

No. 4201

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

Loan Agreement—*Qantas Project* (with annexed Loan Regulations No. 3). Signed at New York, on 15 November 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 — *Projet relatif à la Compagnie Qantas*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à New-York, le 15 novembre 1956**

Texte officiel anglais.

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

No. 4201. LOAN AGREEMENT¹ (*QANTAS PROJECT*) BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT NEW YORK, ON 15 NOVEMBER 1956

AGREEMENT, dated November 15, 1956, between THE COMMONWEALTH OF AUSTRALIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) Qantas Empire Airways Limited (hereinafter called Qantas, which expression shall include any successor airline approved by the Bank) is a company incorporated under the laws of the State of Queensland in the Commonwealth of Australia, having its entire issued share capital beneficially owned by the Borrower and is engaged in a program for the modernization and expansion of the fleet of aircraft, installations and equipment owned and operated by it, which program is estimated to involve expenditures amounting to the equivalent of approximately \$65,000,000 of which the equivalent of approximately \$51,000,000 will be for imports ;

(B) The Borrower intends to make available or to cause to be made available to Qantas for the purposes of such program funds amounting to the equivalent of approximately \$35,000,000 and intends to raise a part of such funds by selling its notes in the aggregate principal amount of \$17,770,000 in the United States of America ;

(C) The Bank has agreed to supply an additional amount of the funds required by the Borrower for the purposes of such program by making the loan provided for herein.

Now, THEREFORE, it is hereby agreed as follows :

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

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, 1956,¹ 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 nine million two hundred and thirty thousand dollars (\$9,230,000).

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.

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 December 1 and June 1 in each year.

¹ See p. 132 of this volume.

² See p. 130 of this volume.

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 Project 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 for the purposes of civil air transport services conducted under the Australian flag in the ordinary course of the business of Qantas.

Article IV

NOTES

Section 4.01. The Borrower shall execute and deliver Notes 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 cause the Project to be carried out with due diligence and efficiency and in conformity with sound technical and financial practices.

(b) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan; shall enable the Banks' representatives to inspect 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 expenditure of the proceeds of the Loan, the Project and the goods, and the financial condition and operations of Qantas.

¹ See p. 130 of this volume.

Section 5.02. The Borrower shall cause to be provided to Qantas the funds arising from the Loan and from the sale of the notes referred to in Recital (B) of this Agreement and any further funds that Qantas may require for carrying out the Project. All such funds shall be provided upon terms consistent with the then existing and prospective financial capabilities of Qantas and the Borrower shall cause Qantas to apply to expenditures on the Project all the funds received by it under the provisions of this Section.

Section 5.03. (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 5.04. 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 Notes, 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 5.05. The principal of, and interest and other charges on, the Loan and the Notes 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 Note to a holder thereof other than the Bank when such Note is beneficially owned by any person residing in or ordinarily a resident of the Borrower.

Section 5.06. The Loan Agreement and the Notes 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 Notes are payable or laws in effect in the territories of such country or countries.

Section 5.07. The principal of, and interest and other charges on, the Loan and the Notes shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Article VI

EFFECTIVE DATE ; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations, namely : that the Borrower shall have duly delivered and received payment for, or have made arrangements satisfactory to the Bank for the due delivery of and payment for, the \$ 17,770,000 aggregate principal amount of notes referred to in Recital (B) of this Agreement.

Section 6.02. A date 180 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 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. 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 City of New York, State of New York, United States of America, as of the day and year first above written.

Commonwealth of Australia :

By R. G. CASEY
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>
December 1, 1963	—	\$9,230,000	December 1, 1965	\$2,000,000	\$3,000,000
June 1, 1964 . .	\$230,000	9,000,000	June 1, 1966 . .	2,000,000	1,000,000
December 1, 1964	2,000,000	7,000,000	December 1, 1966	1,000,000	—
June 1, 1965 . .	2,000,000	5,000,000			

* 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.

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of a program for the modernization and expansion of the fleet of aircraft and other equipment owned and operated by Qantas, which program will involve expenditures, during the period from July 1, 1956 to December 31, 1959, estimated to amount to the equivalent of approximately \$ 65 million. Qantas will acquire aircraft, spare parts and other flight equipment, and will improve hangars and repair shops and other ground facilities for use in the ordinary course of its business. Imported items to be financed out of the proceeds of the Loan include seven four-engine Boeing long-range jet aircraft, four four-engine long-range propeller-driven aircraft and normal ancillary equipment and spare parts for these aircraft.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 3

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

- (a) Wherever used in the Loan Regulations the term "Notes" shall be substituted for the term "Bonds" and the term "Note" shall be substituted for the term "Bond".
- (b) Subsections (b) and (c) of Section 2.05 shall be deleted.
- (c) The last sentence of Section 3.02 shall be deleted.
- (d) Section 6.16 shall be deleted.
- (e) Section 6.18 shall be deleted.
- (f) The sixth and seventh paragraphs of Schedule 1 and the fifth and sixth paragraphs of Schedule 2 shall be deleted.

(g) The eighth paragraph of Schedule 1 and the seventh paragraph of Schedule 2 shall be deleted and there shall be substituted therefor, in each such Schedule, the following paragraph, namely :

“The principal of the Notes and the interest accruing thereon 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 Note to a holder thereof other than the Bank when such Note 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.*]