2010-2012

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
AMENDMENT BILL 2012

EXPLANATORY MEMORANDUM

(Circulated by authority of Senator the Hon Bob Carr, Minister for Foreign Affairs)
PURPOSE

The International Fund for Agricultural Development Amendment Bill 2012 allows Australia to accede to the Agreement Establishing the International Fund for Agricultural Development (IFAD) under Australian law.

OUTLINE

Australia was a founding member of IFAD in 1977, but withdrew from the Fund in August 2004 (effective from 2007) due to a number of factors, including the Fund’s limited relevance to Australia’s aid priorities at the time.

In 2011, the Australian Agency for International Development (AusAID) conducted a comprehensive review of the Fund. The Review found that since 2004, the Fund’s reform process had resulted in improvements to strategic planning, project quality and impact, knowledge management and innovation. The Fund is now considered by donors and developing countries to be an effective, results-focused, value-for-money development partner.

The Government announced Australia’s intention to re-join IFAD at the 35th session of IFAD’s Governing Council on 22 February 2012, and as part of the 2012-13 Budget. Australia is seeking to re-join IFAD at the 37th session of the IFAD Governing Council in February 2014.

Legislation implementing Australia’s obligations under the Agreement Establishing IFAD must be in place before Australia can accede to the IFAD Agreement. The original domestic legislation which implemented the IFAD Agreement was the International Fund for Agricultural Development Act 1977 (the IFAD Act 1977). That legislation was never repealed, despite Australia’s withdrawal from IFAD and denunciation of the IFAD Agreement in 2004.

The principal provisions in the IFAD Amendment Bill 2012 allow Australia to legally accede to the Agreement Establishing IFAD under Australian law by:

1. amending the definition of ‘Agreement’ (Section 3) to ensure the legislation refers to the most recent version of the Agreement;

2. repealing a section (Section 4) stating that membership of IFAD is approved; and

3. removing the Schedule to the IFAD Act 1977 (as it refers the original IFAD Agreement) and replacing it with a web link to the most recent IFAD Agreement, which is updated as the Agreement is amended.

FINANCIAL IMPACT STATEMENT

The Government has provided up to $126.4 million over four years from 2012-13 as part of re-joining IFAD. The next replenishment of IFAD will have an impact on the fiscal balance of up to $120.0 million in 2013-14, as the total replenishment commitment is expected to be made in that year. Underlying cash impacts will occur as contributions are disbursed from 2014-15. Final details will be confirmed following satisfactory completion of the treaty and pledging process.
NOTES ON CLAUSES

Clause 1: Short Title

1. Clause 1 is a formal provision specifying the short title of the Act.

Clause 2: Commencement

2. Clause 2 describes when different parts of the Act commence:

   - Sections 1 to 3 of the Act and anything not covered elsewhere commence on the day the Act receives Royal Assent.
   - Schedule 1 of the Act commences on a day fixed by Proclamation, not occurring before Australia becomes a member of IFAD. If no Proclamation is made, the provisions will commence six months after Australia becomes a member of IFAD again.

Clause 3: Schedule(s)

3. Clause 3 provides that any Act specified in a Schedule to the Bill is amended or repealed as set out in the Schedule. There is one schedule to the Bill, which amends the IFAD Act 1977.

SCHEDULE 1-INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT ACT 1977

Clause 1: Section 3 (definition of Agreement)

4. Clause 1 of Schedule 1 repeals the current definition of Agreement in the IFAD Act 1977, substituting in a new definition. The new definition provides for amendments to the Agreement over time without needing to update the IFAD Act 1977.

Clause 2: Section 4

5. Clause 2 of the Schedule repeals Section 4 of the IFAD Act 1977. Section 4 provided that membership of IFAD is approved. The section is not required for Australia to re-join IFAD.

Clause 3: Subsection 6(1)

6. Clause 3 of the Schedule ensures that the word ‘Fund’ (referring to IFAD) is capitalised in Section 6 of the IFAD Act 1977.

Clause 4: Schedule

7. Clause 4 of the Schedule repeals the current Schedule to the IFAD Act 1977. The Schedule contained the original text of the IFAD Agreement. The Schedule is no longer required, as Clause 1 in the Schedule provides for amendments to the Agreement over time.