

1993-94

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time

(Treasury)

A BILL

FOR

**An Act to approve an agreement between the
Commonwealth, the States and the Territories, and for
related purposes**

The Parliament of Australia enacts:

Short title

1. This Act may be cited as the *Financial Agreement Act 1994*.

Commencement

5 2.(1) Subject to subsection (2), this Act commences on a day to be fixed by Proclamation.

(2) If the commencement of this Act is not fixed by a Proclamation published in the *Gazette* within the period of 12 months beginning on the day on which this Act receives the Royal Assent, this Act is repealed on the first day after the end of that period.

Interpretation

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3. In this Act:

“**1994 Financial Agreement**” means the agreement approved under section 4 as amended by any subsequent agreement approved by the Parliament.

Approval of agreement

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4. The agreement (a copy of which is set out in the Schedule) is approved.

Note: The 1994 Financial Agreement rescinds the agreement and arrangements specified in clause 16 of the 1994 Financial Agreement to the extent provided in that clause.

Appropriation

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5. The Consolidated Revenue Fund is appropriated to the extent necessary for the purpose of carrying out the 1994 Financial Agreement on the part of the Commonwealth.

Establishment of trust account

6.(1) A trust account to be known as the Debt Retirement Reserve Trust Account is established. 20

(2) The account is a trust account for the purposes of section 62A of the *Audit Act 1901*.

(3) The purpose of the account is for the payment and receipt of moneys in accordance with the 1994 Financial Agreement. 25

Establishment of State and Northern Territory accounts

7. A separate account in respect of each State and the Northern Territory is established in the Debt Retirement Reserve Trust Account.

Transfer of moneys into the Northern Territory account

8. As soon as practicable after the commencement of this Act, the Treasurer must pay the total amount of money in the Northern Territory Debt Sinking Fund into the Territory’s account in the Debt Retirement Reserve Trust Account. 30

Note: The Northern Territory Debt Sinking Fund was established under section 62A of the *Audit Act 1901*. Similar provision for the transfer of the balance of the State’s accounts in the National Debt Sinking Fund is made by section 7 of the *National Debt Sinking Fund Repeal Act 1994*. 35

SCHEDULE

Section 4

FINANCIAL AGREEMENT (1994)

AGREEMENT made the 25th day of February One thousand nine hundred and ninety four between—

THE COMMONWEALTH OF AUSTRALIA 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 WESTERN AUSTRALIA of the fifth part;

THE STATE OF SOUTH AUSTRALIA of the sixth part;

THE STATE OF TASMANIA of the seventh part;

THE AUSTRALIAN CAPITAL TERRITORY of the eighth part; and

THE NORTHERN TERRITORY OF AUSTRALIA of the ninth part

(each of the parties of the second, third, fourth, fifth, sixth and seventh parts and, in relation to clause 4, the Australian Capital Territory and the Northern Territory of Australia in respect of which for the time being the Agreement is in force being in this Agreement referred to as a “State” and all of those parties as the context so permits or requires being in this Agreement referred to as “the States”).

WHEREAS:

- (A) an Agreement (in this Agreement called “the Original Agreement”) was made the 12th December 1927 between the parties to this Agreement with respect to the public debts of the States;
- (B) the provisions of the Original Agreement (which, as varied by the Supplemental Agreements, is in this Agreement called the “Principal Agreement”) have been varied by the following agreements made in pursuance of section 105A of the Constitution of the Commonwealth of Australia—
 - (i) Agreement made the 1st July 1928, a copy of which is set out in the Schedule to the Tasmania Sinking Fund Agreement Act 1928;
 - (ii) Agreement made the 21st July 1931, a copy of which is set out in the Schedule to the Debt Conversion Agreement Act 1931;
 - (iii) Agreement made the 22nd October 1931, a copy of which is set out in the Schedule to the Debt Conversion Agreement Act (No. 2) 1931;
 - (iv) Agreement made the 3rd July 1934, a copy of which is set out in the Schedule to the Soldier Settlement Loans (Financial Agreement) Act 1935;
 - (v) Agreement made the 15th November 1944, a copy of which is set out in the Schedule to the Financial Agreement Act 1944;

SCHEDULE—continued

- (vi) Agreement made the 11th February 1966, a copy of which is set out in the Schedule to the Financial Agreement Act 1966; and
 - (vii) Agreement made the 5th February 1976, a copy of which is set out in the Schedule to the Financial Agreement Act 1976,
(which Agreements are in this Agreement referred to as “the Supplemental Agreements”);
- (C) the parties, other than those of the eighth and ninth parts, have agreed that in pursuance of section 105A of the Constitution provision as specified in this Agreement different from that in the Principal Agreement should be made as to;
- (i) the powers of the Loan Council;
 - (ii) the restriction on a State from borrowing by the issue of securities in its own name in domestic and overseas markets;
 - (iii) the requirement on the Commonwealth and on a State for approval of borrowings; and
 - (iv) the power of the Commonwealth to borrow on behalf of the States; and
- (D) all the parties agree that
- (i) the Australian Capital Territory and the Northern Territory be represented on the Loan Council;
 - (ii) the Loan Council have a power to make resolutions only; and
 - (iii) the Northern Territory and the Commonwealth make into the Debt Retirement Reserve Trust Account the payments that they would otherwise have made under the 1986 Arrangements;

NOW IT IS HEREBY AGREED as follows:

- 1(1) This Agreement, other than this clause, shall have no force or effect and shall not be binding upon any party until, in respect of each party, either—
- (a) it is signed with the prior authority of the Parliament or, in the case of each Territory, the Legislative Assembly, of that party; or
 - (b) after having been signed, it is approved by the Parliament or, in the case of each Territory, the Legislative Assembly, of that party.
- (2) The Commonwealth will take, as soon as possible, all practicable steps to seek the enactment of legislation relating to:
- (a) the cessation of the National Debt Sinking Fund created by the National Debt Sinking Fund Act 1966;

SCHEDULE—continued

- (b) the establishment of the Debt Retirement Reserve Trust Account;
and
 - (c) thereupon, the payment from the National Debt Sinking Fund or, in the case of the Northern Territory, the Northern Territory Debt Sinking Fund, into the Debt Retirement Reserve Trust Account, but so that the payment is made to the credit of the accounts established in respect of the relevant States or the Northern Territory, as the case may be, of the moneys then standing to the credit of the accounts in the National Debt Sinking Fund or the Northern Territory Debt Sinking Fund, respectively, including any later amounts which, but for the abolition of the National Debt Sinking Fund or the Northern Territory Debt Sinking Fund, would, when received, have been paid into the National Debt Sinking Fund or the Northern Territory Debt Sinking Fund.
- 2(1) This Agreement, as varied from time to time, shall be known as “the 1994 Financial Agreement”.
- (2) Upon its coming into force, clauses 7, 8, 10, 11 and 13 of this Agreement shall be deemed to have commenced to operate on and from 1 July 1990.
- 3(1) In this Agreement, unless the contrary intention appears—
- “bondholder” means holder of any securities but does not include the Commonwealth;
 - “face value” means—
 - (a) in relation to securities repayable in Australian currency, the principal amount, excluding any amount payable by way of premium, remaining to be repaid in respect of the securities;
 - (b) in relation to securities repayable in an overseas currency, the equivalent in Australian currency of the principal amount, excluding any amount payable by way of premium, remaining to be repaid in respect of the securities, converted at the Reserve Bank of Australia selling rate to the Commonwealth Government at the time of conversion or at such rate as is agreed between the Commonwealth and the States;
 - “gross cost”, in relation to the purchase of securities, means the amount actually paid for the securities, including interest, brokerage and commission;
 - “holder”, in relation to securities, means owner of the securities according to the manner in which ownership of the securities is determined;

SCHEDULE—continued

“net public debt”, means:

- (a) in relation to a State, the public debt of the State less an amount equal to the sum of the balance standing to the credit of the State—
 - (A) in relation to the period until the establishment of the Debt Retirement Reserve Trust Account, in the Sinking Fund; and
 - (B) thereafter, in the Debt Retirement Reserve Trust Account; and
- (b) in relation to the Northern Territory, the public debt of that Territory less an amount equal to the sum of the balance standing to the credit of the Territory—
 - (C) in relation to the period until the establishment of the Debt Retirement Reserve Trust Account, in the Northern Territory Debt Sinking Fund; and
 - (D) thereafter, in the Debt Retirement Reserve Trust Account;

“Premier” includes, in relation to clause 4, the Chief Minister of—

- (a) the Australian Capital Territory; and
- (b) the Northern Territory of Australia,

as the case may be;

“public debt” means

- (a) in relation to a State, the aggregate of the face value of the securities issued or created by the State or issued or created in respect of the State in accordance with the Principal Agreement that have not been purchased, redeemed or otherwise repaid or in respect of which the State has not otherwise been freed and discharged from liability; and
- (b) in relation to the Northern Territory, the aggregate of the face value of the securities issued or created in respect of the Northern Territory in accordance with the 1986 Arrangements that have not been purchased, redeemed or otherwise repaid or in respect of which the Northern Territory has not otherwise been freed and discharged from liability;

“securities” means—

- (a) where the context involves a State;
 - Inscribed Stock and Bonds
 - Instalment Stock
 - Registered Stock
 - Funded Stock
 - Stock payable to bearer

SCHEDULE—continued

Special Bonds

Australian Savings Bonds

which were issued or created by a State and taken over by the Commonwealth under the Principal Agreement or issued or created in respect of a State; and

(b) where the context involves the Northern Territory;

Inscribed Stock and Bonds

Registered Stock

Stock payable to bearer

Australian Savings Bonds

which were issued or created in respect of the Northern Territory under the 1986 Arrangements;

“the Commission” means the National Debt Commission continued in existence by the National Debt Sinking Fund Act 1966;

“the Loan Council” means the Australian Loan Council continued in existence pursuant to this Agreement;

“the Sinking Fund” means the National Debt Sinking Fund created by the National Debt Sinking Fund Act 1966; and

“the 1986 Arrangements” means the Arrangements entered into between the Commonwealth of Australia and the Northern Territory dated the 26th May 1986 under which, among other things, there was created the Northern Territory Debt Sinking Fund within the Commonwealth Trust Fund.

(2) In this Agreement—

(a) a reference to a year is, unless the contrary intention appears, a reference to a financial year commencing on a 1st July;

(b) the expression “in writing” includes any mode of representing or reproducing words and figures in a written form; and

(c) except where inconsistent with the context, words in the singular include the plural and words in the plural include the singular.

4(1) The Australian Loan Council created under the Principal Agreement is continued in existence hereunder but so that it shall consist of one representative of the Commonwealth who shall be—

(a) the Prime Minister of the Commonwealth; or

(b) a Minister or other person nominated in writing by the Prime Minister,

SCHEDULE—continued

and one representative of each State who shall be—

(c) the Premier of that State; or

(d) a Minister or other person nominated in writing by the Premier of that State,

provided that the nomination of the Minister shall be deemed to include another Minister of the Commonwealth or of the State, as the case may be, who is for the time being acting for the Minister nominated and references in this clause to a representative shall be read so as to include a Minister who is so acting.

- (2) Any nomination of a substitute representative of the Commonwealth or of a State shall be tabled at the meeting of the Loan Council next succeeding the nomination.
- (3) The representative of the Commonwealth on the Loan Council shall hold office during the pleasure of the Prime Minister of the Commonwealth and a representative of a State shall hold office during the pleasure of his or her Premier.
- (4) The representative of the Commonwealth shall be the Chairman of the Loan Council.
- (5) A decision in which all the representatives for the time being of the Loan Council concur shall be not affected by any vacancy then existing among the representatives.
- (6) A meeting of the Loan Council may at any time be convened by the representative of the Commonwealth, and shall be so convened upon the request of at least four State representatives.
- (7) A majority of the representatives 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 representative 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 representative exercise all the powers and functions of the representative and his or her presence shall be deemed the presence of the representative; and
 - (b) an absent representative who has not appointed a deputy may vote by letter, telegram, or by facsimile and in such case that representative shall be counted as being present in relation only to the questions on which he or she has voted.
- (8) The Loan Council may make rules of procedure including rules relating to places, times, and notices of meetings, and conduct of business at meetings, including voting on a resolution and from time to time may alter such rules.

SCHEDULE—continued

- (9) The Loan Council may make resolutions, which are not to operate as they would have operated had clause 3(15) of the original Agreement not been rescinded, in relation to—
- (a) borrowings;
 - (b) raisings; and
 - (c) other financial arrangements

by the Commonwealth, a State, a local governing body or any entity owned or controlled wholly or as to a major part by any of them, save for any of the foregoing excepted from time to time by the Loan Council.

- (10) In this clause the expressions “Prime Minister” and “Premier” include the persons for the time being respectively acting as such.
- 5(1) Subject to this clause the Commonwealth will continue to pay to bondholders from time to time interest payable on the Public Debts of the States taken over by the Commonwealth under the Principal Agreement other than debts due by the States to the Commonwealth.
- (2) Each State shall continue to pay in each year to the Commonwealth, as it falls due, the whole of the interest on any debt included in the public debt of that State taken over by the Commonwealth under the Principal Agreement, and on any moneys borrowed by the Commonwealth under the Principal Agreement on behalf of that State, then unpaid.
- (3) The Northern Territory shall continue to pay in each year to the Commonwealth, as it falls due, the whole of the interest on any moneys borrowed by the Commonwealth on behalf of the Northern Territory under the 1986 Arrangements then unpaid.
- (4) The method by which payments shall be made by a State under sub-clause (2) or the Northern Territory under sub-clause (3) of this clause shall be arranged from time to time between the Commonwealth and, respectively, that State or the Northern Territory.
- (5) The rate of interest payable under sub-clause (2) 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 that State for the full term of that loan.

SCHEDULE—continued

- (6) The rate of interest payable under sub-clause (3) of this clause in respect of moneys borrowed by the Commonwealth on behalf of the Northern Territory 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 Northern Territory to the Commonwealth under any agreement made or to be made between the Commonwealth and the Northern Territory in respect of such moneys and such interest shall be payable by the Northern Territory for the full term of that loan.
- 6(1) There shall be a trust account to be called the “Debt Retirement Reserve Trust Account”.
- (2) The Commonwealth shall establish and maintain a separate account in the Debt Retirement Reserve Trust Account in respect of each State.
- (3) The Commonwealth shall establish and maintain a separate account in the Debt Retirement Reserve Trust Account in respect of the Northern Territory.
- (4) There shall be paid by the Commonwealth into each of those accounts in the Debt Retirement Reserve Trust Account established under sub-clause 6(2):
 - (a) amounts equal to the amounts received from the State under sub-clause 7(2); and
 - (b) amounts being the contributions by the Commonwealth under clause 8.
- (5) There shall be paid by the Commonwealth into the accounts in the Debt Retirement Reserve Trust Account established under sub-clause 6(3):
 - (a) amounts equal to the amounts received from the Northern Territory under sub-clause 7(3); and
 - (b) amounts being the contributions by the Commonwealth under clause 8.
- (6) Moneys standing to the credit of an account established in respect of a State in the Debt Retirement Reserve Trust Account shall be applied by the Commonwealth in connection with the purchase, redemption, including redemption on conversion, and repayment of securities of that State. The gross cost, in the case of purchase, or the cost at face value, in the case of redemption or repayment, shall be charged to the account established in respect of that State in the Debt Retirement Reserve Trust Account.

SCHEDULE—continued

- (7) Moneys standing to the credit of the account established in respect of the Northern Territory in the Debt Retirement Reserve Trust Account shall be applied by the Commonwealth in connection with the purchase, redemption, including redemption on conversion, and repayment of securities of the Northern Territory. The gross cost, in the case of purchase, or the cost at face value, in the case of redemption or repayment, shall be charged to the account established in respect of that Territory in the Debt Retirement Reserve Trust Account.
- (8) Moneys standing to the credit of an account established in respect of a State in the Debt Retirement Reserve Trust Account will be held within the Commonwealth Public Account established pursuant to paragraph 21(1)(a) of the Audit Act 1901 or that provision as amended, modified or re-enacted from time to time. An amount equal to interest earned on that part of the balances in the Commonwealth Public Account attributable to the credit balance in the account established in respect of a State within the Debt Retirement Reserve Trust Account shall be added to the moneys standing to the credit of that account.
- (9) Moneys standing to the credit of the account established in respect of the Northern Territory in the Debt Retirement Reserve Trust Account will be held within the Commonwealth Public Account established pursuant to paragraph 21(1)(a) of the Audit Act 1901 or that provision as amended, modified or re-enacted from time to time. An amount equal to interest earned on that part of the balances in the Commonwealth Public Account attributable to the credit balance in the account established in respect of the Northern Territory within the Debt Retirement Reserve Trust Account shall be added to the moneys standing to the credit of that account.
- (10) When securities of a State or of the Northern Territory are purchased, redeemed or repaid, the securities shall be deemed to have been cancelled on the date of the purchase, redemption or repayment.
- 7(1) Each State shall, in respect of the public debt of the State, pay by equal monthly instalments during each year commencing on 1 July 1990 or in such other amounts as are determined by agreement between the Commonwealth and the relevant State a contribution calculated in respect of that year as provided in this clause.
- (2) Each State shall pay the contribution in respect of each year—
 - (a) in respect of the period from 1 July 1990 until the establishment of the Debt Retirement Reserve Trust Account, to the Commission for credit to the account of the State in the Sinking Fund, and

SCHEDULE—continued

(b) thereafter, to the Commonwealth for credit to the account established in respect of the State in the Debt Retirement Reserve Trust Account

such that the contribution, together with—

- (c) in the case of the period referred to in paragraph (a),
- (i) amounts of interest referred to in sub-clause 12A(7) of the Principal Agreement, preserved by sub-clause 16(2), in respect of the relevant year or, where the Debt Retirement Reserve Trust Account has operated for only part of the year, the other part of that year;
 - (ii) contributions by the Commonwealth pursuant to clause 8 as it relates to the State in respect of the relevant year or, where the Debt Retirement Reserve Trust Account has operated for only part of the year, the other part of that year; and
 - (iii) the moneys standing to the credit of an account in respect of the State in the Sinking Fund as at the commencement of that year including where the Debt Retirement Reserve Trust Account has operated for only part of the year; and
- (d) in the case of the period referred to in paragraph (b),
- (i) amounts equal to interest referred to in sub-clause 6(8) in respect of the relevant year, or where the Debt Retirement Reserve Trust Account has operated for only part of the year, the interest referred to in sub-clause 6(8) for that part of that year;
 - (ii) contributions by the Commonwealth pursuant to clause 8 in respect of the relevant year or where the Debt Retirement Reserve Trust Account has operated for only part of the year, the contribution made into the Debt Retirement Reserve Trust Account for that part of the year; and
 - (iii) the moneys standing at the commencement of the relevant year to the credit of an account in respect of the State in the Debt Retirement Reserve Trust Account,

is equal to the total of those parts of its public debt which falls to be redeemed or is repaid or purchased in that year, or any greater amount which the State elects to have redeemed, repaid or purchased in that year, but so that in any event that contribution shall not be less than an amount equal to 0.85 per centum of the net public debt of the State as at the 30th June immediately preceding the year in which the contribution is payable.

SCHEDULE—continued

(3) The Northern Territory shall pay a contribution in respect of each year—

- (a) in respect of the period from 1 July 1990 until the establishment of the Debt Retirement Reserve Trust Account, to the Commonwealth for credit to the Northern Territory Debt Sinking Fund; and
- (b) thereafter, to the Commonwealth for credit to the account established in respect of the Northern Territory in the Debt Retirement Reserve Trust Account

such that the contribution, together with—

- (c) in the case of the period referred to in paragraph (a),
 - (i) amounts of interest which would have been payable under the 1986 Arrangements in respect of the relevant year or, where the Debt Retirement Reserve Trust Account has operated for only part of the year, the other part of that year;
 - (ii) contributions by the Commonwealth pursuant to clause 8 as it relates to the Territory in respect of the relevant year or, where the Debt Retirement Reserve Trust Account has operated for only part of the year, the other part of that year; and
 - (iii) the moneys standing to the credit of the Northern Territory Debt Sinking Fund as at the commencement of that year including where the Debt Retirement Reserve Trust Account has operated for only part of the year; and
- (d) in the case of the period referred to in paragraph (b),
 - (i) amounts equal to interest referred to in sub-clause 6(9) in respect of the relevant year or, where the Debt Retirement Reserve Trust Account has operated for only part of the year, the interest referred to in sub-clause 6(9) for that part of that year;
 - (ii) contributions by the Commonwealth pursuant to clause 8 in respect of the relevant year or, where the Debt Retirement Reserve Trust Account has operated for only part of the year, the contribution made into the Debt Retirement Reserve Trust Account for that part of the year; and
 - (iii) the moneys standing at the commencement of the relevant year to the credit of the account in respect of the Northern Territory in the Debt Retirement Reserve Trust Account,

SCHEDULE—continued

is equal to the total of those parts of its public debt which falls to be redeemed or is repaid or purchased in that year or any greater amount which the Northern Territory elects to have redeemed, repaid or purchased in that year, but so that in any event that contribution shall not be less than an amount equal to 0.85 per centum of the net public debt of the Northern Territory as at the 30th June immediately preceding the year in which the contribution is payable.

- 8(1) The Commonwealth shall, in respect of the public debt of each State and of the Northern Territory, pay for credit to the account of the State in the National Debt Sinking Fund and that Territory in the Northern Territory Debt Sinking Fund by equal monthly instalments during each year commencing 1 July 1990 or in such other amounts as are determined by agreement between the Commonwealth and the relevant State or the Commonwealth and the Northern Territory, as the case may be, a contribution calculated in respect of that year as provided in this clause.
- (2) The Commonwealth shall pay a contribution in respect of each of those years in relation to the public debt of a State and in relation to the public debt of the Northern Territory that is equivalent to 0.28 per centum of the net public debt of the State or the Northern Territory, as the case may be, at the 30th June immediately preceding the year in which the contribution is payable.
- (3) On and from the establishment of the Debt Retirement Reserve Trust Account the contribution payable by the Commonwealth under this clause in respect of the States and the Northern Territory shall be paid into that Account.
- 9 The contributions payable after the establishment of the Debt Retirement Reserve Trust Account by the Northern Territory under sub-clause 7(3) shall be:
 - (a) in respect of so much of the year ending on 30 June next following the establishment of the Debt Retirement Reserve Trust Account; and
 - (b) in respect of each succeeding year,
 of equal monthly instalments during the period referred to in paragraph (a) or during the year referred to in paragraph (b) or of such other amounts as are determined by agreement between the Commonwealth and the Northern Territory.
- 10 The Commonwealth shall reimburse, in such amounts and at such times as agreed between the Commonwealth and the State, each State for the excess, as assessed by agreement between the Commonwealth and the State, of the amount of the costs to the State incurred from

SCHEDULE—continued

- 1 July 1990 in respect of the redemption, repayment and purchase, by the Commonwealth of the securities from that date over the amount of the costs that would have been so incurred under the Principal Agreement.
- 11 The Commonwealth shall reimburse, in such amounts and at such times as agreed between the Commonwealth and the Northern Territory, that Territory for the excess, as assessed by agreement between the Commonwealth and that Territory, of the amount of the costs to that Territory incurred from 1 July 1990 in respect of the redemption, repayment and purchase, by the Commonwealth of the securities from that date over the amount of the costs that would have been so incurred under the 1986 Arrangements.
- 12(1) Each State and the Northern Territory 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 and the Northern Territory, 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; and
 - (f) Exchange on transference of moneys.
- (2) Unless it is otherwise agreed between the Commonwealth and a State, the Commonwealth will not do anything in connection with a loan of that State existing on the 30th June, 1927, or raised thereafter pursuant to the Principal 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.
- 13 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 (other than the liabilities of the Commonwealth under this Agreement to pay interest and to make sinking fund contributions or, after its establishment, contributions to the Debt Retirement Reserve Trust Account), not falling payable

SCHEDULE—continued

under the Principal Agreement prior to the 1 July 1990 in respect of which this Agreement provides that sinking fund contributions or, after its establishment, contributions to the Debt Retirement Reserve Trust Account shall be made.

- 14 The Northern Territory 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 all loans of that Territory for which this Agreement provides that, after its establishment, contributions to the Debt Retirement Reserve Trust Account shall be made.
- 15 Separate accounts shall be kept by the Commonwealth for each State and, so far as relevant, for the Northern Territory in respect of Debt, Interest, and Sinking Funds or, after its establishment, contributions for the purposes of the Debt Retirement Reserve Trust Account.
- 16(1) This Agreement rescinds the Principal Agreement, except as provided by this clause, but with effect from the date on which this Agreement, other than Clauses 7, 8, 10, 11 and 13, comes into effect.
- (2) Sub-clauses 12A(1), (2) and (4) to (12), inclusive, of the Principal Agreement continue to operate until the date on which the Debt Retirement Reserve Trust Account is established and, for the purposes of their continued operation, references in sub-clause 12A(9) of the Principal Agreement to clauses 12B and 12C are taken to be references to clauses 7 and 8, respectively, of this Agreement.
- (3) This Agreement rescinds, with effect from the date referred to in sub-clause (1), the provisions of the 1986 Arrangements in relation to debt outstanding as at 1 July 1990, being debt arising from securities the subject of those Arrangements issued or created in respect of the Northern Territory by the Commonwealth.

IN WITNESS WHEREOF this agreement has been signed for and on behalf of the parties respectively as at the day and year first above written.

SIGNED by the Honourable PAUL JOHN KEATING, Prime Minister of the Commonwealth of Australia,
in the presence of Dr Michael Keating

} * Signature omitted

SIGNED by the Honourable JOHN JOSEPH FAHEY, Premier of the State of New South Wales, in the presence of Mr Roger Wilkins

} * Signature omitted

SCHEDULE—continued

SIGNED by the Honourable JEFFREY GIBB KENNETT, Premier of the State of Victoria, in the presence of Mr Ken Baxter } * Signature omitted

SIGNED by the Honourable WAYNE KEITH GOSS, Premier of the State of Queensland, in the presence of Mr Kevin Rudd } * Signature omitted

SIGNED by the Honourable RICHARD FAIRFAX COURT, Premier of the State of Western Australia, in the presence of Mr Don Saunders } * Signature omitted

SIGNED by the Honourable DEAN CRAIG BROWN, Premier of the State of South Australia, in the presence of Mr Michael Schilling } * Signature omitted

SIGNED by the Honourable RAYMOND JOHN GROOM, Premier of the State of Tasmania, in the presence of Dr Dan Norton } * Signature omitted

SIGNED by ROSEMARY FOLLETT, Chief Minister of the Australian Capital Territory, in the presence of Dr David Rosalky } * Signature omitted

SIGNED by the Honourable MARSHALL BRUCE PERRON, Chief Minister of the Northern Territory, in the presence of Dr Neil Conn } * Signature omitted