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 nº 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 AGREEMENT[1] (*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 3[2] 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 2[1] 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 (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 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 1[1] 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.