

FINANCIAL AGREEMENTS (COMMON- WEALTH LIABILITY).

No. 2 of 1932.

An Act to resolve doubts which have arisen as to the liability of the Commonwealth to bondholders in certain debts of the States taken over by the Commonwealth, and for other purposes.

[Assented to 12th March, 1932.]

WHEREAS by clause 1 of Part III. of the Agreement set forth Preamble.
in the Schedule to the *Financial Agreement Validation Act* 1929 it was agreed that, subject to the provisions of that Part of the Agreement, the Commonwealth would take over on the first day of July One thousand nine hundred and twenty-nine—

- (a) the balance then unpaid of the gross public debt of each State existing on the thirtieth day of June One thousand nine hundred and twenty-seven; and
- (b) all other debts of each State existing on the first day of July One thousand nine hundred and twenty-nine for moneys borrowed by that State which by that Agreement were deemed to be moneys borrowed by the Commonwealth for and on behalf of that State,

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

AND WHEREAS doubts have arisen as to the direct liability of the Commonwealth to bondholders in certain debts of the States so taken over by the Commonwealth :

AND WHEREAS it is desirable that those doubts should be resolved and that the Commonwealth should accept direct liability to those bondholders and should have the right to sue the State concerned for the amount of payments made in satisfaction of such liability :

BE it therefore enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

1. This Act may be cited as the *Financial Agreements (Commonwealth Liability) Act* 1932. Short title.

2. This Act shall be deemed to have commenced on the first day of January, One thousand nine hundred and thirty-one. Commencement.

Definitions.

3. In this Act, unless the contrary intention appears—

“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 ;

“The Financial Agreements” means one or more or all of the Agreements contained in the Schedules to the *Financial Agreement Validation Act 1929*, the *Debt Conversion Agreement Act 1931* and the *Debt Conversion Agreement Act (No. 2) 1931*.

Assumption of liability by Commonwealth to bondholders.

4.—(1.) The Commonwealth will pay to bondholders from time to time interest payable on the Public Debts taken over by the Commonwealth from the States in pursuance of clause 1 of Part III. of the Agreement contained in the Schedule to the *Financial Agreement Validation Act 1929*, other than debts due by the States to the Commonwealth, and, upon the maturity of any securities issued in respect of any such Public Debts, will pay to bondholders the principal moneys secured by those securities.

(2.) Any such bondholder may bring a suit against the Commonwealth in the High Court for payment of interest due to him at any time on any portion of any such Public Debts of a State, and, upon the maturity of any securities issued in respect of any such public debts, for payment of the principal moneys secured by those securities.

(3.) The Consolidated Revenue Fund is hereby appropriated accordingly for the purpose of payments of principal moneys and interest for which in pursuance of the foregoing provisions of this section the Commonwealth is liable.

(4.) In addition to and without prejudice to any other remedy or relief, the Commonwealth shall be entitled to recover from a State, by suit in the High Court, any moneys (due and payable and unpaid by the State by virtue of the Financial Agreements or this Act) for which the Commonwealth has become liable by virtue of the Financial Agreements or this Act, or which the Commonwealth has paid in pursuance of those Agreements or this Act.

5. The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters required or permitted to be prescribed, or which are necessary or convenient to be prescribed, for carrying out or giving effect to this Act, and in particular—

- (a) for conferring on the Treasurer and officers of the Commonwealth, powers of requiring returns and production of documents; and
- (b) for prescribing penalties, not exceeding in any case One hundred pounds or imprisonment for six months, for any contravention of the regulations.

FINANCIAL AGREEMENTS ENFORCEMENT.

No. 3 of 1932.

An Act to provide for the carrying out of the Financial Agreements between the Commonwealth and the States by the parties thereto, and for other purposes.

[Assented to 12th March, 1932.]

WHEREAS it is, by section one hundred and five A of the Constitution, provided *inter alia* that the Parliament may make laws for the carrying out by the parties thereto of any agreement made between the Commonwealth and the States with respect to any of the matters mentioned in that section :

AND WHEREAS the Agreements set forth in the Schedules to the *Financial Agreement Validation Act 1929*, the *Debt Conversion Agreement Act 1931*, and the *Debt Conversion Agreement Act (No. 2) 1931*, are agreements made between the Commonwealth and the States with respect to matters mentioned in that section :

AND WHEREAS it is desirable to make provision for the carrying out by the parties thereto of the obligations imposed upon them by those Agreements :

BE it therefore enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

PART I.—PRELIMINARY.

1. This Act may be cited as the *Financial Agreements Enforcement Act 1932*.