

No. 6201

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

**Loan Agreement — *Snowy Mountains Project* (with annexed
Loan Regulations No. 3). Signed at New York, on
23 January 1962**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on 13 June
1962.*

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

**Contrat d'emprunt — *Projet relatif aux Snowy Mountains*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à New York, le 23 janvier 1962**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 13 juin 1962*

No. 6201. LOAN AGREEMENT¹ (*SNOWY MOUNTAINS PROJECT*) BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT NEW YORK, ON 23 JANUARY 1962

Agreement, dated January 23, 1962, 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 DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² 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. (a) Except where the context otherwise requires, the following terms have the following meanings wherever used in the Loan Agreement :

The term "the Act" means the Snowy Mountains Hydroelectric Power Act 1949-1958 of the Borrower as from time to time in effect.

The term "the Authority" means the Snowy Mountains Hydro-electric Authority, constituted as a corporation sole by the act and includes any corporation succeeding that corporation.

The term "Snowy Mountains Agreement" means the agreement providing (inter alia) for the construction, maintenance and operation of certain works by the Authority in the Snowy Mountains Area (as defined in accordance with the Act), made the 18th of September 1957 between the Borrower of the first part, The State of New South Wales of the second part and The State of Victoria of the third part,

¹ Came into force on 31 May 1962, upon notification by the Bank to the Government of Australia.

² See p. 24 of this volume.

together with the agreement supplemental thereto between the same parties made the 14th of December 1957, as the same shall from time to time be in effect.

The term "Council" means the Snowy Mountains Council constituted by Clause 17 of the Snowy Mountains Agreement.

The term "Project" means the project for which the Loan is granted, as described in Schedule 2¹ to this Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower.

The term "Murray Development" means the scheme being carried out by the Authority, planned for completion in 1970, comprising the Project, the construction of the Murray No. 2 Power Plant with a capacity of 440 MW and such additional works (including the Jindabyne pump and storage works) as are necessary for the full and effective operation of that plant in conjunction with the operation of the Project.

(b) Wherever reference is made in this Agreement or in the Loan Regulations 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 one hundred million dollars (\$100,000,000).

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, this Agreement and the Loan Regulations.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account in dollars and such other currencies (other than the currency of the Borrower) as shall from time to time be agreed between the Borrower and the Bank, amounts equivalent to 50 % (or such other percentage as shall from time to time be agreed between the Borrower and the Bank) of such amounts as shall have been expended after June 30, 1961 on the Project; provided that total withdrawals shall not exceed at any time the equivalent of amounts spent on the Project after June 30, 1961 in the territories of countries which are members of the Bank and Switzerland for goods produced in (including services supplied from) such territories.

¹ See p. 20 of this volume.

Section 2.04. 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 2.05. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and 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 in accordance with the provisions of the Loan Agreement exclusively to expenditures on the Project after June 30, 1961.

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 make the proceeds of the Loan or their equivalent available to the Authority upon terms satisfactory to the Bank.

(b) The Borrower shall cause the Project and the rest of the Murray Development to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

¹ See p. 18 of this volume.

(c) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(d) The Borrower shall maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan, to record the progress of the Project and of the rest of the Murray Development (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Authority and all transactions between the Authority and the Borrower or relating to the Murray Development or to the supply of, or charges for, electricity; shall enable the Bank's representatives to inspect the Project and the rest of the Murray Development, any relevant records and documents and the properties and operations of the Authority; 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, the Murray Development as a whole, the operations and financial condition of the Authority and any transaction between the Authority and the Borrower or relating to the Murray Development or to the supply of, or charges for, electricity.

Section 5.02. (a) The Borrower and the Bank shall co-operate 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 promptly inform the Bank if any action is proposed which would materially amend, waive, abrogate or terminate any provision of the Act or of the Snowy Mountains Agreement affecting the construction or operation of the Murray Development or having to do with the constitution or functions of the Council or of the Authority or with the supply of electricity by the Authority or the charges therefor, and shall afford to the Bank a reasonable opportunity to exchange views with the Borrower with respect thereto before such action is taken.

(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 5.03. 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 Reserve 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, any of the territories 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.

Section 5.07. The Borrower shall exercise every right, power and recourse available to it, including those available under the Snowy Mountains Agreement, to cause the Project and the rest of the Murray Development, and all other properties of the Authority, to be operated and adequately maintained and repaired, all in accordance with sound engineering, business, financial and electric utility practices.

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 or in paragraph (a), (b) or (c) of Section 6.02 of this Agreement 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.

Section 6.02. The following are specified as additional events for the purposes of Section 5.02 (h) of the Loan Regulations :

- (a) The Borrower shall have taken or permitted any action or proceeding whereby the undertaking of the Authority, or any substantial part thereof, shall or may be assigned or in any manner transferred or delivered to any other person, or whereby any property of the Authority shall or may be distributed amongst the creditors of the Authority.
- (b) The Borrower or any governmental authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Authority or for the suspension of its operations.
- (c) Any proposed action referred to in Section 5.02 (c) of this Agreement shall have been taken without the concurrence of the Bank and shall threaten to affect materially and adversely (i) the carrying out of the Murray Development or of any of the provisions of the Loan Agreement (ii) the operations of the Council or of the Authority or (iii) the financial condition of the Authority.

- (d) There shall have been a failure to perform any obligation due under the Snowy Mountains Agreement and such failure to perform shall not have been consented to by the Bank nor have been remedied within a period of 60 days from the date upon which such performance was due and shall threaten materially to impair the carrying out of the Project or the ability of the Borrower to perform any of its other obligations under the Loan Agreement.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be September 1, 1966 or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.02. A date 120 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. 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 7.04. 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 7.05. 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 City of New York, State of New York, United States of America, as of the day and year first above written.

The Commonwealth of Australia :

By Howard BEALE
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
September 15, 1966 . . .	\$1,255,000	March 15, 1977	\$2,280,000
March 15, 1967	1,290,000	September 15, 1977 . . .	2,345,000
September 15, 1967 . . .	1,330,000	March 15, 1978	2,410,000
March 15, 1968	1,370,000	September 15, 1978 . . .	2,480,000
September 15, 1968 . . .	1,405,000	March 15, 1979	2,550,000
March 15, 1969	1,445,000	September 15, 1979 . . .	2,625,000
September 15, 1969 . . .	1,490,000	March 15, 1980	2,700,000
March 15, 1970	1,530,000	September 15, 1980 . . .	2,780,000
September 15, 1970 . . .	1,575,000	March 15, 1981	2,860,000
March 15, 1971	1,620,000	September 15, 1981 . . .	2,940,000
September 15, 1971 . . .	1,670,000	March 15, 1982	3,025,000
March 15, 1972	1,715,000	September 15, 1982 . . .	3,110,000
September 15, 1972 . . .	1,765,000	March 15, 1983	3,200,000
March 15, 1973	1,815,000	September 15, 1983 . . .	3,295,000
September 15, 1973 . . .	1,870,000	March 15, 1984	3,390,000
March 15, 1974	1,920,000	September 15, 1984 . . .	3,485,000
September 15, 1974 . . .	1,975,000	March 15, 1985	3,585,000
March 15, 1975	2,035,000	September 15, 1985 . . .	3,690,000
September 15, 1975 . . .	2,090,000	March 15, 1986	3,795,000
March 15, 1976	2,155,000	September 15, 1986 . . .	3,905,000
September 15, 1976 . . .	2,215,000	March 15, 1987	4,015,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column 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	1/2 %
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	1 3/4 %
More than 11 years but not more than 16 years before maturity	2 1/2 %
More than 16 years but not more than 21 years before maturity	3 1/2 %
More than 21 years but not more than 23 years before maturity	4 3/4 %
More than 23 years before maturity	5 3/4 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is part of the Murray Development being carried out by the Authority in the Snowy Mountains Area of the Borrower to divert waters in the Area for hydro-electric power generation and irrigation purposes. The Project consists of works to divert the waters of the Snowy River by a tunnel through the Great Dividing Range to the Murray River catchment, and for the utilization of the diverted waters for the generation of electricity. It includes the following major works :

(A) *Island Bend Dam*

A concrete gravity dam about 150 feet high and with a crest length of about 470 feet will be constructed on the Snowy River at Island Bend. The dam will create a storage of about 2500 acre feet. It will have a 270 ft. deep outlet shaft and control structures to regulate the flow either via the Snowy-Geehi tunnel to the Murray No. 1 Power Plant or through the Eucumbene-Snowy tunnel to Lake Eucumbene for storage.

(B) *Eucumbene-Snowy Tunnel*

A tunnel about 15 miles long and with a cross sectional area of about 350 square feet will be constructed to connect the outlet shaft at Island Bend Dam with the existing outlet works at Lake Eucumbene. The tunnel will be designed to permit flow in either direction so that water in excess of immediate requirements for power production can be stored in Lake Eucumbene until required.

(C) *Snowy-Geehi Tunnel*

A tunnel about 9 miles long and with a cross sectional area of about 350 square feet will be constructed to carry water westwards from the Island Bend works to a reservoir to be created by the Geehi Dam.

(D) *Geehi Dam*

A rock fill dam about 300 feet high and with a crest length of about 970 feet will be constructed on the Geehi River to create a reservoir with a capacity of about 17,300 acre feet. The reservoir will collect waters flowing from the Upper Geehi River and from aqueducts in the Bogong Creek and Geehi River areas, and will balance the inflow from the Eucumbene-Snowy-Geehi diversion system with the intermittent water requirements of the Murray No. 1 Power Plant.

(E) *Murray No. 1 Pressure Tunnel and Pressure Pipelines*

This tunnel will be about 7.5 miles long and will have a cross sectional area of about 420 square feet. It will convey water from the Geehi reservoir to twin steel pressure pipelines which will in turn convey the water to the Murray No. 1 Power Plant. The pipelines will each be about one mile in length and will vary in diameter from about 14 feet at the junction with the tunnel to about 12 feet at the power plant.

(F) *Murray No. 1 Power Plant*

This plant will be constructed on the right bank of Khancoban Back Creek, near Khancoban. The generating plant will consist of eight Francis type turbines each directly coupled to a 95 MW alternator. A tail-race channel will convey the water from the turbines to Khancoban Back Creek. The output of the turbo-alternators will be stepped up from 15 kv to 330 kv and delivered by overhead transmission lines to a sub-station which will be constructed near the plant.

(G) *Khancoban Dam*

This earth and rock fill dam will be about 60 feet high and will have a crest length of about 3500 feet. It will be constructed on the Swampy Plains River just downstream of Khancoban Creek, to create a reservoir with a capacity of about 20,000 acre feet. The reservoir will be used to regulate the fluctuating releases from the Murray No. 1 Power Plant, so as to provide a practically uniform outflow into the Swampy Plains River.

The estimated total cost of the Project is about 99 million Australian pounds. It is scheduled for completion in 1967.

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 February 15, 1961, shall be deemed to be modified as follows :

- (a) By the deletion of Sections 3.02, 4.01 and 4.02.
- (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] or any of its Territories.”

- (c) By the deletion of paragraph 10 of Section 10.01.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268]