

No. 2579

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

**Loan Agreement (with annexed Loan Regulations No. 3).  
Signed at Washington, on 2 March 1954**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
28 May 1954.*

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**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 2 mars 1954**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 28 mai 1954.*

No. 2579. LOAN AGREEMENT<sup>1</sup> BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 2 MARCH 1954

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AGREEMENT, dated March 2, 1954, 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 on July 8, 1952, the Bank granted a loan to the Borrower in the amount of fifty million dollars (\$50,000,000) or the equivalent in currencies other than dollars further to assist in the financing of such development;

AND WHEREAS 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. 3<sup>2</sup> of the Bank, dated October 15, 1952, subject, however, to the modifications thereof set forth in the next following Section (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.

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<sup>1</sup> Came into force on 25 May 1954 upon notification by the Bank to the Government of Australia.

<sup>2</sup> See p. 122 of this volume.

*Section 1.02.* The term "Project" as defined in paragraph 11 of Section 10.01 of the Loan Regulations refers to the Programs described in Schedule 2<sup>1</sup> of the Loan Agreement, or to any of them, as the context may require; and wherever in this Agreement reference is made to the "territories" of the Borrower such term means the States and Territories of the Borrower.

## 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-four million dollars (\$54,000,000), 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. The date specified for the purposes of Section 2.02 of the Loan Regulations is the Effective Date or a date being 60 days after the date of this Agreement, whichever shall be the earlier.

*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 any such special commitments outstanding.

*Section 2.06.* Interest and other charges shall be payable semi-annually on March 1 and September 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 1<sup>2</sup> to this Agreement.

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<sup>1</sup> See p. 116 of this volume.

<sup>2</sup> See p. 116 of this volume.

*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 2 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.

*Section 3.02.* The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used exclusively in the carrying out of the Programs and in the territories of the Borrower save only that, for the purposes of carrying out Program V, goods may be used outside the territories of the Borrower so long as the same are used for civil air transport services conducted under the Australian flag by Qantas Empire Airways Limited, or by Australian National Airways (Pty.) Limited, or by any other Australian airline previously approved for the purpose by the Bank.

*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 or the Commonwealth Trading Bank of Australia on any of their assets in the ordinary course of their banking businesses 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 or fees imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.04.* The Loan Agreement and the Bonds shall be free from any taxes, stamp duties or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes, stamp duties and fees, if any, imposed on or in connection with the execution, issue, delivery or registration thereof, under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.05.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

## 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 September 30, 1955.

*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 June 30, 1954.

*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* F. J. BLAKENEY

Authorized Representative

International Bank for Reconstruction and Development :

*By* R. L. GARNER

Vice-President

### SCHEDULE 1

#### AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>
September 1, 1956.	—	\$54,000,000	March 1, 1963 . .	2,129,000	29,862,000
March 1, 1957 . .	\$1,607,000	52,393,000	September 1, 1963.	2,180,000	27,682,000
September 1, 1957.	1,645,000	50,748,000	March 1, 1964 . .	2,232,000	25,450,000
March 1, 1958 . .	1,684,000	49,064,000	September 1, 1964.	2,285,000	23,165,000
September 1, 1958.	1,724,000	47,340,000	March 1, 1965 . .	2,339,000	20,826,000
March 1, 1959 . .	1,765,000	45,575,000	September 1, 1965.	2,394,000	18,432,000
September 1, 1959.	1,807,000	43,768,000	March 1, 1966 . .	2,451,000	15,981,000
March 1, 1960 . .	1,849,000	41,919,000	September 1, 1966.	2,510,000	13,471,000
September 1, 1960.	1,894,000	40,025,000	March 1, 1967 . .	2,569,000	10,902,000
March 1, 1961 . .	1,938,000	38,087,000	September 1, 1967.	2,630,000	8,272,000
September 1, 1961.	1,984,000	36,103,000	March 1, 1968 . .	2,693,000	5,579,000
March 1, 1962 . .	2,032,000	34,071,000	September 1, 1968.	2,757,000	2,822,000
September 1, 1962.	2,080,000	31,991,000	March 1, 1969 . .	2,822,000	—

#### PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity . . . . .	1/2 %
More than 5 years but not more than 10 years before maturity . . . . .	1 %
More than 10 years before maturity . . . . .	2 %

### SCHEDULE 2

#### DESCRIPTION OF THE PROGRAMS

The Programs, which form part of the plans for the development, expansion and improvement of productive facilities being undertaken in the territories of the Borrower, will be 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 :

#### I. AGRICULTURE AND FORESTRY PROGRAM

This Program comprises the development throughout Australia of agriculture by increased mechanization and more intensified development of existing farms; land devel-

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.



opment and closer settlement; irrigation and water conservation works; and afforestation and timber getting.

The Program, which will for the most part be carried out privately, also includes the following (among other) public projects :

Irrigation in the Burdekin River district of Queensland, in the Riverina district of New South Wales, and the Goulburn Valley in Victoria;

The establishment of additional farms in the Wandoan-Taroom and Peak Downs regions in Queensland, the Murray River valley in Victoria;

Land settlement on Kangaroo Island and Coonalpyn Downs (under the Australian Mutual Provident Society scheme) in South Australia and on King Island, Tasmania, and the South West Development Program in Western Australia, and

New forestry programs in each of the States.

Imported equipment to be financed out of the proceeds of the Loan includes tractors, earth-moving equipment, irrigation equipment, plows and cultivation implements, mechanical harvesters, mechanical equipment for handling fodder and forage, trucks and logging equipment.

## II. ELECTRIC POWER PROGRAM

This Program comprises the development, expansion and improvement of the electricity generating, transmission and distribution facilities of the principal State, municipal and private suppliers of electricity in the territories of the Borrower. In 1954 and 1955 the Program is expected to involve investment amounting to approximately £A 170 million.

The imported equipment to be financed out of the proceeds of the Loan includes plant, materials and equipment for power plants, sub-stations, transmission and distribution systems, and tractors and earth-moving equipment.

## III. ROAD TRANSPORT PROGRAM

This Program comprises renewals of, and additions to, fleets of trucks owned by public authorities and private enterprises; the restoration and maintenance of existing roads and bridges, reconstruction of existing roads, road deviations, realignment and widening, and the construction of new roads and bridges.

The imported equipment to be financed out of the proceeds of the Loan includes complete trucks and components required for the manufacture of trucks in Australia, and heavy road construction equipment.

## IV. RAILWAY PROGRAM

This Program comprises railway development and expansion, including the improvement of existing lines, the construction of new lines, the electrification of certain lines,

the construction and equipment of workshops, stations and marshalling yards and extensions thereto, the construction and acquisition of motive power and rolling stock.

In 1954 and 1955 the Program is expected to involve investment of about £A 110 million.

Imported equipment to be financed out of the proceeds of the Loan includes diesel electric locomotives and other rolling stock and components therefor, machine tools for railway workshops, machines for maintaining permanent way and other like equipment and equipment for constructing new lines.

## V. AIR TRANSPORT PROGRAM

This Program consists of the modernization and expansion of the fleets of aircraft owned and operated by Qantas Empire Airways Limited, and Australian National Airways (Pty.) Limited, by providing to those companies aircraft for use in the ordinary course of their respective businesses.

Imported equipment to be financed out of the proceeds of the Loan includes 8 long range aircraft for overseas services, 4 long range aircraft for trans-continental services, and initial spares for these aircraft.

## VI. INDUSTRIAL DEVELOPMENT PROGRAM

This Program is designed to increase productive capacity and improve efficiency in the following sectors of industry :

### *Iron and Steel*

The production of iron ore, pig iron, steel ingots, semi-finished and finished iron and steel products and ancillary activities.

### *Food Processing*

The processing, packaging and handling of food products.

### *Chemicals*

The production and manufacture of chemical materials and products, including fertilizers and petrochemicals.

### *Textiles*

The processing and finishing of textile yarns and fabrics.

### *Mining and Reduction of Minerals*

The location of mineral deposits, the development of mines and the extraction, transport, separation and reduction of minerals.

### *Engineering*

The increasing of the capacity and efficiency of plants manufacturing durable producer goods (including, for this purpose, motor vehicles).

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 165, p. 252*]