
LOAN NUMBER ³⁶⁴~~364~~ NZ

Loan Agreement

(Harbor Projects)

BETWEEN

NEW ZEALAND

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED NOVEMBER ¹²~~12~~, 1963

Loan Agreement

AGREEMENT, dated November ¹² 1963, between NEW ZEALAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) which Agreement, for the purposes of the New Zealand Loans Act 1953, is recognized by the parties hereto to be a security.

Now THEREFORE it is hereby agreed as follows:

ARTICLE I

Loan Regulations; Special Definitions

SECTION 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961 subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

SECTION 1.02. (a) The second sentence of Section 4.01 of the Loan Regulations is amended to read as follows:

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to June 1, 1962 or (b) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.”

(b) Paragraph 10 of Section 10.01 of the Loan Regulations is amended to read as follows:

“The terms “Projects” and “Project” mean the Projects described in Schedule 2 to the Loan Agreement, or any one of them, as the context may require.”

SECTION 1.03. The following terms shall have the following meanings:

- (a) "Beneficiaries" means the Auckland, Lyttelton, Napier, Timaru and Whangarei Harbour Boards.
- (b) "Subsidiary Loan Agreements" means the agreements, referred to in Section 5.07 of this Agreement, between the Borrower and each of the Beneficiaries.
- (c) "Subsidiary Loans" means the loans provided for in the respective Subsidiary Loan Agreements.

ARTICLE II

The Loan

SECTION 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seven million eight hundred thousand dollars (\$7,800,000).

SECTION 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement; provided, however, that no withdrawals may be made for any Project until the requirements of Section 5.07 of this Agreement with respect to such Project have been carried out.

SECTION 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

SECTION 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the

principal amount of the Loan so withdrawn and outstanding from time to time.

SECTION 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

SECTION 2.06. Interest and other charges shall be payable semiannually on February 15 and August 15 in each year.

SECTION 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

ARTICLE III

Use of Proceeds of Loan; Currencies

SECTION 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Projects described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

SECTION 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Projects.

SECTION 3.03. Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Borrower and the

Bank agree that any withdrawals on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be made in dollars or in such other currency or currencies as the Bank shall reasonably select.

ARTICLE IV

Bonds

SECTION 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

SECTION 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

ARTICLE V

Particular Covenants

SECTION 5.01. (a) The Borrower shall cause the Projects to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In furtherance of (a) hereof, the Borrower shall, whenever there is reasonable cause to believe that the funds available to any of the Beneficiaries will be inadequate to meet the estimated expenditures required for carrying out the Project to be carried out by such Beneficiary, make reasonable arrangements promptly to provide such Beneficiary, or cause such Beneficiary to be provided with, such funds as are needed to meet such expenditures.

(c) The Borrower shall cause the Beneficiaries to operate the ports in accordance with sound port practices with capable management and maintain their financial position in accordance with sound business practices.

(d) The Borrower shall: (i) maintain or cause to be maintained records adequate to show the application of the proceeds of the Subsidiary Loans, to disclose the use of the goods in the Projects, to record the progress of the Projects (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Beneficiaries; (ii) enable the Bank's representatives to inspect the Projects, the goods, the properties of the Beneficiaries and any relevant records and documents; and (iii) furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Subsidiary Loans, the Projects, the goods and the operations and financial condition of the Beneficiaries.

SECTION 5.02. The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end:

(a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Projects, the performance by the Borrower of its obligations under the Loan Agreement and by the Beneficiaries of their obligations under the Subsidiary Loan Agreements, the administration, operations and financial condition of the Beneficiaries, financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower;

(b) the Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement or the performance by the Beneficiaries of their respective obligations under the Subsidiary Loan Agreements; and

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

SECTION 5.03. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Reserve Bank of New Zealand and any other institution performing the functions of a central bank.

SECTION 5.04. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the

laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

SECTION 5.05. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

SECTION 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

SECTION 5.07. The Borrower shall enter into Subsidiary Loan Agreements providing for the relending of the proceeds of the Loan by the Borrower to the respective Beneficiaries. Each Subsidiary Loan Agreement shall be satisfactory to the Borrower and the Bank and shall contain appropriate provisions with respect to the financing and the carrying out of the Project and other obligations of the Borrower under the Loan Agreement.

SECTION 5.08. Except as the Bank shall otherwise agree: (a) the Borrower shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Borrower and the Bank; and (b) the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreements.

SECTION 5.09. (a) Except as shall be otherwise agreed between the Borrower and the Bank, the Borrower shall cause to be insured the goods financed out of the proceeds of the Loan against risks incident to their purchase and transportation to the site of each Project. Such insurance shall be consistent with sound commercial practice and shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in any other currency which the Borrower can convert into such currency.

(b) In addition, the Borrower shall cause the Beneficiaries to take out and maintain with good and reputable insurance companies insurance against such risks and in such amounts as shall be consistent with sound business practices.

ARTICLE VI

Remedies of Bank

SECTION 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

ARTICLE VII

Effective Date; Miscellaneous

SECTION 7.01. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

SECTION 7.02. The Closing Date shall be December 31, 1967 or such other date as may from time to time be agreed between the Borrower and the Bank.

SECTION 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

Secretary to the Treasury
P.O. Box 5010
Wellington C.1, New Zealand

Alternative address for cables and radiograms:

Galvanise
Wellington

For the Bank:

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cables and radiograms:

Intbafrad
Washington, D. C.

SECTION 7.04. The Minister of Finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective

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

NEW ZEALAND

G. A. Hakin
Emy Hope

by

Authorized Representatives

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

G. M. Wilson

by

VICE President

SCHEDULE 1
Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
February 15, 1968	95,000
August 15, 1968	100,000
February 15, 1969	100,000
August 15, 1969	105,000
February 15, 1970	110,000
August 15, 1970	110,000
February 15, 1971	115,000
August 15, 1971	115,000
February 15, 1972	120,000
August 15, 1972	125,000
February 15, 1973	125,000
August 15, 1973	130,000
February 15, 1974	135,000
August 15, 1974	140,000
February 15, 1975	140,000
August 15, 1975	145,000
February 15, 1976	150,000
August 15, 1976	155,000
February 15, 1977	160,000
August 15, 1977	160,000
February 15, 1978	165,000
August 15, 1978	170,000
February 15, 1979	175,000
August 15, 1979	180,000
February 15, 1980	185,000
August 15, 1980	190,000
February 15, 1981	195,000
August 15, 1981	200,000
February 15, 1982	205,000
August 15, 1982	215,000
February 15, 1983	220,000
August 15, 1983	225,000
February 15, 1984	230,000
August 15, 1984	240,000
February 15, 1985	245,000
August 15, 1985	250,000
February 15, 1986	260,000
August 15, 1986	265,000
February 15, 1987	270,000
August 15, 1987	280,000
February 15, 1988	285,000
August 15, 1988	295,000
February 15, 1989	320,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05(b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity.	$\frac{1}{2}\%$
More than three years but not more than six years before maturity.....	1%
More than six years but not more than eleven years before maturity.....	$1\frac{1}{2}\%$
More than eleven years but not more than sixteen years before maturity.....	$2\frac{1}{2}\%$
More than sixteen years but not more than twenty-one years before maturity.....	$3\frac{1}{2}\%$
More than twenty-one years but not more than twenty-three years before maturity.	$4\frac{1}{2}\%$
More than twenty-three years before maturity	$5\frac{1}{2}\%$

SCHEDULE 2**Description of Projects**

The Projects are parts of a program of expansion and modernization of New Zealand ports, including necessary utility services, as follows:

I. *Auckland*

Cargo handling and dredging equipment will be provided. At Onehunga, the existing berthage will be extended by 500 feet of marginal wharf, and a cargo shed will be constructed.

II. *Lyttelton*

Quay cranes will be provided at the eastern extension.

III. *Napier*

A new two berth finger pier will be constructed.

IV. *Timaru*

A mechanical meat loading installation, including a shed, conveyors and rail tracks will be provided. A transit shed will be constructed at an existing wharf. Cargo handling equipment will be provided.

V. *Whangarei*

A slipway, tug jetty, workshop and offices will be constructed. Tugs, a pilot launch, a maintenance barge and navigational aids will be provided.