

No. 2092

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
AUSTRALIA**

**Loan Agreement (with annexed Loan Regulations No. 3).
Signed at Washington, on 8 July 1952**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
11 February 1953.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
AUSTRALIE**

**Contrat d'emprunt (avec, en annexe, le Règlement n° 3
sur les emprunts). Signé à Washington, le 8 juillet 1952**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 11 février 1953.*

No. 2092. LOAN AGREEMENT¹ BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 8 JULY 1952

AGREEMENT, dated July 8, 1952, between the COMMONWEALTH OF AUSTRALIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Bank has indicated its willingness in principle to assist in the financing of the development of the economy of the Borrower over a five-year period to an extent to be determined from time to time by agreement between the Borrower and the Bank in the light of all relevant considerations ;

AND WHEREAS on August 22, 1950, the Bank granted a loan to the Borrower in the amount of one hundred million dollars (\$ 100,000,000) or the equivalent in currencies other than dollars to assist in the financing of such development ;

AND WHEREAS two years of the five-year period have elapsed and it has been determined that the Bank shall at this time grant a further loan to the Borrower for a similar purpose ;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3² of the Bank, dated December 6, 1950, subject, however, to the modifications thereof set forth in Schedule 3³ to this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 18 November 1952, upon notification by the Bank to the Government of Australia.

² See p. 318 of this volume.

³ See p. 316 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of fifty million dollars (\$ 50,000,000), or the equivalent thereof in currencies other than dollars.

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Loan Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of four and three-fourths per cent ($4\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1 %) per annum on the principal amount of such special commitment outstanding.

Section 2.06. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required and used exclusively in the carrying out of the Programs as described in Schedule 2¹ to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

¹ See p. 306 of this volume.

Section 3.02. The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Programs.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Treasurer of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall, within the limits of its constitutional powers, cause the carrying out of the Programs to proceed with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall arrange for the maintenance of records showing the use made of the goods and the progress of the Programs, including the cost thereof; shall make such arrangements as are necessary to enable the Bank's representatives to examine the Programs, the goods, and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the goods and the Programs.

(c) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower. The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof; and the Borrower shall promptly inform the Bank of any condition that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(d) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.02. It is the mutual intention of the Borrower and the Bank that no other external public debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end the Borrower specifically undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or any agency of the Borrower as security for any external debt, such lien shall equally and ratably secure the payment of the principal of and interest and other charges on the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect ; and, within the limits of its constitutional powers, the Borrower will make the foregoing undertaking effective with respect to liens on assets of the States and Territories of the Borrower and their agencies (including local governing authorities). However, this Section shall not apply to :

- (i) any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property ;
- (ii) any lien on commercial goods to secure debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods ; or
- (iii) any lien created by the Commonwealth Bank of Australia on any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its date.

Section 5.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes imposed by the Borrower or any taxing authority thereof or therein and free from all restrictions of the Borrower and its agencies and of the States and Territories of the Borrower and their agencies (including local governing authorities) ; provided, however, that the provisions of this paragraph shall not apply to the taxation of payments made under the provisions of any Bond when such Bond or the coupons appertaining thereto, as the case may be, are beneficially owned by any person residing in or ordinarily a resident of the Commonwealth of Australia. The Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraph (c) of Section 5.02 of the

Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be March 31, 1954.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations ;

For the Borrower : the Treasurer of the Commonwealth of Australia, Canberra, Australia.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street. N. W., Washington 25, District of Columbia, United States of America.

Section 7.03. The Treasurer of the Borrower in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 7.04. The date specified for the purposes of Section 9.04 of the Loan Regulations is September 30, 1952.

Section 7.05. In this Agreement any reference to the Treasurer of the Borrower shall include a reference to any Minister of State of the Borrower for the time being acting for or on behalf of the Treasurer of the Borrower.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Commonwealth of Australia

By Percy C. SPENDER
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

executed in part by the Borrower and its subordinate authorities, in part by the Governments of the States of the Commonwealth and their subordinate authorities, and in part by private enterprise.

The Programs are as follows :

1. AGRICULTURE AND LAND SETTLEMENT PROGRAM

Development of agriculture by increased mechanization and more intensified development of existing farms. Land development and closer settlement, and irrigation and water conservation works, the principal undertakings being as follows :

Queensland : Development of large areas of central and southern Queensland from extensive grazing to more intensified animal husbandry based on large-scale fodder grain production ; irrigation development in the central coastal and north coastal regions, particularly in the Mareeba-Dimbulah, Dawson Valley and Emerald and Burdekin River areas.

New South Wales : Land development and closer settlement ; irrigation development in southern areas of the State, such as the Riverina 1500-farm project ; extension of existing irrigation areas resulting from enlargement of existing dams or from new dam construction.

Victoria : Land clearing and development, such as dairy farm development in the Heytesbury area ; irrigation development and enlargement of existing projects covering dairying, fat lamb and horticultural production.

South Australia : Land development on Kangaroo Island and provision of farms for fat lamb and wool production ; land development and closer settlement in the south-east and in the Eyre Peninsula and Ninety-Mile Desert area.

Western Australia : Land development and closer settlement in the south-west designed to increase production of fat lambs, wool, dairy produce, beef and tobacco.

Tasmania : Land development and closer settlement in the Montague Swamp area and on King and Flinders Islands designed to establish additional farms for dairy, beef and fat lamb production.

Northern Australia : Development of beef industry primarily by investment in water facilities, fencing and stock route improvement in the Northern Territory and adjacent areas in Western Australia and Queensland.

Imported equipment to be financed out of the proceeds of the Loan includes wheeled-type tractors, crawler tractors, earth-moving equipment, ploughs, cultivation implements, harvesters, pickup hay balers, side delivery hay rakes and forage harvesters.

II. COAL MINING PROGRAM

A. *Black coal deposits in New South Wales :*

Expansion of the productive facilities owned or supervised by the Joint Coal Board estimated to increase open-cut production of hard coal to 5 million tons a year by 1954, by means, among other things, of the introduction of new earth moving and excavating equipment, and the construction of railway sidings, dumps and washing plants ; development of three underground mines by the Joint Coal Board estimated to produce 10,000 tons a day and of four underground mines by the New South Wales Government to produce by 1958 an additional 13,000 tons a day ; development of privately-owned underground mines supervised by the Joint Coal Board ; erection by the New South Wales and Commonwealth Governments at the request of the Joint Coal Board of houses at coal-fields for mineworkers.

B. *Black coal deposits in other States :*

Queensland : Development under supervision of the Queensland Coal Board of four privately owned collieries on the West Moreton field to produce an additional 2,000 tons a day by 1954 ; development of a State mine and a private mine at Collinsville to produce an additional 1,000 tons a day ; development of Callide open-cut fields by private operators.

South Australia : Development of the Leigh Creek open-cut field by the State Electricity Trust to increase annual production by 500,000 tons by 1956.

Western Australia : Development of underground mines by three private companies operating on the Collie field to increase annual production by 400,000 tons by 1954.

C. *Brown coal deposits in Victoria :*

Expansion by the State Electricity Commission of Victoria of plant and equipment for the extraction, briquetting and gasification of brown coal in the Latrobe Valley.

This expansion involves, at Yallourn, the expansion of open-cut workings to produce an additional 3 million tons annually to supply an enlarged power station and briquette factory, and the development of the towns of Yallourn and Newborough for workers on the brown coalfields ; the development, at Morwell, of new open-cut workings to provide initially 7 million tons annually for a new briquette factory and gasification plant.

Imported equipment to be financed out of proceeds of the Loan includes earth-moving and excavating equipment for open-cut mines, coal transporting equipment for underground mines, coal cutting and loading equipment for underground mines and ancillary equipment for coal washing and gasification.

III. IRON AND STEEL PROGRAM

Port Kembla, New South Wales : Completion of a new blast furnace with a capacity of 1,500 tons of pig iron a day ; completion of a new battery of coke ovens ; construction of new open hearth furnaces and auxiliary equipment with a capacity of 500,000 tons of steel ingots a year ; major alterations and additions to blooming billet and section mills ; erection of a hot and cold strip rolling mill with a capacity of 1,000,000 tons of flat steel products a year, including tinplate ; extension of capacity for rolling black and galvanized steel sheet ; and related alterations and improvements.

Newcastle, New South Wales : Erection of a battery of coke ovens ; a new blast furnace with a capacity of 1,000 tons of pig iron a day ; a new skelp mill with a capacity of 275,000 tons a year ; and related alterations and improvements .

Kwinana, Western Australia : Erection of new steel rolling mill with a capacity of 50,000 tons a year.

New South Wales, South Australia and Western Australia : Additional plant and equipment for extraction of ore and other raw materials ; improvement of transport including improved mechanical handling and wharf facilities ; mechanization and development of steel industry collieries designed to increase coal output by about 5,500 tons per day.

Imported equipment to be financed out of proceeds of the Loan includes components for iron and steel furnaces and rolling mills, locomotives, cranes, instruments, and other associated equipment, designs and electrical equipment.

IV. ELECTRIC POWER PROGRAM

Development and expansion of the electricity generating transmission and distribution facilities of the principal suppliers of electricity in the territories of the Borrower.

The principal power stations to be erected or extended, and the additional generating capacity to be installed in them, are shown below :

New South Wales : Balmain, Pyrmont, White Bay and Bunnerong, 309,000 kw ; Lake Macquarie, 175,000 kw ; Wallerawang, 90,000 kw ; Tallawarra, 120,000 kw.

Victoria : Yallourn "C", 106,000 kw ; Yallourn "D", 100,000 kw ; Newport, 40,000 kw ; Spencer Street, 52,000 kw ; Kiewa No. 4, 60,000 kw.

Queensland : Tennyson and Bulimba "B" (Brisbane Area), 150,000 kw ; Howard (Wide Bay), 15,000 kw ; Rockhampton, 22,500 kw ; Townsville, 22,500 kw ; Tully, 36,000 kw.

South Australia : Osborne "B", 90,000 kw ; Port Augusta, 90,000 kw.

Western Australia : South Fremantle, 50,000 kw.

Tasmania : Tungatinah, 125,000 kw ; Trevallyn, 72,000 kw ; Wayatinah, 92,000 kw.

Imported equipment to be financed out of proceeds of the Loan includes plant, materials and equipment for power plants, substations and distribution systems, and tractors and earth moving equipment for hydro electric works.

V. RAILWAY PROGRAM

Railway development and expansion, including the improvement of existing tracks, the construction of new tracks, the construction and equipment of workshops, stations and marshalling yards and extensions thereto, the construction and acquisition of rolling stock, and the erection of bulk handling facilities.

The Program will be carried out by or for the following railway systems : Commonwealth Government Railways, New South Wales Government Railways, Victorian Government Railways, Queensland Government Railways, South Australian Government Railways, Western Australian Government Railways, and Tasmanian Government Railways.

Imported equipment to be financed out of proceeds of the Loan includes diesel electric locomotives and other rolling stock and components therefor ; machine tools for railway workshops, rail maintenance machines and other like equipment ; and equipment for construction of new tracks.

VI. ROAD TRANSPORT PROGRAM

Restoration and maintenance of existing roads and bridges ; reconstruction of existing main and feeder roads ; road deviation, realignment and widening ; construction of new roads or extensions to meet urgent transport needs, including those of coal mines, power stations and food production areas.

Renewals of and additions to fleets of heavy road transport vehicles owned by public authorities and private enterprises, including the provision of components required for the manufacture of heavy road transport vehicles.

Imported equipment to be financed out of proceeds of the Loan includes industrial tractors, earth moving equipment, graders, spreaders, heavy road transport vehicles and components for the assembly of heavy road transport vehicles.

VII. NON-FERROUS METALS AND INDUSTRIAL MINERALS PROGRAM

Lead, zinc, silver : Development of mining and concentrating plants at Broken Hill, New South Wales, Rosebery, Tasmania and in the Northampton district and at Braeside and Maroo, Western Australia ; expansion of lead smelting capacity at Port Pirie, South Australia ; expansion of electrolytic zinc plant at Risdon, Tasmania.

Tin : Provision of mining and concentrating plants for treating primary and alluvial deposits at Ardlethan, New South Wales ; dredging plants for alluvial tin deposits near Mount Garnet, Queensland.

Copper : Development of production at Mount Isa and expansion of production at Mount Morgan, Queensland, Mount Lyell and Rosebery, Tasmania ; expansion of smelting and refining capacity at Port Kembla, New South Wales.

Aluminium : Development of bauxite deposits for aluminium production ; completion of alumina and aluminium plants of Australian Aluminium Production Commission.

Tungsten : Expansion of mining and concentrating plants at King Island, Tasmania ; provision of mining and concentrating plants for mines in Northern Territory and New South Wales.

Pyrites : Development of mining and concentrating plants at Nairn, South Australia ; expansion of operations at Mt. Morgan, Queensland, Mt. Lyell, Tasmania, and at Norseman in Western Australia.

Others : Development of deposits of beach sands minerals at Stradbroke Island and other centres on the east coast, antimony at Blue Spec in Western Australia and in Victoria, asbestos at Wittenoom Gorge, Western Australia, mica at Hart's Range, Northern Territory, fluor spar in Northern Queensland, and talc in South Australia.

Imported equipment to be financed out of proceeds of the Loan includes tractors and earth moving equipment, mining equipment and machinery, and plant and equipment for concentrating, smelting and refining.

VIII. INDUSTRIAL DEVELOPMENT PROGRAM

Development and expansion of the following industries : heavy chemicals, including fertilisers ; coal gas ; petroleum refining ; fabrication of non-ferrous metals ; manufacture and assembly of crawler tractors and earth-moving equipment ; food processing ; engineering ; paper and paper board and cement.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 3¹

For the purposes of this Agreement, Loan Regulations No. 3 of the Bank, dated December 6, 1950, shall be deemed to be modified as follows :

(a) The second sentence of Section 2.02 shall read as follows :

Such commitment charge shall accrue from the Effective Date or from September 30, 1952, whichever shall be the earlier, or from such other date as may be agreed upon between the Bank and the Borrower, to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V.

¹ See p. 318 of this volume.

(b) The last two sentences of Section 4.02 shall be deleted.

(c) The term "Project" as defined in Section 10.01 (11) shall refer to the Programs described in Schedule 2 to the Loan Agreement, or to any of them, as the context may require.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 6 DECEMBER 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 158, p. 170.*]

