

No. 4200

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

**Loan Agreement (with annexed Loan Regulations No. 3).
Signed at Washington, on 3 December 1956**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on 14 March
1958.*

**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 3 décembre
1956**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 14 mars 1958.*

No. 4200. LOAN AGREEMENT¹ BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 3 DECEMBER 1956

AGREEMENT, dated December 3, 1956, between the COMMONWEALTH OF AUSTRALIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITION

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated June 15, 1956², subject, however, to the modifications thereof set forth in Schedule 3² 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.

Section 1.02. 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 million dollars (\$50,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

¹ Came into force on 26 April 1957, upon notification by the Bank to the Government of Australia.

² See p. 114 of this volume.

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the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.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 any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on January 15 and July 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 financing the cost of goods required to carry out the Programs described in Schedule 2¹ to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of 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.

¹ See p. 110 of this volume.

Article V

PARTICULAR COVENANTS

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

(b) The Borrower shall cause to be maintained records adequate to show the use of the goods financed out of the proceeds of the Loan and the progress of the Programs (including the cost thereof) ; shall enable the Bank's representatives to inspect the progress of 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.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will 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.

(b) 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. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) 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 5.03. 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 5.04. 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 5.05. 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 5.06. 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. (i) 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 (ii) 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, 1958.

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

Alternative address for cablegrams and radiograms :
Comtreasury, Canberra

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :
Intbafrad, Washington, D. C.

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. A date 180 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

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 Loan 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

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>
January 15, 1959	—	\$ 50,000,000	January 15, 1966	\$ 1,915,000	\$ 26,869,000
July 15, 1959 . . .	\$ 1,412,000	48,588,000	July 15, 1966 . . .	1,961,000	24,908,000
January 15, 1960	1,446,000	47,142,000	January 15, 1967	2,008,000	22,900,000
July 15, 1960 . . .	1,480,000	45,662,000	July 15, 1967 . . .	2,056,000	20,844,000
January 15, 1961	1,515,000	44,147,000	January 15, 1968	2,105,000	18,739,000
July 15, 1961 . . .	1,551,000	42,596,000	July 15, 1968 . . .	2,155,000	16,584,000
January 15, 1962	1,588,000	41,008,000	January 15, 1969	2,206,000	14,378,000
July 15, 1962 . . .	1,626,000	39,382,000	July 15, 1969 . . .	2,258,000	12,120,000
January 15, 1963	1,664,000	37,718,000	January 15, 1970	2,312,000	9,808,000
July 15, 1963 . . .	1,704,000	36,014,000	July 15, 1970 . . .	2,367,000	7,441,000
January 15, 1964	1,744,000	34,270,000	January 15, 1971	2,422,000	5,019,000
July 15, 1964 . . .	1,786,000	32,484,000	July 15, 1971 . . .	2,480,000	2,539,000
January 15, 1965	1,828,000	30,656,000	January 15, 1972	2,539,000	—
July 15, 1965 . . .	1,872,000	28,784,000			

* 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.

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 3 years before maturity	1/4 %
More than 3 years but not more than 6 years before maturity	1 %
More than 6 years but not more than 11 years before maturity	2 1/4 %
More than 11 years but not more than 13 years before maturity	3 1/2 %
More than 13 years before maturity	4 3/4 %

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

Imported equipment to be financed out of the proceeds of the Loan includes tractors and spare parts, components for manufacture of tractors, agricultural machinery and implements and spare parts therefor, components for manufacture of agricultural machinery in Australia, forestry equipment and spare parts, helicopters and light aircraft and spare parts therefor.

II. *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 tractors and spare parts, trucks and components therefor, road trains and transporters, earth-moving equipment and spare parts therefor, equipment for construction and maintenance of roads.

III. *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, station and marshalling yards and extensions thereto, and the construction and acquisition of motive power and rolling stock.

Imported equipment to be financed out of the proceeds of the Loan includes components for diesel electric locomotives, components for rail car assembly, control equipment and equipment for track maintenance.

IV. *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, spare parts and essential accessories therefor, and tires).

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 3

For the purposes of this Agreement, Loan Regulations No. 3 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

(a) 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.”

(b) 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 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 280, No. 4065.]