

1983

THE PARLIAMENT OF THE
COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

INTERNATIONAL MONETARY FUND (QUOTA INCREASE) BILL 1983

EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,
the Hon P.J. Keating, MP)

GENERAL OUTLINE

The purpose of this Bill is to authorize consent to an increase in Australia's International Monetary Fund (IMF) quota and to provide for payment of the proposed quota increase. (A country's quota in the IMF determines its drawing rights on the Fund as well as its subscription to the Fund, its voting power in the Fund and the extent to which it is entitled to participate in allocations of Special Drawing Rights (SDRs) by the Fund.)

In the context of the Eighth General Review of Quotas the IMF's Board of Governors recently approved a Resolution proposing an increase in total IMF quotas from SDR 61 billion to SDR 90 billion. The increase in Australia's quota proposed under the Review is from SDR1185 million to SDR1619.2 million.

The payment of Australia's additional subscription to the IMF resulting from the quota increase will be made partly in SDRs and foreign currency purchased by the Commonwealth from the Reserve Bank of Australia and partly by the issue of a non-negotiable, non-interest bearing security under Section 7 of the International Monetary Agreements Act 1947.

NOTES ON CLAUSES

CLAUSE 1 - SHORT TITLE

This clause is self-explanatory.

CLAUSE 2 - COMMENCEMENT

This clause is self-explanatory.

CLAUSE 3 - INTERPRETATION

This clause is self-explanatory.

CLAUSE 4 - CONSENT TO INCREASE IN QUOTA

Clause 4 provides for the giving of consent by Australia to the increase in its IMF quota determined under the IMF's Eighth General Review of Quotas. Australia's quota will increase from its present level of SDR1185 million to SDR1619.2 million.

CLAUSE 5 AND CLAUSE 6 - PAYMENT OF THE QUOTA INCREASE

In accordance with the IMF Articles of Agreement and the Board of Governors' resolution, 75 per cent of the quota increase is to be paid in Australian dollars and the remainder in SDRs and foreign currency. Clause 5 establishes that a non-negotiable non-interest bearing security may be issued under Section 7 of the International Monetary Agreements Act 1947. Such a security is to be issued to meet the Australian dollar portion of the quota increase. The foreign currency and SDRs required to pay the balance of the increase will be purchased from the Reserve Bank. Clause 6 approves an appropriation for the purchase of foreign currency and the SDRs will be purchased under the standing appropriation of Section 5A(6) of the International Monetary Agreements Act 1947.