

No. 2998

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

**Loan Agreement (with annexed Loan Regulations No. 3).
Signed at Washington, on 18 March 1955**

Official text: English.

*Registered by the International Bank for Reconstruction and Development
on 9 November 1955.*

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

**Contrat d'emprunt (avec, en annexe, le Règlement No 3 sur
les emprunts). Signé à Washington, le 18 mars 1955**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 9 novembre 1955.*

No. 2998. LOAN AGREEMENT¹ BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 18 MARCH 1955

AGREEMENT, dated March 18, 1955, between the COMMONWEALTH OF AUSTRALIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated October 15, 1952,² 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. 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 in this Agreement set forth or referred to, an amount in various currencies equivalent to fifty-four million five hundred thousand dollars (\$54,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.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at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.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

¹ Came into force on 4 June 1955, upon notification by the Bank to the Government of Australia.

² See p. 150 of this volume.

³ See p. 148 of this volume.

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 five-eighths per cent ($4\frac{5}{8}\%$) 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 from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 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 2² 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 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.

¹ See p. 142 of this volume.

² See p. 142 of this volume.

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 any person residing in or ordinarily a 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 of 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, 1956.

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, 1955.

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 thereto 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 Robert MENZIES

Authorized Representative

International Bank for Reconstruction and Development

By Eugene R. BLACK

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 15, 1957. | — | \$54,500,000 | March 15, 1965 . . . | \$2,150,000 | \$30,035,000 |
| March 15, 1958 . . . | \$1,636,000 | 52,864,000 | September 15, 1964. | 2,200,000 | 27,835,000 |
| September 15, 1958. | 1,673,000 | 51,191,000 | March 15, 1965 . . . | 2,251,000 | 25,584,000 |
| March 15, 1959 . . . | 1,712,000 | 49,479,000 | September 15, 1965. | 2,303,000 | 23,281,000 |
| September 15, 1959. | 1,752,000 | 47,727,000 | March 15, 1966 . . . | 2,357,000 | 20,924,000 |
| March 15, 1960 . . . | 1,792,000 | 45,935,000 | September 15, 1966. | 2,411,000 | 18,513,000 |
| September 15, 1960. | 1,835,000 | 44,100,000 | March 15, 1967 . . . | 2,467,000 | 16,046,000 |
| March 15, 1961 . . . | 1,874,000 | 42,226,000 | September 15, 1967. | 2,524,000 | 13,522,000 |
| September 15, 1961. | 1,917,000 | 40,309,000 | March 15, 1968 . . . | 2,582,000 | 10,940,000 |
| March 15, 1962 . . . | 1,962,000 | 38,347,000 | September 15, 1968. | 2,642,000 | 8,298,000 |
| September 15, 1962. | 2,007,000 | 36,340,000 | March 15, 1969 . . . | 2,703,000 | 5,595,000 |
| March 15, 1963 . . . | 2,054,000 | 34,286,000 | September 15, 1969. | 2,766,000 | 2,829,000 |
| September 15, 1963. | 2,101,000 | 32,185,000 | March 15, 1970 . . . | 2,829,000 | — |

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 | ½% |
| 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:

* 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.

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

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

Expansion of irrigation particularly in the Riverina district of New South Wales, the Goulburn Valley in Victoria and the Mareeba Dimbulah and Burdekin River districts of Queensland.

The establishment of additional farms in central and southern Queensland and in other areas.

Land development and settlement on Kangaroo Island and Coonalpyn Downs (under the Australian Mutual Provident Society scheme) in South Australia, in the Montague Swamps and on King and Flinders Islands of Tasmania and in the southwest of Western Australia.

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 and seeding implements, mechanical harvesters, mechanical equipment for handling fodder and forage, trucks and logging equipment, and spare parts and components therefor.

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 each of the years ending June 30, 1955 and 1956 the Program is expected to involve investment amounting to about £A 80 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, and the construction and acquisition of motive power and rolling stock.

In the years ending June 30, 1955 and 1956 the Program is expected to involve investment of about £A 89-90 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 or 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, by providing to this company aircraft or use in the ordinary course of its business.

Imported equipment to be financed out the proceeds of the Loan includes five long range aircraft 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.

Mining and Reduction of Minerals

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

General Engineering

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

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 3

For the purposes of this Agreement, Loan Regulations No. 3 of the Bank, dated October 15, 1952, shall be deemed to be modified as follows:

(a) By the deletion of sub-paragraph (c) of Section 2.05 and the substitution therefor of the following sub-paragraph, namely:

“(c) It is the policy of the Bank to encourage the repayment of its loans prior to maturity. Accordingly the Bank will sympathetically consider, in the light of all circumstances then existing, any request of the Borrower to waive the payment of any premium payable under paragraph (b) of this Section or under Section 6.16 on repayment of any portions of the Loan or Bonds which the Bank has not sold or agreed to sell.”

(b) By the deletion of Section 6.17 and the substitution therefor of the following Section, namely:

“SECTION 6.17. *Rights of Holders of Bonds.* No holder (other than the Bank) of any Bond shall, by virtue of being the holder thereof, be entitled to exercise any rights under the Loan Agreement or be subject to any of the conditions or obligations imposed upon the Bank thereby. The provisions of this Section shall not impair or affect any rights or obligations under the terms of any Bond.”

(c) By the deletion of the last two sentences of Section 7.03(i) and the substitution therefor of the following sentences, namely:

“Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.”

(d) By the deletion of Section 9.01 and the substitution therefor of the following new Section, namely:

“SECTION 9.01. *Conditions Precedent to Effectiveness of the Loan Agreement.* The Loan Agreement shall not become effective until:

(a) the Borrower has notified the Bank that (i) the execution and delivery of the Loan Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action, and (ii) all other events specified in the Loan Agreement as conditions to its effectiveness have occurred; and

(b) the Borrower has furnished to the Bank evidence thereof satisfactory to the Bank.”

(e) By the deletion of paragraph 11 of Section 10.01 and the substitution therefor of the following new paragraph, namely:

“The term ‘Project’ means the Programs for which the Loan is granted, as described in Schedule 2 of the Loan Agreement, or any of them as the context may require, and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower.”

(f) By the deletion of the last sentence of the second paragraph of Schedule 1 and of Schedule 2 and the substitution therefor, in each such Schedule, of the following sentence, namely:

“No reference herein to the Loan Agreement shall confer upon the holder hereof any rights thereunder or impair the obligation of the Borrower, which is absolute and unconditional, to pay the principal and interest on this Bond at the times and place and in the amounts and in the currency herein prescribed.”

(g) By the deletion of the eighth paragraph of Schedule 1 and the seventh paragraph of Schedule 2 and the substitution therefor, in each such Schedule, of the following paragraph, namely:

“The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of [the Borrower] or laws in effect in its States and Territories; *provided, however, that the provisions of this paragraph shall not apply to the taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by any person residing in, or ordinarily a resident of, [the Borrower].*”

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.]