue and this Bill will approve the take up of the remainder, i.e. 178 shares. The shares are valued at $US21.47 million and, of this amount, $US1.88 million is to be paid up. Of the paid-up amount, 10% is to be in gold or US dollars and the remainder may be paid in Australian dollars or by a promissory note. If the latter course is taken, the note will be cashed in as required.

Main Provisions
Clause 4 will authorise the Treasurer to take up the 178 additional shares at the cost of $US120 635 per share.

Clause 5 will appropriate the necessary funds from the Consolidated Revenue Fund.