International Bank for Reconstruction and Development (General Capital Increase) Bill 1988

Date Introduced: 19 October 1988
House: House of Representatives
Presented by: Hon. Peter Morris, M.P., Minister for Industrial Relations

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 money 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. In addition to forming the basis of the IBRD's finances, the shares also determine voting rights.

In April 1988, the Governors of the IBRD approved an issue of shares authorising a $US74.8 billion general capital increase. Under the general capital increase Australia is entitled to subscribe to an additional 10,734 shares. Payment for shares may be made over five years, if an initial subscription is made before 27 April 1989. The Government has announced that Australia will initially subscribe to 7,880 shares. The shares are valued at $US950.60 million and, of this amount, $US28.52 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 7,880 additional shares at the cost of $US120,635 per share.

Clause 6 will appropriate the necessary funds from the Consolidated Revenue Fund.
For further information, if required, contact the Economics and Commerce Group.

19 January 1989

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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