

## FINANCIAL AGREEMENT (AMENDMENT).

8° and 9° GEO. VI., No. XVIII.

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No. 18 of 1944.

AN ACT to approve and ratify an agreement made between the Commonwealth of Australia of the first part and the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania of the second, third, fourth, fifth, sixth and seventh parts respectively relating to the amendment of the Financial Agreement heretofore made between the said parties and still subsisting.

[Assented to 21st December, 1944.]

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of Western Australia, in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the *Financial Agreement (Amendment) Act, 1944*. Short title.

2. The Agreement, a copy of which is set forth in the Schedule to this Act, is hereby approved and ratified. Approval and ratification of Agreement.

3. This Act shall be read with the following Acts, namely:— This Act to be read with other Acts.

- (a) the Financial Agreement Act, 1928 (No. 1 of 1928);

- (b) the Debt Conversion Agreement Act, 1931 (No. 6 of 1931);
- (c) the Debt Conversion Agreement Act (No. 2), 1931 (No. 46 of 1931); and
- (d) the Soldier Land Settlement Act 1934 (No. 8 of 1934).

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#### THE SCHEDULE.

AGREEMENT made the fifteenth day of November, One thousand nine hundred and forty-four BETWEEN THE COMMONWEALTH OF AUSTRALIA (in this Agreement called "the Commonwealth") of the first part, THE STATE OF NEW SOUTH WALES of the second part, THE STATE OF VICTORIA of the third part, THE STATE OF QUEENSLAND of the fourth part, THE STATE OF SOUTH AUSTRALIA of the fifth part, THE STATE OF WESTERN AUSTRALIA of the sixth part, and THE STATE OF TASMANIA of the seventh part (each of the parties of the second, third, fourth, fifth, sixth and seventh parts being in this Agreement referred to as a "State" and the expression "the States" hereinafter used meaning where the context so permits or requires all of such parties):

WHEREAS an Agreement (hereinafter referred to as "the Financial Agreement") was made on the twelfth day of December One thousand nine hundred and twenty-seven between the parties hereto with respect to the public debts of the States:  
AND WHEREAS the Financial Agreement has been approved by the Parliaments of the Commonwealth and of the States:

AND WHEREAS the Financial Agreement has been varied by the following agreements made pursuant to section 105A of the Constitution of the Commonwealth between the parties hereto, namely, an Agreement made the twenty-first day of July One thousand nine hundred and thirty-one a copy of which Agreement is set forth in the Schedule to the *Debt Conversion Agreement Act 1931* of the Commonwealth, an Agreement made the twenty-second day of October One thousand nine hundred and thirty-one a copy of which Agreement is set forth in the Schedule to the *Debt Conversion Agreement Act (No. 2) 1931* of the Commonwealth, and an Agreement made the third day of July One thousand nine hundred and thirty-four a copy of which Agreement is set forth in the Schedule to the *Soldier Settlement Loans (Financial Agreement) Act 1935* of the Commonwealth (each of such Agreements being hereinafter referred to as an "Amending Agreement" and the expression "the Amending Agreements" hereinafter used meaning all of such Agreements):

AND WHEREAS the Amending Agreements have been severally approved by the Parliaments of the Commonwealth and of the States:

AND WHEREAS the Commonwealth and the States have agreed pursuant to section 105A of the Constitution of the Commonwealth that the Financial Agreement as varied by the Amending Agreements shall be further varied as hereinafter provided:

NOW IT IS HEREBY AGREED as follows:—

1. This Agreement shall come into force upon being authorised or approved by the Parliaments of the Commonwealth and of the States but not otherwise.

2. Clause 3 of Part I. of the Financial Agreement is varied—

(a) by inserting after subclause (b) the following subclause:—

“(ba) The member representing the Commonwealth shall be the Chairman of the Loan Council.”;

(b) by omitting from subclauses (g), (i), (j), (k) and (l) the phrases “for each financial year,” “for the year,” “for any year” and “for that year” (wherever occurring) and inserting in their stead the phrases “during each financial year,” “during the year,” “during any year” and “during that year” respectively;

(c) by omitting from subclause (h) the words “for the year” (second occurring) and inserting in their stead the words “during the year”;

(d) by inserting in paragraph (ii) of subclause (i) after the words “redemption of loans,” the words “or for the funding of revenue deficits or to meet revenue deficits, or any specified amount or class of expenditure which the Loan Council by unanimous decision declares shall not be included,” and

(e) by omitting from subclause (m) the words “other than the matters referred to in subclauses (h) and (j) of clause 3” and inserting in their stead the words “other than the matters in respect of which unanimous decision is required by subclauses (h), (i) and (j) of this clause.”

3. Clause 5 of Part I. of the Financial Agreement is varied—

(a) by omitting from the fifth paragraph the words “for the financial year” and inserting in their stead the words “during the financial year”; and

(b) by adding at the end of the seventh paragraph the words “This paragraph shall not apply to or in respect of any of the loans referred to in subclause (ja) of clause 3 of Part III. of this Agreement.”

4. Clause 6 of Part I. of the Financial Agreement is varied by omitting from the fifth paragraph the words “for the financial year” and inserting in their stead the words “during the financial year.”

5. Clause 3 of Part III. of the Financial Agreement is varied—

(a) by omitting from subclause (e) the word and letter “and (j)” and inserting in their stead the letters and word “(j) and (ja)”;

(b) by omitting from subclause (f) the word and letter “and (j)” and inserting in their stead the letters and word “(j) and (ja)”;

(c) by inserting in subclause (j) after the words "In respect of any loan" the words "(except any of the loans referred to in subclause (ja) of this clause)";

(d) by inserting after subclause (j) the following subclause:—

"(ja) (1) In respect of loans raised by a State or by the Commonwealth for and on behalf of a State on the security of Commonwealth Treasury Bills to meet a revenue deficit accruing after 30th June, 1927, and before 1st July, 1935 (such loans being referred to in this subclause as 'special deficit loans'), the Commonwealth and the State shall respectively in each year during the period commencing on 1st July next succeeding the date on which the loans are raised and ending on 30th June, 1944, pay from revenue a sinking fund contribution at the rate of 5s. for each £100 of the total amount of the face values of the Commonwealth Treasury Bills which have been issued in respect of special deficit loans of that State and which are current on 30th June next preceding the commencement of the year in which the sinking fund contribution is payable.

(2) (i) The amount set out hereunder opposite the name of a State shall be applied by the National Debt Commission to the repurchase or redemption of securities issued in respect of special deficit loans of that State:—

New South Wales	..	£1,970,000
Victoria	.. ..	260,000
Queensland	.. ..	125,000
South Australia	..	300,000
Western Australia	..	335,000
Tasmania	.. ..	10,000
		£3,000,000

(ii) The amount set out in subparagraph (i) of this paragraph opposite the name of a State represents the approximate aggregate as on 1st July, 1944, of the sinking fund contributions paid by the Commonwealth and that State under paragraph (1) of this subclause together with accumulations on those contributions at the rate of 4½ per centum per annum compounded.

- (iii) The provisions of subclause (q) of this clause, which require the State to make further sinking fund contributions at the rate of 4½ per centum per annum of the face value of a cancelled security, shall not apply to or in respect of any security repurchased or redeemed under this paragraph.
- (3) In each year during the period of 39 years commencing on 1st July, 1944, the Commonwealth and the State concerned shall each pay from revenue a sinking fund contribution which, in the case of the Commonwealth, shall be at the rate of 5s. for each £100 of the amount of the special deficit loans of that State, and, in the case of the State, shall be at the rate of 15s. for each £100 of that amount. In this paragraph and paragraphs (4) and (5) of this subclause the amount of the special deficit loans of a State shall be taken to be the amount set out hereunder opposite the name of that State, viz.:—

New South Wales	..	£26,120,000
Victoria	..	3,995,000
Queensland	..	2,148,000
South Australia	..	4,920,000
Western Australia	..	5,390,000
Tasmania	..	445,000
		£43,018,000

The sum which is to be taken as the amount of the special deficit loans of a State as set out in this paragraph opposite the name of that State represents the gross total of the special deficit loans of that State as on 1st July, 1944, less—

- (i) the amount which the National Debt Commission is required under paragraph (2) of this subclause to apply to the repurchase or redemption of securities issued in respect of special deficit loans of that State; and
- (ii) the amount which that State has undertaken to apply to the redemption or repurchase of such securities.

(4) All sinking fund contributions payable under paragraph (3) of this subclause in respect of the amount of special deficit loans of a State, and all further sinking fund contributions required to be made under subclause (q) of this clause upon the cancellation of a security issued in respect of that amount, shall be applied to the repurchase or redemption of securities issued in respect of that amount.

(5) When a loan is raised for the conversion, renewal or redemption of the whole or any portion of the amount of the special deficit loans of a State, the only sinking fund contributions to be made by the Commonwealth and the State in respect of the amount or portion so converted, renewed or redeemed shall be sinking fund contributions at the same rate and for the same period and upon the same amount as if such amount or portion had not been converted, renewed or redeemed.”; and

(e) by inserting after subclause (q) the following subclauses:—

“(r) (1) Subject to paragraph (2) of this subclause, a State may, from time to time, pay to the National Debt Commission a sum in addition to sinking fund contributions for the purpose of being applied to the repurchase or redemption of securities issued in respect of a public debt of the State or a loan raised by the Commonwealth for and on behalf of the State. The provisions of subclause (q) of this clause shall apply with respect to any security so repurchased or redeemed (including any security repurchased or redeemed in accordance with paragraph (2) of this subclause) provided that the State shall not be required to make any further sinking fund contribution under subclause (q) of this clause upon the cancellation of the security.

(2) If any such sum is tendered by the State to the National Debt Commission, and is accepted by the National Debt Commission, for the purpose mentioned in paragraph (1) of this subclause but subject to either or both of the following conditions, namely,

(i) that the sum shall be applied to the repurchase or redemption of particular securities specified by the State;

(ii) that sinking fund contributions of the Commonwealth and the State payable under subclause (b), (f), (h), (j) or (ja) of this clause in respect of the amount represented by the repurchased or redeemed securities shall cease as from the date of cancellation of those securities,

that sum shall be applied, and the condition or conditions shall take effect, accordingly.

- (s) (1) Where, upon the conversion or partial conversion at a discount of a loan raised by or on behalf of a State, sinking fund moneys are applied to the redemption of any amount of the converted loan, the State shall repay to the National Debt Commission from State revenue so much of the sinking fund moneys so applied as does not exceed the aggregate amount of the discounts allowed to subscribers to the loan raised to effect the conversion or partial conversion.
- (2) Repayment by the State shall, unless otherwise approved by the National Debt Commission, be by equal annual instalments extending over the period of the loan raised to effect the conversion or partial conversion. For the purpose of calculating the amount of the annual instalments any broken portion of a year shall be disregarded.
- (3) Where by the terms of the loan raised to effect the conversion or partial conversion, the borrower has an option as to the date upon which the borrower shall be entitled to redeem the loan, the period of the loan shall, for the purposes of this subclause, be deemed to be the period terminating upon the earliest date of redemption provided for by the terms of the loan.
- (4) All repayment instalments payable to the National Debt Commission in pursuance of this subclause shall be payable at such times as shall be fixed by the National Debt Commission, and shall be applied as if they were sinking fund contributions made by the State under this clause, provided that the State shall not be required to make any further sinking fund contribution under subclause (q) of this clause upon the cancellation of any security to the repurchase or redemption of which any repayment instalment has been applied.

(t) All sinking fund contributions payable under this Agreement in respect of overseas debt, and all further sinking fund contributions so payable upon the cancellation of securities in respect of overseas debt, shall be calculated at the mint par of exchange prevailing on 1st July, 1927."

6. (1) The variations made by paragraphs (a), (b) and (c) of clause 2, by paragraph (a) of clause 3, and by clause 4, of this Agreement shall come into force on the date on which this Agreement comes into force.

(2) The variations made by paragraphs (d) and (e) of clause 2, by paragraph (b) of clause 3, and by paragraphs (a), (b) and (c) of clause 5 of this Agreement shall be deemed to have come into force on 1st July, 1927.

(3) Paragraph (1) of subclause (ja) of clause 3 of Part III. of the Financial Agreement, inserted by clause 5 of this Agreement, shall be deemed to have come into force on 1st July, 1927.

(4) Paragraphs (2), (3), (4) and (5) of subclause (ja) of clause 3 of Part III. of the Financial Agreement, inserted by clause 5 of this Agreement, shall be deemed to have come into force on 1st July, 1944.

(5) Subclause (r) of clause 3 of Part III. of the Financial Agreement, inserted by clause 5 of this Agreement, shall come into force on the date on which this Agreement comes into force.

(6) Subclause (s) of clause 3 of Part III. of the Financial Agreement, inserted by clause 5 of this Agreement, shall be deemed to have come into force on 1st July, 1937.

(7) Subclause (t) of clause 3 of Part III. of the Financial Agreement, inserted by clause 5 of this Agreement, shall be deemed to have come into force on 1st July, 1927.

7. (1) The Financial Agreement as varied by clause 18 of the Amending Agreement made the third day of July, One thousand nine hundred and thirty-four and by clauses 2, 3, 4 and 5 of this Agreement is further varied—

- (a) by the deletion of clause 7 of Part I. and the whole of Part II. (other than the heading "Part II.") therefrom;
- (b) by renumbering and relettering the provisions thereof in accordance with the numbering and lettering of the Agreement set out in the Schedule to this Agreement; and
- (c) by such variations of the provisions thereof as are consequential upon the variations effected by paragraphs (a) and (b) of this clause.

(2) The Agreement set out in the Schedule to this Agreement shall be taken to be the Financial Agreement as varied by clause 18 of the Amending Agreement made the third day of July One thousand nine hundred and thirty-four and by clauses 2, 3, 4 and 5 of this Agreement and subclause (1) of this clause.

In witness whereof the Prime Minister of the Commonwealth of Australia and the Premiers of each of the States of New South Wales, Victoria, Queensland, South Australia, Western Australia, and Tasmania have signed this Agreement respectively for and on behalf of the Commonwealth of Australia and of the said States.

Signed by the Prime Minister of the Commonwealth of Australia for and on behalf of the said Commonwealth in the presence of—  
F. A. McLaughlin. } JOHN CURTIN.

Signed by the Premier of the State of New South Wales for and on behalf of the said State in the presence of—  
M. K. Weir. } W. J. McKELL.

Signed by the Premier of the State of Victoria for and on behalf of the said State in the presence of—  
A. T. Smithers. } A. A. DUNSTAN.

Signed by the Premier of the State of Queensland for and on behalf of the said State in the presence of—  
E. A. Crosser. } FRANK A. COOPER.

Signed by the Premier of the State of South Australia for and on behalf of the said State in the presence of—  
R. R. Stuckey. } T. PLAYFORD.

Signed by the Premier of the State of Western Australia for and on behalf of the said State in the presence of—  
A. J. Reid. } J. WILLCOCK.

Signed by the Premier of the State of Tasmania for and on behalf of the said State in the presence of—  
E. Parkes. } ROBERT COSGROVE.

**THE SCHEDULE.**

**THE FINANCIAL AGREEMENT.\***

AGREEMENT made the twelfth day of December One thousand nine hundred and twenty-seven BETWEEN THE COMMONWEALTH OF AUSTRALIA (in this Agreement called the Commonwealth) of the first part, THE STATE OF NEW SOUTH WALES of the second part, THE STATE OF VICTORIA of the third part, THE STATE OF QUEENSLAND of the fourth part, THE STATE OF SOUTH AUSTRALIA of the fifth part, THE STATE OF WESTERN AUSTRALIA of the sixth part, and THE STATE OF TASMANIA of the seventh part (each of the parties of the second, third, fourth, fifth, sixth, and seventh parts being in this agreement referred to as a State and the expression "the States" hereinafter used meaning where the context so permits or requires all of such parties).

WHEREAS with a view to making provision for the adjustment of Commonwealth and State financial relations the general principle of a draft scheme was affirmed by a Conference of Commonwealth and State Ministers in Melbourne which commenced on the sixteenth day of June One thousand nine hundred and twenty-seven;

AND WHEREAS permanent effect cannot be given to the proposals contained in the said scheme unless the Constitution of the Commonwealth is altered so as to confer on the Parliament of the Commonwealth power to make laws for carrying out or giving permanent effect to such proposals;

AND WHEREAS pending the submission to the electors of a proposed law for the alteration of the said Constitution as aforesaid and in order to obtain immediately some of the advantages which would result from united action by adoption of the said scheme the Commonwealth and the States have agreed that for the period commencing on the first day of July One thousand nine hundred and twenty-seven and ending on the thirtieth day of June One thousand nine hundred and twenty-nine certain of the proposed provisions of the said scheme shall be temporarily adopted:

NOW THIS AGREEMENT WITNESSETH:

PART I.

1. This Agreement shall have no force or effect and shall not be binding on any party unless and until it is approved by the Parliaments of the Commonwealth and of the States.

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\*This Agreement is a reprint of the Financial Agreement made the 12th December, 1927, between the Commonwealth and the States, as varied by provisions of other Agreements made between the same parties, namely, by clause 18 of an Agreement made the 3rd July, 1934, and by clauses 2, 3, 4 and 5, and subclause (1) of clause 7, of an Agreement made the 15th November, 1944.

The Financial Agreement is also affected by the following Agreements made between the Commonwealth and the States, namely, an Agreement made the 21st July, 1931, and an Agreement made the 22nd October, 1931, and by provisions, other than clause 18, of the aforesaid Agreement made the 3rd July, 1934, and by an Agreement made the 11th September, 1928, between the Commonwealth and the State of Tasmania.

The variations made by the Agreement of the 15th November, 1944 (other than those which are noted in the margin of this reprint as being effective from specified dates), came into force on the date on which that Agreement came into force.

DEFINITIONS.

2. In this Agreement—

“Net Public debt of a State existing on 30th June, 1927,” means in respect of each State the amount of debt set forth hereunder opposite to the name of that State, viz.:—

				£
New South Wales	..	..		234,088,501*
Victoria	..	..		136,949,942*
Queensland	..	..		101,977,855*
South Australia	..	..		84,834,364*
Western Australia	..	..		61,060,675
Tasmania	..	..		22,434,060*
				£641,345,397*

The said amount of the net public debt of each State includes the debts of that State secured by—

- (i) Inscribed Stock, including Local Inscribed Stock and Government Inscribed Stock;
- (ii) Instalment Stock;
- (iii) Registered Stock;
- (iv) Funded Stock;
- (v) Stock payable to bearer;
- (vi) Bonds, including registered bonds;
- (vii) Debentures, including registered debentures and instalment debentures;
- (viii) Treasury Bills not repayable within twelve months from the date of issue; or
- (ix) Fixed deposit receipts or special deposit receipts for moneys borrowed for other than temporary purposes;

issued or created by the State or by or on behalf of a Colony the predecessor of the State in respect of moneys borrowed by the Colony or State together with debts of the State to the Commonwealth of the amount

\*The amounts of the “Net Public Debt” of the States and “Gross Public Debt” of the States as set out in clause 2, have been varied as from 1st July, 1927, by the provisions of the Agreement made 3rd July, 1934. The amounts as so varied are as follows:—

				Net Public Debt.	Gross Public Debt.
				£	£
New South Wales	..	..		233,153,779	238,506,641
Victoria	..	..		136,348,982	144,243,570
Queensland	..	..		101,840,622	105,122,683
South Australia	..	..		84,029,376	86,809,017
Western Australia	..	..		61,060,675	70,705,913
Tasmania	..	..		22,314,180	24,134,808
				638,747,614	669,522,632

set out respectively hereunder opposite to the name of the State so far as those last mentioned debts are not included by being secured in manner aforesaid:—

	£
New South Wales .. ..	12,553,698
Victoria .. .. .	23,688,269
Queensland .. .. .	16,082,583
South Australia .. ..	18,446,197
Western Australia .. ..	16,739,872
Tasmania .. .. .	3,948,613
	£91,459,232

after deducting therefrom the amount for which the Commonwealth by this Agreement assumes liability under clause 13 of this Agreement and the amount of any moneys or securities standing to the credit of a sinking fund, redemption fund, or a fund of a like nature of the State as on 30th June, 1927, and does not include any moneys raised by the State by way of overdraft, fixed deposit, or special deposit for temporary purposes only.

The said sum of £234,088,501 (being the amount of the debt of New South Wales abovementioned) comprises the debts referred to in, and has been computed in the manner shown in, the statement signed by representatives of the Commonwealth and of New South Wales.

“Gross Public Debt of a State existing on 30th June, 1927,” means in respect of each State the amount of debt set forth hereunder opposite to the name of that State, viz.:—

	£
New South Wales .. ..	239,441,363†
Victoria .. .. .	144,844,530†
Queensland .. .. .	105,259,916†
South Australia .. ..	87,614,005†
Western Australia .. ..	70,705,913
Tasmania .. .. .	24,254,688†
	£672,120,415†

The said amount of the gross public debt of each State includes the net public debt of that State together with the amount for which the Commonwealth by this Agreement assumes liability under clause 13 of this Agreement and the amount of any moneys or securities standing to the credit of any sinking fund, redemption fund or fund of a like nature of the State as on 30th June, 1927.

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† See footnote to definition of “Net public debt of a State existing on 30th June, 1927,” in this clause.

“Transferred Properties” means the properties mentioned or specified in the Schedule of Transferred Properties signed by representatives of the Commonwealth and the States as revised to the 30th June, 1927, being properties which became vested in the Commonwealth pursuant to section 85 (i) of the Constitution of the Commonwealth.

“The Loan Council” means the Australian Loan Council created in pursuance of this Agreement.

“Bondholder” means an owner of any—

- (i) Inscribed Stock, including Local Inscribed Stock and Government Inscribed Stock;
- (ii) Instalment Stock;
- (iii) Registered Stock;
- (iv) Funded Stock;
- (v) Stock payable to bearer;
- (vi) Bonds, including registered bonds;
- (vii) Debentures including registered debentures and instalment debentures;
- (viii) Treasury Bills not repayable within twelve months from the date of issue; or
- (ix) Fixed deposit receipts or special deposit receipts for moneys borrowed for other than temporary purposes;

issued or created by a State or by or on behalf of a Colony the predecessor of the State in respect of borrowed moneys but does not include the Commonwealth.

#### AUSTRALIAN LOAN COUNCIL.

3. (1) (a) There shall be an Australian Loan Council which shall consist of one representative of the Commonwealth who shall be—

- (i) the Prime Minister of the Commonwealth; or
- (ii) in the absence of the Prime Minister at any time from a meeting of the Council—a Minister nominated in writing by the Prime Minister,

Subclause (1) substituted by Agreement of 3rd July, 1934, clause 18.

and one representative of each State who shall be—

- (iii) the Premier of that State; or
- (iv) in the absence of the Premier at any time from a meeting of the Council—a Minister nominated in writing by the Premier of that State.

Provided that if, in the opinion of the Prime Minister or of any Premier of a State, special circumstances exist at any time which make it desirable so to do, the Prime Minister or the Premier, as the case may be, may nominate some other person to represent the Commonwealth or the State (as the case may be) as a member of the Loan Council.

(b) Any nomination of a representative of a State shall be notified in writing by the Premier of the State to the Prime Minister.

(2) The member representing the Commonwealth on the Loan Council shall hold office during the pleasure of the Prime Minister of the Commonwealth and a member representing a State shall hold office during the pleasure of the Premier of the State which the member was appointed to represent.

Inserted by  
Agreement of  
15th Novem-  
ber, 1944,  
clause 2.

(3) The member representing the Commonwealth shall be the Chairman of the Loan Council.

(4) A decision in which all the members for the time being of the Loan Council concur shall be a unanimous decision of the Loan Council notwithstanding any vacancy then existing in its membership.

(5) A meeting of the Loan Council may at any time be convened by the member representing the Commonwealth, and shall be so convened upon the request of at least three members representing States.

(6) A majority of the members of the Loan Council shall constitute a quorum of the Loan Council for the exercise of its powers at any meeting. Provided that—

(a) a member may at any time appoint in writing a deputy to act in his absence; and any deputy so appointed may in the absence of the member exercise all the powers and functions of the member and his presence shall be deemed the presence of the member; and

(b) an absent member who has not appointed a deputy may vote by letter or by telegram, and in such case that member shall be counted as being present in relation only to the questions on which he has voted.

(7) The Loan Council may make rules of procedure including rules relating to places, times, and notices of meetings, and conduct of business at meetings, and from time to time may alter such rules.

Varied by  
Agreement of  
15th Novem-  
ber, 1944,  
clause 2.

(8) The Commonwealth and each State will from time to time, while Part III. of this Agreement is in force, submit to the Loan Council a programme setting forth the amount it desires to raise by loans during each financial year for purposes other than the conversion, renewal or redemption of existing loans or temporary purposes. Each programme shall state the estimated total amount of such loan expenditure during the year, and the estimated amount of repayments which will be available towards meeting that expenditure. Any revenue deficit to be funded shall be included in such loan programme, and the amount of such deficit shall be set out. Loans for Defence purposes approved by the Parliament of the Commonwealth shall not be included in the Commonwealth's loan programme or be otherwise subject to this Agreement.

Varied by  
Agreement of  
15th Novem-  
ber, 1944,  
clause 2.

(9) If the Loan Council decides that the total amount of the loan programme for the year cannot be borrowed at reasonable rates and conditions it shall decide the amount to be borrowed during the year, and may by unanimous decision allocate such amount between the Commonwealth and the States.

(10) If the members of the Loan Council fail to arrive at a unanimous decision under the last preceding subclause allocating the amount to be borrowed during any year, the amount to be borrowed during that year shall be allocated as follows:—

Varied by Agreement of 15th November, 1944, clause 2 (b) and (d).  
The variation made by clause 2 (d) became effective from 1st July, 1927.—Agreement of 15th November, 1944, clause 6 (2).

- (a) The Commonwealth shall, if it so desires, be entitled to have one-fifth or any less proportion of such amount allocated to the Commonwealth; and
- (b) Each State shall be entitled to have allocated to it a sum (being a portion of the balance of such amount) bearing to the balance of such amount the same proportion which the net loan expenditure of that State in the preceding five years bears to the net loan expenditure of all the States during the same period. Provided that any State may, if it so desires, have allocated to it a sum less than the sum to which it is entitled under this subclause or no sum, and that when a less sum or no sum has been allocated to any State or States in manner aforesaid the amount then remaining available for allocation shall be allocated to the other States in the proportion which the net loan expenditure of each of such other States in the preceding five years bears to the net loan expenditure of all such other States during the same period. For the purposes of this subclause net loan expenditure does not include expenditure for the conversion, renewal, or redemption of loans, or for the funding of revenue deficits or to meet revenue deficits, or any specified amount or class of expenditure which the Loan Council by unanimous decision declares shall not be included, but means the gross other loan expenditure of a State less any amounts of such expenditure repaid to the State other than moneys repaid to the State in manner stated in subclause (9) of clause 12 of this Agreement.

(11) If the total amount to be borrowed as aforesaid during any year is to be borrowed by means of more than one loan the Loan Council may by unanimous decision apportion between the Commonwealth and the States the amount to be borrowed by each such loan other than the loan by means of which the balance of the total amount to be borrowed as aforesaid during the year is borrowed.

Varied by Agreement of 15th November, 1944, clause 2.

(12) If the members of the Loan Council fail to arrive at a unanimous decision under the last preceding subclause apportioning the amount to be borrowed as aforesaid by any loan the amount to be borrowed by that loan shall be apportioned between the Commonwealth and the States in proportion to the amount then to be borrowed as aforesaid for the Commonwealth and for each State during the year.

Varied by Agreement of 15th November, 1944, clause 2.

(13) The Commonwealth and each State will also from time to time, while Part III. of this Agreement is in force, submit to the Loan Council a statement setting out the amount it requires during each financial year for the conversion, renewal or redemption of existing loans.

Varied by Agreement of 15th November, 1944, clause 2.

Varied by Agreement of 15th November, 1944, clause 2. Variation became effective from 1st July, 1927 — Agreement of 15th November, 1944, clause 6 (2).

(14) (a) If the members of the Loan Council fail to arrive at a unanimous decision on any matter other than the matters in respect of which unanimous decision is required by subclauses (9), (10) and (11) of this clause and subclause (2) of clause 4 of this Agreement, the matter shall be determined by a majority of votes of the members.

(b) On every question for decision by the Loan Council the member representing the Commonwealth shall have two votes and a casting vote, and each member representing a State shall have one vote.

(15) A decision of the Loan Council in respect of a matter which the Loan Council is by this Agreement empowered to decide shall be final and binding on all parties to this Agreement.

(16) In this clause the expressions "Prime Minister" and "Premier" include the persons for the time being respectively acting as such.

#### FUTURE BORROWINGS OF COMMONWEALTH AND STATES.

4. (1) Except in cases where the Loan Council has decided under subclause (2) of this clause that moneys shall be borrowed by a State, the Commonwealth, while Part III. of this Agreement is in force, shall, subject to the decisions of the Loan Council and subject also to clauses 5 and 6 of this Agreement, arrange for all borrowings for or on behalf of the Commonwealth or any State, and for all conversions, renewals, redemptions, and consolidations of the Public Debts of the Commonwealth and of the States.

(2) If at any time the Loan Council by unanimous decision so decides, a State may in accordance with the terms of the decision borrow moneys outside Australia in the name of the State, and issue securities for the moneys so borrowed. The Commonwealth shall guarantee that the State will perform all its obligations to bond holders in respect of the moneys so borrowed. For all the purposes of this Agreement, including the making of sinking fund contributions, the moneys so borrowed shall be deemed to be moneys borrowed by the Commonwealth for and on behalf of that State.

(3) If any State after the 30th June, 1927, and before this Agreement has been approved by the Parliaments of the Commonwealth and of the States, has borrowed moneys in the name of the State and issued securities for the moneys so borrowed, such moneys shall for all the purposes of this Agreement, including the making of sinking fund contributions, be deemed to be moneys borrowed by the Commonwealth for and on behalf of that State.

(4) While Part III. of this Agreement is in force, moneys shall not be borrowed by the Commonwealth or any State otherwise than in accordance with this Agreement.

BORROWING BY STATES.

5. (1) For any purpose (including the redemption of securities given or issued at any time for moneys previously borrowed or used in manner stated in this clause) a State may, while Part III. of this Agreement is in force:—

(a) Subject to any maximum limits decided upon by the Loan Council from time to time for interest, brokerage, discount and other charges, borrow moneys within the State from authorities, bodies, funds or institutions (including Savings Banks) constituted or established under Commonwealth or State law or practice and from the public by counter sales of securities, and

(b) use any public moneys of the State which are available under the laws of the State.

(2) Any securities that are issued for moneys so borrowed or used shall be Commonwealth securities, to be provided by the Commonwealth upon terms approved by the Loan Council.

(3) Where any such borrowing or use is solely for temporary purposes, the provisions of this Agreement, other than this clause, shall not apply.

(4) Where any such borrowing or use is not solely for temporary purposes, and Commonwealth securities are issued in respect thereof, the moneys borrowed or used shall be deemed to be moneys borrowed by the Commonwealth for and on behalf of the State, and may be retained by the State. A State may convert securities given or issued at any time by that State for moneys previously borrowed or used in manner stated in this clause. New securities issued on any such conversion shall be Commonwealth securities to be provided by the Commonwealth upon terms approved by the Loan Council. The amount for which such new securities are issued shall be deemed to be moneys borrowed by the Commonwealth for and on behalf of the State.

(5) If the moneys deemed under this clause to be moneys borrowed by the Commonwealth on behalf of a State, together with the amounts raised by the Commonwealth for and on behalf of the State exceed the total amount of loan moneys decided upon by the Loan Council as the moneys to be raised for and on behalf of the State during the financial year in which the money is deemed to be borrowed, the excess shall, unless the Loan Council otherwise decides, be deemed to be moneys received by the State in the following year on account of its loan programme for that year.

Varied by  
Agreement of  
15th Novem-  
ber, 1944,  
clause 3.

(6) For the purposes of this clause counter sales of securities shall be deemed to mean sales of securities made at the offices of the State Treasury, and at such other places as may be decided upon by the Loan Council.

Varied by Agreement of 15th November, 1944, clause 3. Variation became effective from 1st July, 1927.— Agreement of 15th November, 1944, clause 6 (2).

(7) The Commonwealth shall not be under any obligation to make sinking fund contributions in respect of moneys borrowed or used pursuant to this clause to meet a revenue deficit of a State, but the provisions of subclause (10) of clause 12 of this Agreement shall apply respectively to all moneys borrowed or used for that purpose. This subclause shall not apply to or in respect of any of the loans referred to in subclause (11) of clause 12 of this Agreement.

(8) Except in cases where the Loan Council has otherwise decided under subclause (2) of clause 4 of this Agreement a State shall not have the right to invite loan subscriptions by the issue of a public prospectus.

(9) Notwithstanding anything contained in this Agreement, any State may use for temporary purposes any public moneys of the State which are available under the laws of the State, or may, subject to maximum limits (if any) decided upon by the Loan Council from time to time for interest, brokerage, discount and other charges, borrow money for temporary purposes by way of overdraft or fixed, special or other deposit, and the provisions of this Agreement other than this subclause shall not apply to such moneys.

#### BORROWING BY COMMONWEALTH.

6. (1) For any purpose (including the redemption of securities given or issued at any time for moneys previously borrowed or used in manner stated in this clause) the Commonwealth may, while Part III. of this Agreement is in force—

- (a) Subject to any maximum limits decided upon by the Loan Council from time to time for interest, brokerage, discount and other charges, borrow moneys within the Commonwealth from authorities, bodies, funds or institutions (including Savings Banks) constituted or established under Commonwealth or State law or practice and from the public by counter sales of securities, and
- (b) use any public moneys of the Commonwealth which are available under the laws of the Commonwealth.

(2) Any securities that are issued for moneys so borrowed or used shall be Commonwealth securities, to be provided by the Commonwealth upon terms approved by the Loan Council.

(3) Where any such borrowing or use is solely for temporary purposes, the provisions of this Agreement, other than this clause, shall not apply.

(4) Where any such borrowing or use is not solely for temporary purposes, and Commonwealth securities are issued in respect thereof, the moneys borrowed or used may be retained by the Commonwealth. The Commonwealth may convert securities given or issued at any time by the Commonwealth for moneys previously borrowed or used in manner stated in this clause. New securities issued on any such conversion shall be Commonwealth securities to be provided by the Commonwealth upon terms approved by the Loan Council.

(5) If the moneys so borrowed or used are not borrowed or used solely for temporary purposes and Commonwealth securities are issued in respect thereof, and such moneys, together with other moneys borrowed by the Commonwealth for and on behalf of the Commonwealth as part of the total amount of loan moneys decided upon by the Loan Council as the moneys to be raised for and on behalf of the Commonwealth during the financial year in which the securities are issued, exceed such total amount the excess shall unless the Loan Council otherwise decides be deemed to be moneys received by the Commonwealth in the following year on account of its loan programme for that year.

Varied by Agreement of 15th November, 1944, clause 4.

(6) For the purposes of this clause counter sales of securities shall be deemed to mean sales of securities made at the offices of the Commonwealth Treasury, and at such other places as may be decided upon by the Loan Council.

(7) Notwithstanding anything contained in this Agreement, the Commonwealth may use for temporary purposes any public moneys of the Commonwealth which are available under the laws of the Commonwealth or may, subject to maximum limits (if any) decided upon by the Loan Council from time to time for interest, brokerage, discount and other charges, borrow money for temporary purposes by way of overdraft or fixed, special or other deposit, and the provisions of this Agreement other than this subclause shall not apply to such moneys.

7. \* \* \* \* \*

Inoperative provision—deleted by Agreement of 15th November, 1944, clause 7.

PART II.

\* \* \* \* \*

Part II.—Temporary provisions—deleted by Agreement of 15th November, 1944, clause 7.

PART III.

8. This Part of this Agreement shall not come into force or be binding upon any party hereto unless before the 1st July, 1929, the Constitution of the Commonwealth has been altered in accordance with the proposals referred to in Part IV. of this Agreement and a law of the Parliament of the Commonwealth has been made thereunder validating this Agreement, but shall come into full force and effect if and when before the said date the Constitution is so altered and this Agreement is so validated.

9. When this Part of this Agreement comes into force every matter or thing done and payment made under or in pursuance of Part II. of this Agreement shall be deemed, so far as is practicable, to have been done or made under this Part of this Agreement to the same extent as if this Part had then in fact been in force, and all necessary adjustments shall be made in respect of moneys so paid in order to ensure that no party hereto shall be liable for or make double payments in respect of the same matter.

PERMANENT PROVISIONS.

TAKING OVER STATES' PUBLIC DEBTS.

10. Subject to the provisions of this Part of this Agreement the Commonwealth will take over on the 1st July, 1929:—

- (i) the balance then unpaid of the gross public debt of each State existing on 30th June, 1927; and
- (ii) all other debts of each State existing on the 1st July, 1929, for moneys borrowed by that State which by this Agreement are deemed to be moneys borrowed by the Commonwealth for and on behalf of that State—

and will in respect of the debts so taken over assume as between the Commonwealth and the States the liabilities of the States to bondholders.

PAYMENT OF INTEREST.

11. (1) Subject to this clause the Commonwealth will pay to bondholders from time to time interest payable on the Public Debts of the States taken over by the Commonwealth as aforesaid other than debts due by the States to the Commonwealth.

(2) The Commonwealth will in each year during the period of 58 years, commencing on 1st July, 1927, provide by equal monthly instalments the following amounts in respect of each State as shown hereunder towards the interest payable by that State:—

	£
New South Wales .. .. .	2,917,411
Victoria .. .. .	2,127,159
Queensland .. .. .	1,096,235
South Australia .. .. .	703,816
Western Australia .. .. .	473,432
Tasmania .. .. .	266,859
	£7,584,912

(3) Each State shall in each year during the same period of 58 years pay to the Commonwealth the excess over the amounts to be provided by the Commonwealth under the last preceding subclause necessary to make up as they fall due the interest charges falling due in that year on the public debt of that State taken over by the Commonwealth as aforesaid and then unpaid, and on any moneys borrowed by the Commonwealth on behalf of that State, and then unpaid, and after the expiration of the said period each State shall in each year pay to the Commonwealth, as they fall due, the whole of the interest charges on any debt then unpaid and included in the public debt of that State taken over by the Commonwealth as aforesaid, and on any moneys borrowed by the Commonwealth on behalf of that State and then unpaid.

(4) The method by which payments shall be made by a State under subclause (3) of this clause shall be arranged from time to time between the Commonwealth and that State.

(5) The rate of interest payable under subclause (3) of this clause in respect of moneys borrowed by the Commonwealth on behalf of a State shall be the full rate of interest payable by the Commonwealth in respect of the loan by which such moneys were borrowed or such other rate of interest as may be payable by the State to the Commonwealth under any Agreement made or to be made between the Commonwealth and that State in respect of such moneys and such interest shall be payable by the State for the full term of that loan.

#### SINKING FUNDS.

12. (1) A sinking fund at the rate of 7s. 6d. per annum for each £100 of the net public debts of the States existing on 30th June, 1927, shall be established in the manner hereinafter set forth.

(2) During the period of fifty-eight years commencing on the 1st July, 1927, the Commonwealth shall pay from revenue annually a sinking fund contribution at the rate of 2s. 6d. for each £100 of the net public debts of the States existing on 30th June, 1927, and each State (other than the State of New South Wales) shall in each year during the said period pay from revenue a sinking fund contribution at the rate of 5s. for each £100 of the net public debt of such State existing on 30th June, 1927. The State of New South Wales during the period of fifty-eight years commencing on the 1st July, 1928, shall in each year pay from revenue a sinking fund contribution at the rate of 5s. for each £100 of the net public debt of that State existing on 30th June, 1927.

(3) Where in respect of any debt included in the gross Public Debt of a State existing at the 30th June, 1927, there is under laws or contracts existing at that date an obligation to provide a sinking fund at a rate in excess of 7s. 6d. per annum for each £100, any amount to be so provided in excess of 7s. 6d. per annum for each £100 shall be provided out of the National Debt Sinking Fund, established under the laws of the Commonwealth. Provided that if any law imposing such an obligation is repealed or is amended so as to reduce the rate of sinking fund to be provided the only amount (if any) to be provided out of the National Debt Sinking Fund pursuant to this subclause in respect of that debt shall as from the date of such repeal or amendment be the amount (if any) by which the reduced rate of sinking fund for the time being exceeds 7s. 6d. per annum for each £100.

(4) When a loan is issued for the conversion, renewal, or redemption of any debt of a State included in the gross Public Debt of that State existing on 30th June, 1927, the only sinking fund contributions to be made by the Commonwealth and that State in respect of the debt so converted, renewed, or redeemed shall be sinking fund contributions at the same rate and for the same period and upon the same amount as if such debt had not been converted, renewed, or redeemed.

Subclauses  
(5) and (6)  
varied by  
Agreement  
of 15th  
November,  
1944, clause  
5.

Variations  
became  
effective from  
1st July,  
1927.—Agree-  
ment of 15th  
November,  
1944, clause  
6 (2).

(5) Subject to subclauses (8), (10) and (11) of this clause a sinking fund at the rate of 10s. per annum for each £100 of the amount of each new loan raised by a State or by the Commonwealth for and on behalf of a State after 30th June, 1927, shall be established.

(6) Subject to subclauses (8), (10) and (11) of this clause, in each year during the period of fifty-three years from the date of the raising after 30th June, 1927, of any new loan by a State or by the Commonwealth for and on behalf of a State the Commonwealth and that State shall each pay from revenue a sinking fund contribution of a sum equal to 5s. for each £100 of the amount of the new loan.

Provided that the period of fifty-three years during which the State of New South Wales shall make sinking fund contributions in respect of new loans raised in the financial year beginning on the 1st July, 1927, shall commence on the 1st July, 1928.

(7) For the purpose of the last two preceding subclauses a loan issued after the 30th June, 1927, to meet a revenue deficit which accrued on or before that date shall be deemed to be a new loan, but a loan issued for the conversion, renewal or redemption of a debt shall not be deemed to be a new loan, and where a loan is issued partly for the conversion, renewal, or redemption of a debt and partly for other purposes so much only of the loan as has been issued for other purposes, shall be deemed to be a new loan.

(8) Where it is agreed between the Commonwealth and a State that a loan or any portion of a loan raised after 30th June, 1927, and expended or to be expended upon wasting assets should be redeemed within a shorter period than fifty-three years, the annual sinking fund contributions of the State in respect of that loan or the portion thereof, shall be increased to an amount which with the sinking fund contributions of the Commonwealth in respect of that loan or the portion thereof will provide for the redemption of that loan or the portion thereof within such shorter period. All sinking fund contributions of the State in respect of that loan or the portion thereof shall cease on the expiration of the shorter period, but the Commonwealth contributions in respect of that loan shall continue for the remainder of the period of fifty-three years from the date of the raising of that loan, and during such remainder of the period the State contributions to the sinking fund in respect of other loans of that State shall be reduced by the amount of the Commonwealth contributions during that remainder of the period in respect of such redeemed loan or the portion thereof. For the purposes of this subclause the sinking fund contributions of the Commonwealth and the State shall be deemed to accumulate at the rate of  $4\frac{1}{2}$  per centum per annum compounded.

(9) Where loan moneys have been advanced by a State under terms providing for the repayment of such moneys the State shall as and when such moneys are repaid pay such moneys either to the State Loan Fund or to the account or fund from which such moneys were advanced, or to the sinking fund and shall in addition make from revenue its sinking fund contributions in respect of the loan or loans from which the moneys so advanced were provided. Provided that when loan moneys have been advanced by a State to a Public or Local

Authority or body constituted by the State or under the laws of the State and the Authority or body repays such moneys out of its revenue the State may out of moneys so repaid make its sinking fund contributions in respect of the loan moneys so advanced.

(10) In respect of any loan (except any of the loans referred to in subclause (11) of this clause) raised after the 30th June, 1927, by a State or by the Commonwealth for and on behalf of a State to meet a revenue deficit accruing after that date no sinking fund contribution shall be payable by the Commonwealth, but that State shall for a period sufficient to provide for the redemption of that loan pay from revenue in each year during such period a sinking fund contribution at a rate of not less than 4 per centum per annum of the amount of that loan. For the purposes of this subclause the sinking fund contributions of the State shall be deemed to accumulate at the rate of  $4\frac{1}{2}$  per centum per annum compounded.

Varied by Agreement of 15th November, 1944, clause 5.  
Variation became effective from 1st July, 1927.—Agreement of 15th November, 1944, clause 6 (2).

(11) (a) In respect of loans raised by a State or by the Commonwealth for and on behalf of a State on the security of Commonwealth Treasury Bills to meet a revenue deficit accruing after 30th June, 1927, and before 1st July, 1935 (such loans being referred to in this subclause as "special deficit loans"), the Commonwealth and the State shall respectively in each year during the period commencing on 1st July next succeeding the date on which the loans are raised and ending on 30th June, 1944, pay from revenue a sinking fund contribution at the rate of 5s. for each £100 of the total amount of the face values of the Commonwealth Treasury Bills which have been issued in respect of special deficit loans of that State and which are current on 30th June next preceding the commencement of the year in which the sinking fund contribution is payable.

Subclause (11) inserted by Agreement of 15th November, 1944, clause 5.  
Paragraph (a) became effective from 1st July, 1927.—Agreement of 15th November, 1944, clause 6 (3).

(b) (i) The amount set out hereunder opposite the name of a State shall be applied by the National Debt Commission to the repurchase or redemption of securities issued in respect of special deficit loans of that State:—

Effective from 1st July, 1944.—Agreement of 15th November, 1944, clause 6 (4).

New South Wales .. .. .	£1,970,000
Victoria .. .. .	260,000
Queensland .. .. .	125,000
South Australia .. .. .	300,000
Western Australia .. .. .	335,000
Tasmania .. .. .	10,000
	<hr/>
	£3,000,000
	<hr/>

(ii) The amount set out in subparagraph (i) of this paragraph opposite the name of a State represents the approximate aggregate as on 1st July, 1944, of the sinking fund contributions paid by the Commonwealth and that State under paragraph (a) of this subclause together with accumulations on those contributions at the rate of  $4\frac{1}{2}$  per centum per annum compounded.

(iii) The provisions of subclause (18) of this clause, which require the State to make further sinking fund contributions at the rate of 4½ per centum per annum of the face value of a cancelled security, shall not apply to or in respect of any security repurchased or redeemed under this paragraph.

Effective from 1st July, 1944.—Agreement of 15th November, 1944, clause 6 (4).

(e) In each year during the period of 39 years commencing on 1st July, 1944, the Commonwealth and the State concerned shall each pay from revenue a sinking fund contribution which, in the case of the Commonwealth, shall be at the rate of 5s. for each £100 of the amount of the special deficit loans of that State, and, in the case of the State, shall be at the rate of 15s. for each £100 of that amount. In this paragraph and paragraphs (d) and (e) of this subclause the amount of the special deficit loans of a State shall be taken to be the amount set out hereunder opposite the name of that State, viz. :—

New South Wales	..	..	..	..	..	..	£26,120,000
Victoria	..	..	..	..	..	..	3,995,000
Queensland	..	..	..	..	..	..	2,148,000
South Australia	..	..	..	..	..	..	4,920,000
Western Australia	..	..	..	..	..	..	5,390,000
Tasmania	..	..	..	..	..	..	445,000
							£43,018,000

The sum which is to be taken as the amount of the special deficit loans of a State as set out in this paragraph opposite the name of that State represents the gross total of the special deficit loans of that State as on 1st July, 1944, less :—

- (i) the amount which the National Debt Commission is required under paragraph (b) of this subclause to apply to the repurchase or redemption of securities issued in respect of special deficit loans of that State; and
- (ii) the amount which that State has undertaken to apply to the redemption or repurchase of such securities.

Effective from 1st July, 1944.—Agreement of 15th November, 1944, clause 6 (4).

(d) All sinking fund contributions payable under paragraph (e) of this subclause in respect of the amount of special deficit loans of a State, and all further sinking fund contributions required to be made under subclause (18) of this clause upon the cancellation of a security issued in respect of that amount, shall be applied to the repurchase or redemption of securities issued in respect of that amount.

Effective from 1st July, 1944.—Agreement of 15th November, 1944, clause 6 (4).

(e) When a loan is raised for the conversion, renewal or redemption of the whole or any portion of the amount of the special deficit loans of a State, the only sinking fund contributions to be made by the Commonwealth and the State in respect of the amount or portion so converted, renewed or redeemed shall be sinking fund contributions at the same rate and for the same period and upon the same amount as if such amount or portion had not been converted, renewed or redeemed.

(12) All sinking fund contributions to be made in pursuance of this Part of this Agreement shall be debts payable to the National Debt Commission as follows:—

- (a) As regards the net public debt of a State existing on 30th June, 1927—by half-yearly instalments on 30th September and 31st March in each financial year or on such other dates as may be agreed between the Commonwealth and that State.
- (b) As regards loans raised after 30th June, 1927—by equal instalments on the dates on which interest on such loans is payable or on such other dates as may be agreed upon between the Commonwealth and the State concerned.

(13) Subject to the next succeeding subclause all moneys and securities standing to the credit of sinking funds, redemption funds and funds of a like nature of a State existing on 30th June, 1929, shall forthwith be transferred by the States to the National Debt Commission. Nothing in this subclause contained shall be deemed to limit the power of a State to cancel before 30th June, 1929, any such securities.

(14) Where the conditions relating to sinking funds, redemption funds, and funds of a like nature as aforesaid held by a State on trust or by trustees under statutory or contractual obligations preclude the transfer of those funds to the National Debt Commission, such funds shall remain under the control of the State or those trustees, and the National Debt Commission will either directly or through the State concerned make all future payments to the State or to those trustees from the sinking fund.

(15) The sinking funds to be established under this Agreement shall be controlled by the National Debt Commission. The National Debt Commission may arrange with any State to act as its agent in connection with payments due to bondholders.

(16) Sinking fund contributions made under this Agreement in respect of the debts of a State and funds of that State transferred to the National Debt Commission under subclause (13) of this clause will not be accumulated, but (subject to subclauses (14) and (17) of this clause) will be applied to the redemption of the public debts of that State and of loans raised by the Commonwealth for and on behalf of that State, or to the purchase of securities issued in respect thereof.

(17) If at any time it is deemed inexpedient by the National Debt Commission to apply sinking funds in the manner set forth in subclause (16) of this clause, such funds may be temporarily invested in any securities in which the National Debt Commission is from time to time by law authorised to invest moneys.

(18) (a) When a security issued in respect of a public debt of a State or of a loan raised by the Commonwealth for and on behalf of a State is repurchased or redeemed by the National Debt Commission such security shall be cancelled—

- (i) if a repurchased security—on the last day of September, December, March, or June next ensuing after the date of repurchase, or on the date of maturity of the security whichever shall first occur; and
- (ii) if a redeemed security—on the date of redemption.

(b) In addition to the sinking fund contributions otherwise payable in respect of that debt or loan the State concerned shall—

- (i) as from the date of cancellation of each security and for the full period during which the said sinking fund contributions are payable make from revenue a further sinking fund contribution at the rate of  $4\frac{1}{2}$  per centum per annum of the face value of the cancelled security; and
- (ii) also pay to the National Debt Commission interest on the face value of each repurchased security at the rate provided by the security from the last date preceding the repurchase upon which interest was payable under the terms of the security up to the date of cancellation of the security.

(19) (a) Subject to paragraph (b) of this subclause, a State may, from time to time, pay to the National Debt Commission a sum in addition to sinking fund contributions for the purpose of being applied to the repurchase or redemption of securities issued in respect of a public debt of the State or a loan raised by the Commonwealth for and on behalf of the State. The provisions of subclause (18) of this clause shall apply with respect to any security so repurchased or redeemed (including any security repurchased or redeemed in accordance with paragraph (b) of this subclause) provided that the State shall not be required to make any further sinking fund contribution under subclause (18) of this clause upon the cancellation of the security.

(b) If any such sum is tendered by the State to the National Debt Commission, and is accepted by the National Debt Commission, for the purpose mentioned in paragraph (a) of this subclause but subject to either or both of the following conditions, namely,

- (i) that the sum shall be applied to the repurchase or redemption of particular securities specified by the State;
- (ii) that sinking fund contributions of the Commonwealth and the State payable under subclause (2), (6), (8), (10) or (11) of this clause in respect of the amount represented by the repurchased or redeemed securities shall cease as from the date of cancellation of those securities,

that sum shall be applied, and the condition or conditions shall take effect, accordingly.

(20) (a) Where, upon the conversion or partial conversion at a discount of a loan raised by or on behalf of a State sinking fund moneys are applied to the redemption of any amount of the converted loan, the State shall repay to the National Debt Commission from State revenue so much of the sinking fund moneys so applied as does not exceed the aggregate amount of the discounts allowed to subscribers to the loan raised to effect the conversion or partial conversion.

Inserted by Agreement of 15th November, 1944, clause 5. Effective from 1st July, 1937.— Agreement of 15th November, 1944, clause 6 (6).

(b) Repayment by the State shall, unless otherwise approved by the National Debt Commission, be by equal annual instalments extending over the period of the loan raised to effect the conversion or partial conversion. For the purpose of calculating the amount of the annual instalments any broken portion of a year shall be disregarded.

(c) Where, by the terms of the loan raised to effect the conversion or partial conversion, the borrower has an option as to the date upon which the borrower shall be entitled to redeem the loan, the period of the loan shall, for the purposes of this subclause, be deemed to be the period terminating upon the earliest date of redemption provided for by the terms of the loan.

(d) All repayment instalments payable to the National Debt Commission in pursuance of this subclause shall be payable at such times as shall be fixed by the National Debt Commission, and shall be applied as if they were sinking fund contributions made by the State under this clause, provided that the State shall not be required to make any further sinking fund contribution under subclause (18) of this clause upon the cancellation of any security to the repurchase or redemption of which any repayment instalment has been applied.

(21) All sinking fund contributions payable under this Agreement in respect of overseas debt, and all further sinking fund contributions so payable upon the cancellation of securities in respect of overseas debt, shall be calculated at the mint par of exchange prevailing on 1st July, 1927.

Inserted by Agreement of 15th November, 1944, clause 5. Effective from 1st July, 1927.— Agreement of 15th November, 1944, clause 6 (7).

#### TRANSFERRED PROPERTIES.

13. It is agreed that all questions between the Commonwealth and the States relating to State properties transferred to the Commonwealth or acquired by the Commonwealth under section 85 of the Constitution shall be settled as follows:—

(a) The States will as from 1st July, 1929, and as between the Commonwealth and the States be completely free and discharged from all liability whether in respect of principal, interest or sinking fund, or otherwise, which liability shall be assumed by the Commonwealth in respect of so much of the public debts of the States bearing interest at the rate of 5 per centum per annum, taken over by the Common-

wealth as aforesaid as amounts to the agreed value of transferred properties, namely, £10,924,323, apportioned to the several States as follows:—

	£
New South Wales .. .. .	4,788,005
Victoria .. .. .	2,302,862
Queensland .. .. .	1,560,639
South Australia .. .. .	1,035,631
Western Australia .. .. .	736,432
Tasmania .. .. .	500,754
Total .. .. .	£10,924,323

(b) The particular portion of the public debt of each State in respect of which the States shall become free and discharged from liability shall be determined by the Commonwealth.

(c) Each State will issue to the Commonwealth freehold titles (or, if the laws of any State do not permit of the issue of freehold titles, then titles as near to freehold as the laws of that State will permit) for transferred properties consisting of land or interests in land in that State, and all liability of the Commonwealth to the State in respect of transferred properties shall as from the 1st July, 1929, be extinguished.

(d) The provisions of clauses 11 and 12 of this Agreement shall not apply to the said amount of £10,924,323.

#### PART IV.—MISCELLANEOUS.

##### EXPENSES OF LOAN FLOTATION.

14. (1) Each State shall repay to the Commonwealth all expenses incurred or payments made by the Commonwealth in the performance of this Agreement in relation to the State, including the following expenses and payments:—

- (a) Loan flotation charges;
- (b) Management charges;
- (c) Stamp duties on transfer of securities;
- (d) Commission on payment of interest;
- (e) Expenses incurred in the conversion renewal redemption or consolidation of loans;
- (f) Exchange on transference of moneys.

(b) Unless it is otherwise agreed between the Commonwealth and a State, the Commonwealth will not do anything in connexion with a loan of that State existing on the 30th June, 1927, or raised thereafter pursuant to this Agreement, which, if done by that State, would be a breach of any now existing agreement by that State with any Bank.

(3) A certificate by the Auditor General of the Commonwealth stating the amount to be repaid by a State to the Commonwealth and the matter in respect of which the repayment is to be made shall, in the event of a dispute, be conclusive as to the amount and matter stated.

ALTERATION OF THE CONSTITUTION.\*

15. The Commonwealth will take the necessary action to submit to the Parliament of the Commonwealth and to the electors proposals for the alteration of the Constitution of the Commonwealth in the following form:—

“105A. (1) The Commonwealth may make agreements with the States with respect to the debts of the States, including—

- (a) the taking over of such debts by the Commonwealth;
- (b) the management of such debts;
- (c) the payment of interest and the provision and management of sinking funds in respect of such debts;
- (d) the consolidation, renewal, conversion, and redemption of such debts;
- (e) the indemnification of the Commonwealth by the States in respect of debts taken over by the Commonwealth; and
- (f) the borrowing of money by the States or by the Commonwealth or by the Commonwealth for the States.

(2) The Parliament may make laws for validating any such agreement made before the commencement of this section.

(3) The Parliament may make laws for the carrying out by the parties thereto of any such agreement.

(4) Any such agreement may be varied or rescinded by the parties thereto.

(5) Every such agreement and any such variation thereof shall be binding upon the Commonwealth and the States parties thereto, notwithstanding anything contained in this Constitution or the constitution of the several States or in any law of the Parliament of the Commonwealth or of any State.

(6) The powers conferred by this section shall not be construed as being limited in any way by the provisions of section 105 of this Constitution.”

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\*The proposals contained in clause 15 were submitted to the Parliament of the Commonwealth and to the electors and were approved in accordance with the Constitution of the Commonwealth. The law embodying the proposals became operative on 13th February, 1929 (Constitution Alteration (State Debts), No. 1 of 1929).

INDEMNITY.

16. Each State agrees with the Commonwealth that it will by the faithful performance of its obligations under this Agreement indemnify the Commonwealth against all liabilities whatsoever in respect of the public debt of that State taken over by the Commonwealth as aforesaid (other than the liabilities of the Commonwealth under this Agreement to pay interest and to make sinking fund contributions and under clause 13 of this Agreement), and in respect of all loans of that State in respect of which this Agreement provides that sinking fund contributions shall be made.

ACCOUNTS.

17. Separate accounts shall be kept by the Commonwealth for each State in respect of Debt, Interest, and Sinking Funds.

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