

No. 12278

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

**Guarantee Agreement—*Second Telecommunications Project*  
(with General Conditions Applicable to Loan and  
Guarantee Agreements). Signed at Washington on 21  
July 1972**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development  
on 22 January 1973.*

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

**Contrat de garantie — *Deuxième projet relatif aux télé-  
communications* (avec Conditions générales applicables  
aux contrats d'emprunt et de garantie). Signé à  
Washington le 21 juillet 1972**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développe-  
ment le 22 janvier 1973.*

## GUARANTEE AGREEMENT<sup>1</sup>

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AGREEMENT, dated July 21, 1972, between the COMMONWEALTH OF AUSTRALIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith<sup>2</sup> between the Bank and The Administration of Papua New Guinea (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to ten million dollars (\$ 10,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

### *Article I. GENERAL CONDITIONS; DEFINITIONS*

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

### *Article II. GUARANTEE; BONDS; PROVISION OF FUNDS*

*Section 2.01.* Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan and the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement and in the Bonds.

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<sup>1</sup> Came into force on 28 December 1972, upon notification by the Bank to the Government of Australia.

<sup>2</sup> The said Agreement entered into force on 28 December 1972. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank as document LN 852 PNG, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Guarantee Agreement.

<sup>3</sup> See p. 175 of this volume.

*Section 2.02.* The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Treasurer of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

*Section 2.03.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

### *Article III. OTHER COVENANTS*

*Section 3.01. (a)* It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on public assets.

*(b)* To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any public assets as security for any external debt, except as otherwise disclosed in writing by the Guarantor to the Bank, and (ii) undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or any agency of the Guarantor 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 Guarantor will make the foregoing undertaking effective with respect to liens on assets of the States and Territories of the Guarantor and their agencies (including local governing authorities). The Guarantor shall promptly inform the Bank of the creation of any such lien.

*(c)* The foregoing representation and undertaking 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; or (ii) 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 business to secure any indebtedness maturing not more than one year after its date.

*Section 3.02.* The Guarantor covenants that it will not take any action which would prevent or interfere with the performance by the Borrower of its obligations contained in the Loan Agreement.

*Section 3.03.* The Guarantor and the Bank agree that only such changes may be made in the Project as shall be mutually acceptable.

### *Article IV. CONSULTATION AND INFORMATION*

*Section 4.01.* The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party: (i) exchange views through their representatives with regard to the performance of

their respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

*Section 4.02.* (a) The Guarantor 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.

(b) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

#### *Article V. TAXES AND RESTRICTIONS*

*Section 5.01.* 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 imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of 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 Guarantor or of its territories.

*Section 5.02.* The Guarantee Agreement, any instrument made pursuant to Section 3.01 of this Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 5.03.* The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

#### *Article VI. REPRESENTATIVE OF THE GUARANTOR; ADDRESSES*

*Section 6.01.* The Treasurer of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

*Section 6.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Guarantor :

The Treasurer  
The Commonwealth of Australia  
Canberra, A.C.T. 2600  
Australia

Cable address :  
Comtreasury  
Canberra

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :

Intbafrad  
Washington, D.C.

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Commonwealth of Australia :

By JAMES PLIMSOLL  
Authorized Representative

International Bank for Reconstruction and Development :

By J. BURKE KNAPP  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
GENERAL CONDITIONS, DATED 31 JANUARY 1969  
GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS  
[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

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