Folder Title:	President Wolfensohn - Briefing Book for President's Meetings and Events - Mr Tim Fischer - Deputy Prime Minister and Mr Alexander Downer - Foreign Minister - Australia - June 7, 1996
Folder ID:	30485200
Dates:	04/01/1996 – 06/07/1996
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Deputy Prime Minister and Mr Alexander ...

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A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
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- [ ] Annual Meetings
- [ ] Corporate Management
- [ ] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

B. SUBJECT: MR. TIM FISCHER, DEPUTY PRIME MINISTER & MR. ALEXANDER DOWNER, FOREIGN MINISTER, AUSTRALIA
VENUE: E1227 (CONF. ROOM)
CONTACT: ANNIE LUGASSY @ 81025
IN ATTENDANCE: JDW, STEPHENS (FOR MMB), OHASI (FOR DONOVAN), CHEETHAM, ROSEN, SANDSTROM (OPTIONAL), ATSUKO

AUSTRALIAN DELEGATION ATTENDEES:
TIM FISCHER, DEPUTY PRIME MINISTER
ALEXANDER DOWNER, FOREIGN MINISTER
AMBASSADOR JOHN MCCARTHY, AUSTRALIAN AMBASSADOR TO THE US
PAUL O'SULLIVAN, FIRST ASSISTANT SECRETARY, INT'L AND LEGAL DIVISION, DEPARTMENT OF FOREIGN AFFAIRS & TRADE
GREG HUNT, SENIOR ADVISER TO MR. DOWNER
JENELLE BONNOR, SENIOR TRADE ADVISER TO MR. FISCHER // Total: 6
CHRIS LEGG, ALTERNATE ED
(B) FROM EXTVP // DUE BY: TUESDAY, JUNE 4
EXC: JOSIE (FOR ATSUKO)
5/9 - ORIGINAL REQUEST FROM ED'S OFFICE/ WITH FOLLOW-UP ON 5/16 -- 5/20 APPT. CFMD.
6/6 - LFG INFORMED YOLANDA IN LEGG'S OFFICE ABOUT CHANGE OF VENUE AND ALSO CAROLINE FROM THE EMBASSY

DATE: 06/07/96

C. VPU

Corporate
- [ ] CTR
- [ ] EXT
- [ ] LEG
- [ ] MPS
- [ ] OED
- [ ] SEC/Board
- [ ] TRE

Regional
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- [ ] MNA
- [ ] SAS

Central
- [ ] CFS
- [ ] DEC
- [ ] ESD
- [ ] FPD
- [ ] FPR
- [ ] HRO

Affilliates
- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

D. EXTERNAL PARTNER

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

MARK MALLOCH BROWN
Vice President
External Affairs

Meeting with the Honorable Tim Fischer, Deputy Prime Minister and Minister for Trade; and the Honorable Alexander Downer, Minister for Foreign Affairs
June 7, 1996
I-12-030

Accompanied by:

- **Chris Legg**, Alternate Australian Executive Director
- **Ambassador John McCarthy**
- **Paul O'Sullivan**, First Assistant Secretary, International and Legal Division, Department of Foreign Affairs and Trade
- **Greg Hunt**, Senior Adviser to Mr. Downer
- **Jenelle Bonnor**, Senior Trade Adviser to Mr. Fischer

First of all, you should be aware of the attached letter from the Treasurer, Mr. Peter Costello, confirming the Government's decision to take up the IFC 1991 capital increase, the 1988 IBRD capital increase, and to join MIGA. The letter notes "the Government's strong interest in the Bank and its desire to enhance Australia's relations with the World Bank Group. The Government also supports strongly your commitment to making the World Bank organizations more efficient and focused in their role in reducing poverty in developing countries." The IDA contribution is still undecided.

Mr. Downer and Mr. Fischer are senior ministers in the Howard Government. They are in Washington for a number of high-level government meetings, including with Vice President Gore. The Bank's main link to Canberra is through Treasury, and you are likely to meet the new Treasurer, Mr. Costello, in October. These two ministers, however, have an important role in building support for the Bank. Both are new to government (though Mr. Downer was an adviser to Prime Minister Fraser) and will consider the World Bank in the light of considerable pressure at home to find $A8 billion in budget cuts. Their visit to the Bank offers a chance to build on your earlier meeting with Senator Jim Short (assistant Treasurer) at the Spring Meetings, and describe the changes underway at the Bank, and the Bank's renewed importance to Australia. Minutes attached (last tab)

Mr. Downer has announced a major review of Australian foreign aid, headed by Paul Simons (formerly executive chairman of Woolworths). It will report to him early next year.

Mr. Downer said in a statement on May 28 that "I feel that our aid program has been gradually losing its way and losing its focus on what counts most, namely helping developing countries meet the basic needs of their people and assisting in the achievement of a more equitable and secure world." Further, he said that "aid is not a subsidy to business, nor a mere extension of foreign policy objectives. It is not diplomacy by other means." Its main goal must be "to ensure the reduction of poverty and the promotion of economic development as a permanent means of overcoming such poverty."

The Government has already agreed to do away with the subsidy program known as the Development Import Finance Facility (DIFF), saving about $A120 million. DIFF has received strong backing from some business groups, because they benefit directly from its mix of export credits and grant funding. Other foreign aid allocations, including the $A333 million promised to IDA11 by the former Labor Government, are under review.

Mr. Fischer has spoken recently of the need for Australia to pursue policies of greater openness and bilateral engagement within East Asia, as the foundation of building trade. His views on the need for macroeconomic stability and market reforms appear close to those advocated by the Bank.

In this context, your determination to make the Bank more effective and efficient in delivering service to clients should be the central message they take away.

<u>You should raise:</u>

1. **Your vision for the Bank**, stressing efficiency and new emphasis on results and accountability. You might also emphasize your desire to see all parts of the Bank Group work together, and to coordinate more with other agencies and bilaterals.

2. **The leverage Australia gets from its strong support of the Bank, and the economic and humanitarian benefits to Australia of a strong IDA.** Australia's exports to developing East Asia -- the Bank's biggest lending region -- have increased an average of 15% a year in the past 10 years. The Bank does not just build strong and open markets, but targets its projects to benefit the poorest, very much as Mr. Downer has advocated.

3. **IDA.** Australia has not yet pledged to the Interim Trust Fund or IDA11. Our objective is to protect the IDA10 level of Australia's share in IDA11. This dropped from 1.99% in IDA9 to 1.46% in IDA10, reflecting Australia's "adjusted GNP share". Australia's adjusted GNP share has dropped further to 1.2% in 1993 (the base year for IDA11 discussion) and our goal is to at least protect the IDA10 level. (A fuller note is attached).

Note: You may also want to ask Mr. Downer, in his meetings with National Security Adviser Lake and Secretary of State Christopher, to emphasize the importance of a strong US commitment to IDA11.

They may raise:

1. **Papua New Guinea and the Pacific.** They are likely to note the economic difficulties afflicting the small island economies, and the need for PNG to stick with the agreed reform program. A Bank mission is in PNG now, advising the Government on the steps it must take (higher forestry charges, releasing money to the provinces) to meet the second tranche conditions by the deadline of July 17. The ministers may ask about cooperation in the region with the Asian Development Bank. This is at a high level, from our consultative group meetings to specific meetings with IFC, meetings with managing directors (Kaji), vice-presidents (Cheetham) and staff engaged in important research and planning (such areas as infrastructure finance), the Bank and ADB coordinate well. The real issue is finding a point of leverage in such small countries where abundance of natural resources and grant funds undermines economic discipline.

2. **Australia-World Bank relations.** They have been briefed to raise the need for continued cost cutting and for full implementation of the MDB taskforce report recommendations. This subject is likely to be covered in your opening remarks on change.

3. **Debt.** The Australian position is still positive but non-committal. They support the Bank's proposals in principle, but want additional work (not specified) done before Australia could give full support. For Australia, at the moment, the budgetary issue will dominate thinking on this.

4. **IDA.**

5. **Procurement.** Australia received 2.66 percent of procurement in 1995 (tenth overall, and more than Canada, China or Singapore). This issue is best dealt with in the framework of the improving Australia-World Bank relationship, now characterized by a more frequent exchange of visits and a growing mutual awareness of needs and opportunities.

6. **Invitation for you to attend a December 2 trade and investment conference in Melbourne, convened by the Government.** The letter is attached. Geoff Bergen has already contacted the Embassy, which sent the request to us, and promised a response once you had looked over your calendar. It is a high-profile event, but, given the other demands on your time, it may be more appropriate for Richard Frank to go on your behalf.

Peter Stephens
June 5, 1996
ext 82281
home (301) 208-9071

Mark

Correspondance

TREASURER

PARLIAMENT HOUSE
CANBERRA ACT 2600

- 3 JUN 1996

Mr James D. Wolfensohn
President
World Bank
1818 H Street NW
WASHINGTON DC 20433
USA

Dear Mr Wolfensohn

I am pleased to inform you that the Australian Government has decided to contribute to the shares allocated to it under the International Finance Corporation's 1991 General Capital Increase, take up the balance of its allocated, but unsubscribed, shares in the International Bank for Reconstruction and Development's 1988 General Capital Increase and apply for membership of the Multilateral Investment Guarantee Agency.

These decisions reflect the Government's strong interest in the Bank and its desire to enhance Australia's relations with the World Bank Group. The Government also supports strongly your commitment to making the World Bank organisations more efficient and focussed in their role in reducing poverty in developing countries.

The question of Australia's contribution to the International Development Association's eleventh replenishment is still under consideration by my Government. I hope to be able to advise you of our decision in the near future.

I look forward to meeting you in Washington in October.

Kind regards

Peter Costello

PETER COSTELLO

9036

EMBASSY OF AUSTRALIA
WASHINGTON, D. C.

15 May 1996

The Honorable
James D Wolfensohn
President
World Bank
Room E-1227
1818 H Street NW
WASHINGTON DC 20433

Dear Mr Wolfensohn

On behalf of the Deputy Prime Minister and Minister for Trade of Australia, The Honourable Tim Fischer MP, I have great pleasure in inviting you to deliver a keynote address at the National Trade and Investment Outlook Conference 1996 (NTIOC 96), which is being held from Monday 2 to Wednesday 4 December this year in Melbourne, Australia. The Conference is convened annually by the Australian government and sponsored by leading Australian companies.

Since its inception in 1993, NTIOC has evolved into Australia's major annual trade and investment networking forum, and one of the most prestigious international conferences in the Asia-Pacific region. Under the banner "Building Global Networks for New Business", it brings together more than 1300 business and government leaders from 15 countries around the world to discuss the opportunities and challenges presented by an increasingly open global economy.

This year the Conference will feature business delegations from Argentina, Canada, China, the European Union, Indonesia, Japan, the Republic of Korea, Malaysia, the Philippines, South Africa, Thailand, the United Arab Emirates and Vietnam. Key industry sectors being featured are building products and services, energy systems, environmental technology, financial services, food and agribusiness, information industries and telecommunications, infrastructure development, and mining technology and services.

A core element of the Conference is presentations on strategic global trade and investment issues by keynote speakers whose international reputation, experience and breadth of vision will provide delegates with unique insights into issues affecting their businesses. As the Conference host, Mr Fischer would be delighted if you would agree to attend NTIOC 96 as one of six keynote speakers this year.

I would be happy to discuss your participation and other aspects of your visit to Australia in greater detail at any time convenient to you.

Yours sincerely,

John McCarthy

John McCarthy
Ambassador

IDA

AUSTRALIA - BRIEF FOR MR. WOLFENSOHN'S MEETING WITH MINISTERS FISHER (TRADE) AND DOWNER (FOREIGN AFFAIRS)

Australia has not yet pledged to either the Interim Trust Fund or IDA11. Our objective is to protect the IDA10 level of Australia's share in IDA11. This dropped from 1.99% in IDA9 to 1.46% in IDA10, reflecting Australia's "adjusted GNP share." Australia's adjusted GNP share has dropped further to 1.2% in 1993 (base year for IDA11 discussion) and Australia may argue that this is the right basis to determine their IDA contribution. We need to persuade them not to reduce their share below 1.46% because:

- IDA11 process was especially difficult because of the US situation. The 3-year package was seen by all donors as an emergency measure, involving special efforts by all. As such, donors basically agreed to maintain their IDA10 shares as the starting point, to avoid added complications of negotiating burden share adjustments. Many donors also went well beyond their IDA10 shares to help IDA. Australia was very much part of this process. There is a presumption that Australia will contribute at least 1.46% to both ITF and IDA11, and perhaps make some additional efforts.

- Even at 1.46%, the total contribution would be about A$241 million, which is more than 30% lower than the total IDA10 contribution of A$350 million.

- Australian firms performed relatively well in terms of procurement from the World Bank Group. In the past 5 years, FY90-94, Australian firms obtained $520 million worth of contracts compared to $393 million Australian payments to IBRD's capital and payments of contributions to IDA.

- The adjusted GNP share is but one of the basic indicators for IDA burden shares. Another important indicator is the donor's IBRD share. Australia's IBRD share is 1.6% among all members, and 2.19% among IDA donors. Thus the IDA9 share of 1.99% is much more in line with Australia's IBRD share. (Australia also accounts for 2.6% of Bank managers and 2.1% of total staffing.)

The share of Australia's aid budget going to MDBs has increased. IDA is a significant commitment in terms of cash payments for Australia (about 20% of the "global programs" category of the aid budget). However, it is only 8% of the total aid budget -- and cash payments will taper off starting in 1997.

5/31/96

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COUNTRY NOTE

AUSTRALIA

Original Issue Date: June 29, 1994 Last Update: April 1, 1996

I. Macro Economic Indicators a/

Population: 17.8 million (1994) GNP/Capita: US$17,980 (1994)

	1991	1992	1993	1994	Forecast 1995	Forecast 1996
GDP Growth Rate	-1.3	2.1	3.9	5.2	3.1 b/	2.9 c/
Unemployment Rate	9.6	10.8	10.9	9.7	8.4	7.6
Current Account/GDP	-3.3	-3.6	-3.7	-4.8	-5.7	-5.3
General Gov't Fiscal Balance/GDP	-2.6	-4.6	-3.9	-3.1	-0.8	-0.6
Gross Debt/GDP	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Inflation Rate (CPI)	3.2	1.0	1.8	1.9	4.7 c/	4.5 c/
Average Interest Rate (Money Market)	10.5	6.4	5.1	5.2	7.4	7.4 (12/95) d/
Average Exchange Rate (US$:A$)	0.78	0.74	0.68	0.73	0.74	0.74 (12/95) d/

a/ Source: IMF "World Economic Outlook"
b/ Source: Australian Bureau of Statistics
c/ Source: Economist Intelligence Unit
d/ Latest available
n.a. = not available

II. World Bank Participation

IBRD Allocated Shares: 1.60%
Rank: 16th
Potential Voting Power: 1.57%
Unsubscribed Shares: 2,854 shares
IBRD Paid-in Capital: US$171 m

Cofinancing: US$122.4 million in FY86-95
SPA2 Contribution: not participating
SPA3 Pledge: not participating

ITFund Burden Share: n.a.
ITFund Contribution: n.a.

IDA11 Burden Share: n.a.
Basic Contribution: n.a.

IDA10 Burden Share: 1.46%
IDA Cumulative through IDA9: US$1,253.2 m

Staff on Board (as of 2/29/96):			
	Higher Level Staff:	98	2.11%
	Managers:	16	2.58%

GEF-P: Core Fund: none
Cofinancing: US$21.3 million
GEF-1 Contribution: SDR20.84 million

Procurement Share:	**Total**	**IBRD**	**IDA**
FY95:	2.66%	0.50%	6.63%
Cumulative:	1.17%	1.03%	1.57%

III. IDA Indicators

Ratio IDA11/IBRD: 91.25%
Cumulative IDA Contr. to 6/30/95: 1.6%
Cum. IDA Contr./IBRD Share: 102.43%

IDA11 Adjusted GNP Share: 1.09%
IDA11 BS/IDA11 Adj. GNP Share: n.a.
IDA11 Exchange Rate (AUD:SDR): 2.05

Cumulative Procurement Indexes * : **IBRD:** 64.38% **IDA:** 107.53%
(* Cumulative IBRD or IDA procurement shares/IBRD Allocated Shares or IDA11 Share)

IV. History of IDA Contributions

	Basic (US$M)	% of Total	Suppl (US$M)		Basic (US$M)	% of Total	Suppl (US$M)		Basic (US$M)	% of Total	Suppl (US$M)
Initial	20.18	2.67		IDA5	146.90	1.92	9.00	IDA8	229.17	1.98	
IDA1	19.80	2.66		IDA6	229.20	1.91		IDA9	292.84	1.99	
IDA2	24.00	2.00		FY84	65.41	3.31		IDA10	262.47	1.46	
IDA3	48.00	1.97		IDA7	178.52	1.98		ITFund	n.a.		
IDA4	90.00	2.00		SFA	0.00	0.00		IDA11	n.a.		

V. Aid Trends

Volume in 1994: US$1.09 billion **ODA/GNP:** 0.35%

Trend: Total ODA increased by 5% in real terms from 1993 while the ODA/GNP ratio remained unchanged from 1993. 74 percent of 1994 net ODA disbursements were spent under the bilateral program, entirely in the form of grants.

	1979-83	1984-88	1992	1993	1994	1994 Rank
Per Capita GNP (US$)	---	---	17,070	17,510	17,980	17th
ODA/GNP	0.49	0.44	0.37	0.35	0.35	9th
ODA/GNP (DAC weighted average)	0.34	0.34	0.33	0.31	0.30	---
Per capita ODA (US$)	---	---	---	53.8	55.0	14th

Background:

- **Australian ODA has been on a downward trend.** The ODA/GNP ratio decreased from the 1979/83 level of 0.49% to the 1992/94 level of 0.35%.

- Over the period 1991/92-1994/95, **the IFIs absorbed more than half of Australia's multilateral allocations.** In 1994/95, IDA claimed 33% of total expenditures to international organizations.

- **Aid allocations until 1986/87 were based largely on humanitarian motives** with relatively little concern about the opportunity costs of the resources involved. The bulk of Australia's aid until then was going to Papua New Guinea (PNG), a former colony of Australia. While Australia decided to reduce and reshape aid to Papua New Guinea, **Australian aid is still heavily concentrated in the Pacific and Southeast Asia with about 21% still going to PNG.**

- **New themes were added to aid objectives for the 1990s:** environmental sustainability, policy dialogue between donors and recipients, participation of women in development, relationship between trade and development, the role of the private sector, the reform of the public sector, and the participation of the peoples of developing economies in development. The Australians are also asking recipient countries to use whatever aid is received more efficiently and effectively.

VI. Key IDA-Related Issues

1. Mr. Willis, former Treasurer, in his letter dated December 4, 1995 to Mr. Wolfensohn conveyed that Australia is authorized to pledge up to A$333 million to IDA11. Since then a new government has been formed in Australia and Mr. Willis has been replaced by Mr. Peter Costello. **Mr. Costello has announced that there will be substantial spending cuts over the next two years in light of the budget deficit (about A$7.6 billion) left by the former government.** There is no guarantee that IDA contributions will be immune from this cut.

2. The Australians indicated at the last IDA11 meeting (March 1996) in Tokyo that because of the change in government, they were not in a position to confirm the pledge of A$333 million to the Interim Fund and IDA11. Maintenance of a 1.46% share (i.e. the IDA10 share) to the Interim Fund and IDA11 would require a contribution of A$240.97 million. At the time of IDA10, the 1.46% was seen to be on the low side. Australia's IDA9 share was 1.99%.

3. Australia did not push the "adjusted GNP share" approach in burden-sharing in IDA11 as much as it did in IDA10. Although it is a strong "advocate" of the adjusted GNP approach, Australia was very cooperative with IDA management during the IDA11 discussions. They did not declare at the outset of the discussions that they would not contribute more than the adjusted GNP share. This has helped foster a constructive atmosphere during discussions on burden-sharing. In IDA10, the Australians made the unilateral declaration at the outset of the negotiations that they will use the adjusted GNP share of 1.46% as the yardstick for their fair share. They argued that it is not fair to continue the practice during the past seven replenishments of basing their contributions on historical shares (1.99% in IDA9). The adjusted GNP share in IDA11 is down to 1.09%.

4. Australia has decided to subscribe the 2,854 GCI shares it previously released in IBRD. Australia has until September 30, 1996 to do so. The decision to subscribe the additional IBRD shares sends a strong message that Australia is coming back to the fold and is supportive of Mr. Wolfensohn's leadership.

5. The Australian international development program over the next four years favor bilateral programs within the Asia/Pacific region. The current emphasis is on Vietnam, Cambodia, and Laos with a four year, A$350 million assistance package. Other new initiatives of the development program are in health programs (especially in polio, neonatal tetanus, HIV/AIDs), population policy review, environment, NGO participation, emergency and refugee relief, and micro-enterprise development. <u>The key is to find a common ground between IDA's and Australian policy priorities and to emphasize that IDA and Australia share the same goal, i.e., helping to overcome worldwide poverty.</u> <u>In addition, IDA's policy framework on</u>

governance, environmental impact assessment and women in development are particularly important to the Australian Agency for International Development (AusAID).

6. **The Australians raised the eligibility issue since the early stages of IDA11 discussions.** They were generally symphatetic to Japan's position to oppose graduation of China in IDA11 and were concerned with a large cut in the allocation to India. As a member of the APEC (Asia-Pacific Economic Council), Australia is supportive of China. Every A$100 of AusAID funds spent on China programs are expected to generate A$300 of business for Australian firms. The Australians were unhappy with the Africa floor in the IDA allocation system. They felt resources are not well utilized in many African countries. They argued that IDA allocations should be linked to recipients' commitment to development and performance as well as population size with the majority of the poor living in Asia. **They are also keen on IDA's lending to the South Pacific islands.**

7. **AusAID is concerned with the rising share of the MDB budget.** The MDB share is expected to rise from 10% to 17-18% over the next few years. A large part of this increase, however, may come from the Asian Development Bank (ADB). ADB slowed the drawdown of ADF contributions in the last few years to "use up" the resources on hand, thus creating a compensating rise in the drawdown of ADF contributions during the next few years. AusAID, on the other hand, used the resources that became unexpectedly unnecessary for ADF for bilateral programs, at the expense of creating a large lump later. Starting with the FY94/95 budget the Australians introduced a review process to smooth out lumps in payments to MDBs. The Treasury and AusAID also agreed that AusAID could use resources that were freed up from the MDB programs to prepay future obligations to MDBs but not to expand the bilateral programs. The point to make to the Australians is that the increase in the MDB budget is not due to their IDA commitments. We have accommodated the Australians in their requests for advance payments and have given them discounts for such prepayments.

8. **Over the last five years, Australian firms performed relatively well in terms of procurement from the World Bank Group.** Procurement payments to Australian firms in FY90-94 of US$520 million exceeded Australia's payments to the IBRD's capital and IDA resources over the same period of around US$393 million.

VII. IDA Strategy

9. **Our immediate strategic objective is to get a good pledge that is perhaps not A$333 million but something more than 1.46% (which was seen to be on the low side).**

- **The A$333 million authorized by the former government is on the high side.** The A$333 million is not credible for two reasons: the plan of the new government to reduce its spending over the next two years, and the reduction in the contributions of most IDA11 donors.

- **Any substantial reduction in the amount pledged, however, will be seen not only as a reduction of Australia's support of IDA but as a lack of support to the leadership and commitment of Mr. Wolfensohn.**

- **AusAID staff (Miranda Rawlinson, IDA11 Deputy) has informed us that the new government had declared in its "election platform" that it will honor commitments already made by the former government to IFIs.**

- **A contribution of A$333 million represents a reduction in nominal terms of about 5%, in real terms of about 15%, from the A$350 million in IDA10.**

- **Australia has influence within the World Bank Group through its Executive Director at the Board.** Australia shares a seat at the Board with Korea and New Zealand. The Australian Executive Director serves for a term of **4 years** while that of Korea and New Zealand for 2 years each. When the Executive Director is from Korea or New Zealand, the Alternate Executive Director is always from Australia. The seat at the Board gives Australia a voice in policymaking and certainly has an effect on the annual lending commitments of the World Bank Group.

10. **At a minimum, Australia should maintain its 1.46% share in the Interim Fund and IDA11.**

- Because of a large carry-over from IDA10, the level of new donor contributions for IDA11 is sharply lower. Maintenance of a 1.46% share would only require a contribution in local currency terms of A$240.97 million, or some **31% lower than in IDA10**.

- **The projected increase in the MDB budget is not due to IDA encashments but rather from disbursements to the ADB.** IDA encashments through IDA10 are projected to be stable at about A$120 million in FY97 and are projected to decrease thereafter. We should emphasize to the Australians that we have accommodated their requests to prepay their encashments and have given them credit (in the form of discounts) with their advance payments.

11. **We should express our appreciation for the cooperation and support of the Australian delegation during the IDA11 discussions, particularly for not raising the issue of "adjusted GNP approach" in burden sharing.**

12. **We should work with the Australians on an IDA11 allocation to the small island economies in the South Pacific.** The GNP per capita of the small island economies of the South Pacific (i.e, Kiribati, Marshall Islands, Solomon Islands, Tonga, Vanuatu, and Western Samoa) are generally lower than those of the small island economies of the Caribbean. IDA11 allocation to the above mentioned members could take the form of Technical Assistance.

13. **We should play the "Wolfensohn card".** Mr. Wolfensohn's contacts with the Australian government, business, and NGO community will be very helpful in sounding out Australians' concerns or soliciting Australian support for IDA.

VIII. Aid Management and Administration

14. **Under the Ministry of Development Cooperation and Pacific Island Affairs, AusAID is responsible for the Australian ODA program.** The Ministry of Development Cooperation and Pacific Island Affairs is within the Ministry of Foreign Affairs and the Ministry of Trade. For the World Bank and the Asian Development Bank (ADB), issues that require Board approval or interventions are handled by the Treasury Department. The Australian Governor to the World Bank and the ADB is the Treasurer of the Commonwealth. On actual payments, the responsibility for IBRD capital is handled by the Treasury while IDA encashments are handled by AusAID.

IX. Political Background

15. The four important political parties in Australia are:

- **the Liberal Party,**
- **the National Country Party (NCP),**
- **the Australian Labor Party, and**
- **the Australian Democrats Party.**

16. The division between the conservative/liberal alliance (of the Liberals and the NCP) and the Labor Party has formed the basis of party politics in Australia since the beginning of this century. The Liberals and the NCP have governed in coalition for most of the post-war period; however, Labor was in government from 1983 to 1996.

17. Australia's conservative alliance of Liberal and National parties ended 13 years of Labor rule with a landslide election win on March 2, 1996, gaining one of the largest parliamentary majorities in the last 50 years. Labor, led by outgoing prime minister John Keating, had its 79 seats in Parliament slashed to 47.

18. The result was a decisive rejection of the ruling Labor Party rather than a firm public embrace of the Coalition. The campaign was a lackluster affair, fought with extravagant fiscal promises on both sides. As the Coalition promised not to change most existing economic and social policies, the choice between the two parties was limited. Although the swing against Labor was over 6%, the swing to the Liberal Party and to the National Party, before minority votes were reallocated under the transferable vote system, was only 2.2% and 1%, respectively.

19. The new prime minister is John Howard, the leader of the Liberal party, who was treasurer in the last Liberal government, 13 years ago. He is viewed as trustworthy by the electorate, but does not have the charismatic strength of outgoing Prime Minister Paul Keating. Following his election, Mr. Howard announced a 15-member cabinet. The key appointments are Peter Costello as treasurer, National Party leader Tim Fischer as deputy premier and trade minister, and Alexander Downer as foreign minister.

20. Following the election, ousted prime minister Paul Keating resigned as Labor party leader. He was replaced by former deputy prime minister Kim Beazley. Mr. Beazley was elected unopposed by a party keen to avoid damaging internal bickering and to quickly regroup in preparation for the next election, due in three years.

21. The new government is expected to be more conservative on fiscal policy, to hasten privatization, and to free up foreign investment regulations. It is also expected to allow the Reserve Bank of Australia greater independence. In foreign policy, Mr. Howard wants to rejuvenate Australia's ties with traditional friends in Europe and North America, while at the same time pursuing a closer relationship with Asia - which was the focus of Mr. Keating's policy.

22. However, the biggest challenge for the new government is likely to be industrial relations. Upon their election, the government immediately scrapped a long-standing accord between the previous government and the unions which maintained labor peace for more than a decade. This accord was a vital instrument of Labor's economic policy, enabling the government to curb inflation and check wages. Mr. Howard wants to outlaw compulsory unionism, abolish unfair-dismissal laws, and hasten the replacement of union-negotiated pay awards with contracts negotiated at individual work places. The new government's policies are designed to weaken the role and influence of unions in Australia. However, with the accord now over and the new government emphasis on 'market forces' in wage matters, the unions are positioning themselves for the forthcoming battle over pay. After the election, the leader of the Australian Council of Trade Unions, Bill Kelty, resigned from his position on the board of the Reserve Bank of Australia and made it clear as union secretary he would support high wage claims by the unions. Strikes have already been threatened by waterfront and metal workers.

X. Economic Background

23. **Australia's economy remains strong, although growth rates have slowed from the very high levels recorded in 1994.** GDP grew by 3.1 percent in 1995, down from 5.2% in 1994. However, 0.5% growth in the fourth quarter of 1995, marked a slowdown from the 1.7% growth experienced in the previous quarter. Unemployment remains high, at 8.6% in January 1996, although the level is down from 9.0% a year earlier. Australia's inflation is growing, up to 5.1% in the fourth quarter of 1995.

24. **Economic growth is expected to continue in 1996.** Despite low levels of investment and consumption growth, continued strong export growth is expected to result in GDP growth rates of 2.9% in 1996 and 3.4% in 1997. The growth of exports, coupled with moderation in import growth, will also take some pressure off the current account. Although the current-account deficit may rise in US dollar terms from 17.9bn in 1995 to 18.3bn in 1996, it will fall as a proportion of GDP in 1996 and 1997.

25. **In terms of macroeconomic policy, the difference between the current government and the past Labor government will be small.** The one exception is the coalition's aim to reduce the level of debt, which would be likely to lead to some tightening of fiscal policy. However, there is concern that the Coalition's electoral promises do not tally with its commitment to budget surpluses. A shift to surpluses -- which the Labor government did not accomplish -- is necessary to tackle the country's savings shortage (the household savings rate was close to 3.0% in 1995). However, in his election campaign, Mr. Howard promised to maintain key social services, including Medicare, create a A$1bn family tax cuts package, and to set up a A$1bn trust to tackle environmental problems.

26. **Due to the change in government, the creation of the 1996/97 budget is now delayed from May until August 1996.** Key features are likely to be:

- a range of tax reductions and up-front payments for low and middle-income families;
- incentives to encourage savings;
- tax or cash rebate policies to encourage private health policies; and
- changes in the tax system in favor of the country's 1.5 million payers of provisional tax, so as to free up small business cash flows.

Owing to the lateness of the budget, a mini-budget is likely to be created soon.

XI. Projected Encashments and Budget Treatment

1. **The Australian aid budget is divided among country programs, global programs, corporate services, funding for agricultural research, and miscellaneous items and revenue.** IDA's encashments are included in "international organizations" under the global program category. The estimate for FY95/96 shows that global programs will account for 35% while international organizations will account for 20% of the total aid program. IDA encashments represent about 20% of total global programs and about 8% of the total aid program.

2. **Projected IDA encashments on outstanding IDA commitments are shown below:**

	Australian $ millions		
Fiscal Year	Through IDA9	IDA10	Total
FY 97	67.05	54.36	121.41
FY98	54.00	50.02	104.02
FY99	41.70	44.20	85.90
FY2000	16.14	39.48	55.62
FY2001	0.00	34.06	34.06

Encashment of contributions to the Interim Fund and IDA11 have not been included here.

XII. History of Contacts

Meeting with Messrs. John Cosgrove and David Clark, July 7, 1994.

Ken Ohashi's trip to Canberra, July 18, 1994: Meetings with:

The Department of Treasury

Neil Hyden, First Assistant Secretary, International Economy Division
Don Traynor, Sr. Economist, Development Finance Section
International Economy Division
Peter Callan, Director, Asia Section, International Economy Division

AusAID

Tim Terrell, Deputy Director General
Trevor Kanaley, Deputy Director General
Dawn Casey, Assistant Director General,
International Organizations and Public Affairs Branch
Deborah Stokes, Assistant Director General, Development and
Corporate Policy Branch
Robert Mann, Director, Development Banks Section
Laurie Dunn, Director, Corporate Planning, Budget and Effectiveness Review
Alastair McKenzie, Development and Corporate Policy Branch

The Department of Foreign Affairs and Trade

Ralph Hillman, Principal Adviser, Economic and Trade Development Division
Andrew Ford, International Economics and Finance Section

Australian National University

Ron Duncan, Executive Director, National Centre for Development Studies

ACFOA (Australian Counsil for Overseas Aid)

Greg Barrett, North-South Committee
Patrick Kilby, Community Aid Abroad

April 23, 1996 - Mr. Wolfensohn met with the Hon. Jim Short, Ms. Angela Ryan, Neil Hyden, Nigel Ray, Miranda Rawlinson, Peter Nicholl and Crhistopher Legg.

Cofinancing

Int. 1607

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: June 4, 1996

TO: Mr. James D. Wolfensohn, EXC

FROM: Ram K. Chopra, Acting Vice President, RMC

EXTENSION: 32707

SUBJECT: **Bank Mission to Australia (May 27-31, 1996)**
Official Cofinancing/Project Finance

1. In view of your upcoming meeting on June 7 with Australia's Deputy Prime Minister Tim Fischer and Minister for Foreign Affairs Alexander Downer, I thought it would be helpful to provide you with a summary of my discussions last week in Australia. A list of people met is attached. Peter Nichol and Chris Legg kindly helped with the arrangements and provided useful guidance. I also met with IFC staff in Sydney to coordinate in light of Mr. Kassum's recent trip to Australia.

2. The main purpose of my visit was twofold: (1) to strengthen partnership and deepen cofinancing relations with the Government and AusAID and (ii) explore the prospects for greater collaboration by the Bank Group with the private sector, particularly in regard to our guarantee facilities and project finance. Discussions also focused on the increasing cohesiveness of IFC, MIGA and Bank efforts and the role of Richard Frank's PSD Group.

Discussions in Canberra

3. During my visit, the officials were clearly focussed on the new initiatives of the government. Fiscal concerns and the budget cuts, including cuts in the foreign aid program, frequently came up during our discussions. AusAid and other agencies, nevertheless, felt that the timing of my visit was opportune to help streamline and deepen our partnership. I emphasized that aid effectiveness and coordinating and prioritizing our joint activities was even more important in a period of budgetary cuts. Mr. Mark Malloch Brown's office will send you separately a briefing on the status of the aid program discussions.

4. As part of our overall efforts to strengthen Bank partnerships and deepen cofinancing relations with donor countries, I signed a **new Cofinancing, Technical Assistance and Consultant Trust Fund Framework Agreement** with the Hon. Andrew Thompson, Parliamentary Secretary to the Minister of Foreign Affairs. The new agreement is intended to simplify and facilitate cooperation arrangements between the Bank and AusAID. It includes mechanisms for developing a pipeline for cofinancing and provides detailed processing procedures covering deposit and replenishment of trust funds, sharing of project information, joint participation in missions and collaboration

regarding remedial actions. In addition, AusAID indicated that it plans to visit the Bank Group for regular cofinancing consultations, which will focus on broader policy and thematic issues as well as project cofinancing.

5. Australia's **cofinancing program** with the Bank is relatively small—about $110 million in the last ten years. AusAID has cofinanced projects with the Bank in Bangladesh, China, Indonesia, Laos, Thailand, Vietnam, Papua New Guinea and in the South Pacific. The main sectors supported were agriculture, education, population and health, power and transportation.

6. Australia is the 12th largest donor under the **Consultant Trust Fund Program**--$8 million in contributions to date. Another $30 million in **trust funds** has been provided in support of technical assistance activities and $24 million for the GEF.

7. In addition to our discussions on the official cofinancing side, the Government showed keen interest in the Bank Group's ongoing efforts to support greater private sector participation in development activities. During this visit, I gave a presentation in Canberra on World Bank Group support for the private sector to a roundtable of officials from several key Government Departments.

8. With reference to some of the issues discussed during your recent meetings in Washington with Senator Short, expectations in Canberra are that Australia will soon join MIGA and that favorable announcements about capital contributions to IBRD and IFC may be made within a few days; however, the new Government's position with respect to IDA was not yet decided.

9. The Government announced a major review of Foreign Aid Policy which will be conducted over the next six months and will undoubtedly address the extent to which Australian funds should be provided through multilateral vs. bilateral channels.

Project Finance

10. During the visit, I met with officials at EFIC, AusTrade, AIDC and key commercial banks and private firms in Sydney and Melbourne engaged in project finance activities. My main purpose was to explore the prospects for greater collaboration with the Bank Group and to clarify and promote the areas of potential Bank support for private sector led initiatives.

11. The main points which emerged from these discussions were:

- the Bank Group's increased efforts to engage the private sector were both welcomed and appreciated; there is a growing positive recognition of the changing direction of the Bank Group efforts in regard to partnership with the private sector.

- to sustain the recent growth in Australian exports, there is a clear desire in the Government, EFIC and AusTrade to develop a more significant Australian presence abroad, especially in Asia.

- in line with the size of the Australian economy, there are only a few firms currently with the experience and capacity to assume the substantial business development risks associated with pursuing large infrastructure projects overseas; there is relatively more capacity to pursue somewhat smaller investments of the size more normally supported by IFC.

- some of the Australian private sector investors/contractors we met consider Australian commercial banks to be excessively cautious in regard to offshore business and perceive that the speed of change in this attitude will be slow.

- with the notable exception of ANZ, commercial banks concentrate their efforts in Australia; for the most part, their overseas business strategy is to follow their clients to overseas markets; some are expanding their project finance capacities--and there was substantial interest in understanding Bank/MIGA guarantee instruments and areas of potential collaboration with the Bank.

- the main countries and sectors of interest include: China, India, Indonesia, PNG, Vietnam, Philippines especially in mining, coal processing, some subsectors of transportation (roads) and power; **Transfield Corporation** has been preparing a major hydroelectric power project in Laos (Nam Theun) but a number of preparatory matters with the Laotian Government, including environmental aspects, need to be resolved before potential IFC participation and the use of Bank guarantees can be firmed up. Snowy Mountain Engineering Corporation **(SMEC)** is in the early stages of developing the West Seti hydroelectric power project in Nepal for export of power to India and will be exploring the use of the Bank's guarantee to back power purchase by Indian State Electricity Boards and central government's Power Grid Corp.

- there was interest by all parties in the utilization of guarantees in IDA countries; however, the lack of support for this option by IDA deputies constrains the Bank from doing so at this time.

Conclusion/Next Steps

12. With the signing of the new framework agreement, there is a sound basis for developing our collaboration and cofinancing efforts with AusAID.

13. Collaboration on projects with the private sector may be limited in the near term, but there is a growing trend in Australia to look outward and Bank support should be given to appropriately nurture this direction for the benefit of our developing member countries. There was interest expressed in receiving follow-up Bank visits by senior Bank management and to have more in-depth discussions at the staff level--particularly to

clarify to the commercial banks (and potential project supporters) the range of available Bank support in project finance. There was also interest in sending a group of key players to Washington for discussions.

cc: Mmes./Messrs. Kaji, Frank, Einhorn-o/r, Lomax, Horiguchi (EXC); Perlin (FSD), Fukui-o/r (RMCVP), Malloch Brown (EXTDR), Kassum (CIOVP), Cheetham (EAPVP), Haug (EA3DR), Stephens (EXTCU), Shapiro (CAPPF), Arrivillaga, Hubbard (CAPOC), Files.

RC/PH/mc

Bank Mission to Australia
May 27-31

List of People Met

<u>Sydney</u>

IFC, So. Pacific Project Facility	Richard Pearson - Regional Manager
FIAS	Andrew Proctor - Regional Program Manager
Export Finance and Insurance Corporation	Graeme Lawless - Managing Director
Australian Trade Commission	John Lightfoot - General Manager, Projects
AIDC Ltd.	Edward Brogan - Director, Project Finance
Energy Australia	Jenny Davis - Acting Executive Manager Kerry McIlwraith, General Manager, Finance
Commonwealth Bank of Australia	Robert Day - Vice President
Westpac	Michael Cleary - Senior Manager, Project Finance
Claymore Structured Finance	Ronald Robinson - Director
Transfield Holdings	Franco Belgiorno-Nettis - Founding Chairman Guido Belgiorno-Nettis - Director, Development
Snowy Mountain Engineering Corporation	Jack Boniface - CEO
P & O Australia	Douglas Anderson - Assistant Managing Director
Bulk Materials (Coal Handling) Pty.	Alan Taylor - Managing Director
GEC Alsthom Australia	Dinshaw Katrak - Finance Director

<u>Canberra</u>

Ministry of Foreign Affairs	Hon. Andrew Thomson MP - Parliamentary Secretary to Minister

AusAID	Murray Proctor - Acting Director General Peter McCawley, Deputy Director General Miranda Rawlinson, Asst. Director General
Treasury	Neil Hyden, First Asst. Secretary, Int'l. Economy Neville Worland - International Finance Branch
DFAT	Malcolm Dan, Special Advisor, Multilateral Procurement Nicholas Coppel - Director
Prime Minister's Office	Jo Crawford
Melbourne	
Westpac	Graeme Stewart - Chief Manager, Corporate Banking
ANZ Bank	Kyle Wightman - General Manager
National Bank of Australia	Peter Thomas, Gen. Manager, Corporate Banking Michael Cassino, Group Manager

IFC

Record Removal Notice

File Title	Barcode No.
President Wolfensohn - Briefing Book for President's Meetings and Events - Mr Tim Fischer - Deputy Prime Minister and Mr Alexander Downer - Foreign Minister - Australia - June 7, 1996	30485200

Document Date	Document Type
05 June, 1996	Note with attachment

Correspondents / Participants
Note to Peter Stephen, Asuko Horiguchi

Subject / Title
Summarization of IFC work involving Australian firms, banks and Government (i.e. trust funds)

Exception(s)
Information Provided by Member Countries or Third Parties in Confidence

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
S. Thompson	February 18, 2025

JDW Meeting with Short
(4/23/96)

ALL-IN-1 NOTE

DATE: 4/30/96

FROM: Peter Stephens, EXTIM (PETER STEPHENS@A1@WBHQB)

EXT.: 82281

SUBJECT: Minutes of Australian meeting

Minutes of Mr. Wolfensohn s Meeting
with the Assistant Treasurer, the Honorable Jim Short
Tuesday, April 23, 5-5.30pm
Conference Room E 12-27

Senator Short was accompanied by:
. Ms. Angela Ryan, Senior Advisor, Office of the Assistant Treasurer;
. Mr. Neil Hyden, First Assistant Secretary, International Economy Division (IED), the Treasury;
. Mr. Nigel Ray, Assistant Secretary, IED, the Treasury;
. Ms. Miranda Rawlinson, Assistant Director General, International Organizations & Public Affairs Branch, AusAID;
. Mr. Peter Nicholl, Executive Director;
. Mr. Christopher Legg, Alternate Executive Director.

Present from the Bank were:
. Mark Malloch Brown
. Paula Donovan
. Peter Stephens
. Atsuko Horiguchi

The meeting began with Senator Short noting that support for Mr. Wolfensohn at the Development Committee had been "overwhelming". Mr. Wolfensohn said he had been grateful for Senator Short's question on the budget. It was an issue he wanted on the table. There had to be more debate on the issue, and ministers needed to indicate what they wanted the Bank to do. "Then it is up to us to do it efficiently," Mr. Wolfensohn said. "I agree that it smells as if the place is fat. It is fat. But we need to establish the direction and then you can hold us accountable." Mr. Wolfensohn said it made no sense to cut budgets in the absence of clear objectives, and that the Bank, in the past, had looked at only half the balance sheet when making such decisions.

Senator Short noted that the Australian Government was itself looking for "fiscal consolidation" of about $A8 billion.

Mr. Wolfensohn said it was easier to make cuts in a company such as DuPont where "you know what business you are in." But at the Bank, there had been annual lending swings of $300m, with no apparent discussion. He said that if 30 percent of Bank lending was not achieving its development objective -- which he estimated at perhaps $4-5 billion -- a legitimate objective would be to aim to cut that to $3 billion. That would reduce the burden on poor borrowers, increase overall effectiveness and make it easier for clients to repay. It was important, he said, to look not just at the financial side, but at the effectiveness of the work. "I want an intelligent debate about both sides of the budget," he said, noting that in the past, such discussions had largely ignored the issue of effectiveness. He promised that, in terms of effectiveness, the Bank next year would "do light-years better than this year."

Senator Short said he wanted to assure Mr. Wolfensohn "of our very strong support for what you are doing." Noting Australia's "financial considerations," Senator Short said Mr. Wolfensohn "should feel totally confident in us." He then handed a letter to Mr. Wolfensohn, written by the Australian Treasurer, Mr. Costello, to the Government of New Guinea, on the subject of that country s economic reform plan. The letter affirmed Australia's commitment to work with the Bank on the agreed reform proposals. Senator Short said he was "very concerned for PNG to implement the agreed program. I know the Bank has had some difficulties with PNG," Senator Short said. He added that the situation there was "unstable" and that he looked forward to its being resolved.

Mr. Wolfensohn said the Bank could help with PNG, "provided we stick together." Senator Short said "we're very much on your side."

On IDA, Senator Short said that "we are in the process of looking at our fiscal position, and that includes all expenditure, across all arms of government. Therefore aid and IDA come into it," he said. He expected the discussion to be resolved in the next few weeks and said he could not give any definitive indication at the moment. The review process would examine "the overall budget for aid and the priorities within it."

Mr. Wolfensohn said that Australia gained a lot from participating in the work of multilateral agencies. "As an Australian, I would say it is important to be a part of the world," he said.

Senator Short said that the recent commitments to take up shares in IBRD, subscribe to the 1991 IFC capital increase and join MIGA were "caught up in this review" but the Treasurer had said they would not be subject to the cuts. "You can be fairly confident on that one," Senator Short said.

The meeting concluded with Senator Short repeating that "my main purpose was wanting to assure you of the new government"s strong support, and in particular, for what you are doing." Mr. Wolfensohn said he looked forward to seeing Senator Short when next he visited Australia.

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: June 5, 1996

TO: Mr. James D. Wolfensohn

FROM: Geoff Bergen GB

EXTENSION: 85225

SUBJECT: Speaking Invitation from Australia.

The attached invitation from Ambassador McCarthy (which we have acknowledged by letter) asks for you to deliver a keynote address at the National Trade and Investment Outlook Conference in Melbourne, December 2-4. The Australian embassy has called to inform us that Mr. Fischer will ask you about it when he meets with you on Friday. I have told them I was unsure whether your schedule would permit you to do it, but that I would be sure that you are aware of the invitation.

JDW

Speech Request

will probably be raised.

NEW

The World Bank

Correspondence Unit

Mr. Wolfensohn,

for your information.

A response will be prepared by Mr. Lindbaek for your signature.

Elvira

9036

EMBASSY OF AUSTRALIA

WASHINGTON, D. C.

15 May 1996

The Honorable
James D Wolfensohn
President
World Bank
Room E-1227
1818 H Street NW
WASHINGTON DC 20433

Dear Mr Wolfensohn

On behalf of the Deputy Prime Minister and Minister for Trade of Australia, The Honourable Tim Fischer MP, I have great pleasure in inviting you to deliver a keynote address at the National Trade and Investment Outlook Conference 1996 (NTIOC 96), which is being held from Monday 2 to Wednesday 4 December this year in Melbourne, Australia. The Conference is convened annually by the Australian government and sponsored by leading Australian companies.

Since its inception in 1993, NTIOC has evolved into Australia's major annual trade and investment networking forum, and one of the most prestigious international conferences in the Asia-Pacific region. Under the banner "Building Global Networks for New Business", it brings together more than 1300 business and government leaders from 15 countries around the world to discuss the opportunities and challenges presented by an increasingly open global economy.

This year the Conference will feature business delegations from Argentina, Canada, China, the European Union, Indonesia, Japan, the Republic of Korea, Malaysia, the Philippines, South Africa, Thailand, the United Arab Emirates and Vietnam. Key industry sectors being featured are building products and services, energy systems, environmental technology, financial services, food and agribusiness, information industries and telecommunications, infrastructure development, and mining technology and services.

A core element of the Conference is presentations on strategic global trade and investment issues by keynote speakers whose international reputation, experience and breadth of vision will provide delegates with unique insights into issues affecting their businesses. As the Conference host, Mr Fischer would be delighted if you would agree to attend NTIOC 96 as one of six keynote speakers this year.

I would be happy to discuss your participation and other aspects of your visit to Australia in greater detail at any time convenient to you.

Yours sincerely,

John McCarthy
Ambassador

Record Removal Notice

File Title	Barcode No.
President Wolfensohn - Briefing Book for President's Meetings and Events - Mr Tim Fischer - Deputy Prime Minister and Mr Alexander Downer - Foreign Minister - Australia - June 7, 1996	30485200

Document Date	Document Type
04 June, 1996	Memorandum

Correspondents / Participants
To: Rachel McColgan-Mohamed, EXC
From: Christopher Legg, Alternate Executive Director, EDS09

Subject / Title
Letter to Mr. Wolfensohn

Exception(s)

Additional Comments
Declassification review of this record may be initiated upon request.

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
S. Thompson	February 18, 2025

9391

TREASURER

PARLIAMENT HOUSE
CANBERRA ACT 2600

- 3 JUN 1996

Mr James D. Wolfensohn
President
World Bank
1818 H Street NW
WASHINGTON DC 20433
USA

Dear Mr Wolfensohn

I am pleased to inform you that the Australian Government has decided to contribute to the shares allocated to it under the International Finance Corporation's 1991 General Capital Increase, take up the balance of its allocated, but unsubscribed, shares in the International Bank for Reconstruction and Development's 1988 General Capital Increase and apply for membership of the Multilateral Investment Guarantee Agency.

JUN - 2 25

These decisions reflect the Government's strong interest in the Bank and its desire to enhance Australia's relations with the World Bank Group. The Government also supports strongly your commitment to making the World Bank organisations more efficient and focussed in their role in reducing poverty in developing countries.

The question of Australia's contribution to the International Development Association's eleventh replenishment is still under consideration by my Government. I hope to be able to advise you of our decision in the near future.

I look forward to meeting you in Washington in October.

Kind regards

Peter Costello.

PETER COSTELLO

No.: EXC-09391

CORRESPONDENCE MANAGEMENT FOR THE PRESIDENT'S OFFICE

CHORUS

External Correspondence Profile

High Priority

FOR ACTION: Jannik Lindbaek **STATUS: Open**

VPU: CEX Room #: I-12-015 Telephone: 30381	Log Date: 06/04/96 02:26:31 PM Logged in by: Elvira Scott Response Date:

CORRESPONDENCE DESCRIPTION:

From:	Peter Costello, Parliament House, Australia
Organization:	
To:	Mr. Wolfensohn
Dated:	06/03/96
Topic:	Australian Government has decided to contribute to the shares allocated to it under the IFC's 1991 General Capital Increase, take up the balance of its allocated, but unsubscribed shares in the IBRD's 1988 General Capital Increase and apply for membership of MIGA.

ACTION INSTRUCTIONS: *Due Date:* 06/14/96

1. PLEASE PREPARE A RESPONSE FOR MR. WOLFENSOHN'S SIGNATURE.

Follow the macro for the President's letter or use the sample layout in the correspondence guidelines for the formatting of the letter.

- Only ONE original is needed, printed on the appropriate stationary (available from the Front office of each VPU). If an item requires an urgent signature, please bring this to our attention;
- Include the bcc distribution pages. Please note that cc's (for Executive Directors and other parties the recipient should be aware of having received a copy) should be included on the original signed letter;
- Attach copies of relevant incoming correspondence;
- If you would like our office to handle the dispatch of the original, please include an envelope with your division's code marked clearly on the envelope. If no envelope is attached, the letter will be returned by special messenger as soon as it is signed. If a letter is to be couriered, please attach both an envelope and the courier request sheet;
- You will receive one copy of the signed original by special messenger on the same day the item has been dispatched. VP Units are responsible for the distribution of copies of the letter both internally and outside the Bank.

If the action instruction is incorrect, or an item of correspondence has been overtaken by events, please send a brief E-Mail to the "Correspondence Unit" All-in-One Account, quoting the EXC reference number.

Thank you.

SPECIAL INSTRUCTIONS:

None

INFORMATION COPIES:

Donovan, Paula (Q-4127), Sandstrom, Sven (D11-057)

Please return to:
Correspondence Unit, Room E1247 (Ext. 82441)