

20 July 1964

Your Highness,

I have the honour to refer to recent discussions in which I was informed that the Government of Western Samoa wished to borrow in New Zealand an amount not exceeding one million pounds in New Zealand currency for the purpose of harbours development in Western Samoa. The principal sum borrowed and the interest due thereon would be a charge on the public revenues of Western Samoa, and would be secured by stock issued by the Government of Western Samoa.

It was an essential element of this proposal that the stock securing the loan would be registered with the Reserve Bank of New Zealand on behalf of the Government of Western Samoa. I note that the Parliament of Western Samoa has already made provision for this borrowing in the Harbours Development and Loan Authorization Act 1964 and, more generally, in the Financial Powers Act 1964.

I am happy to assure Your Highness of the desire of the Government of New Zealand to assist the Government of Western Samoa in this matter. Under legislation passed by the New Zealand Parliament during its present session, the Reserve Bank of New Zealand now has power to act on behalf of the Government of Western Samoa as the Registrar of Stock issued by that Government. This power can, of course, be exercised only in pursuance of an agreement between Western Samoa and the Reserve Bank.

In the Finance Act 1964, the New Zealand Parliament has taken special cognizance of the loan proposed by the Government of Western Samoa for the purpose of harbours development. If this borrowing is secured by stock issued and registered in the way I have described, there is provision for the Government of New Zealand to guarantee the repayment of the principal sum and the payment of interest due thereon.

In order to ensure the success of the loan, the Government of New Zealand is prepared to give such a guarantee to the stockholders, provided that the Government of Western Samoa for its part undertakes and agrees that -

/(a)

His Highness Malietoa Tanumafili II C.B.E.,
Head of State of Western Samoa,
Apia,
WESTERN SAMOA.

- (a) Western Samoa will observe and perform fully the obligations it assumes towards the stockholders and towards the Reserve Bank of New Zealand;
- (b) Until the final repayment of the loan, the protection afforded to the stockholders and to the Reserve Bank of New Zealand by the laws of Western Samoa will not be reduced or varied except with the prior consent of the Government of New Zealand;
- (c) In each half-year during the currency of the loan such sums as have been decided in consultation between the two Governments shall be set aside for the repayment of the loan in manner already provided by the laws of Western Samoa;
- (d) The other terms and conditions of the loan will be settled to the satisfaction of the two Governments in the prospectus to be issued by the Government of Western Samoa;
- (e) Measures for the redemption, conversion or renewal of the stock issued will be taken only with the consent of the Government of New Zealand and on such terms and conditions as may be settled to the satisfaction of the two Governments.

If the arrangements set out in the preceding paragraph are acceptable to the Government of Western Samoa, I propose that this letter and Your Highness's reply be regarded as constituting an agreement between the two Governments.

I avail myself, Your Highness, of this opportunity to renew to Your Highness the assurances of my highest consideration.

" J. R. Hanan".



GOVERNMENT OF THE INDEPENDENT STATE OF WESTERN SAMOA

*Office of the Head of State**Vailima,**Western Samoa*

23 July, 1964

Your Excellency,

I have the honour to acknowledge the receipt of your letter dated 20 July 1964, the text of which reads as follows:

"I have the honour to refer to recent discussions in which I was informed that the Government of Western Samoa wished to borrow in New Zealand an amount not exceeding one million pounds in New Zealand currency for the purpose of harbours development in Western Samoa. The principal sum borrowed and the interest due thereon would be a charge on the public revenues of Western Samoa, and would be secured by stock issued by the Government of Western Samoa.

It was an essential element of this proposal that the stock securing the loan would be registered with the Reserve Bank of New Zealand on behalf of the Government of Western Samoa. I note that the Parliament of Western Samoa has already made provision for this borrowing in the Harbours Development and Loan Authorization Act 1964 and, more generally, in the Financial Powers Act 1964.

I am happy to assure Your Highness of the desire of the Government of New Zealand to assist the Government of Western Samoa in this matter. Under legislation passed by the New Zealand Parliament during its present session, the Reserve Bank of New Zealand now has power to act on behalf of the Government of Western Samoa as the Registrar of Stock issued by that Government. This power can, of course, be exercised only in pursuance of an agreement between Western Samoa and the Reserve Bank.

In the Finance Act 1964, the New Zealand Parliament has taken special cognizance of the loan proposed by the Government of Western Samoa for the purpose of harbours development. If this borrowing is secured by stock issued and registered in the way I have described, there is provision for the Government of New Zealand to guarantee the repayment of the principal sum and the payment of interest due thereon.

In order to ensure the success of the loan, the Government of New Zealand is prepared to give such a guarantee to the stockholders, provided that the Government of Western Samoa for its part undertakes and agrees that -

/(a)

The Honourable J.R. Hanan,
Minister Acting for the Minister of
External Affairs of New Zealand,
Wellington,
NEW ZEALAND.

- (a) Western Samoa will observe and perform fully the obligations it assumes towards the stockholders and towards the Reserve Bank of New Zealand;
- (b) Until the final repayment of the loan, the protection afforded to the stockholders and to the Reserve Bank of New Zealand by the laws of Western Samoa will not be reduced or varied except with the prior consent of the Government of New Zealand;
- (c) In each half-year during the currency of the loan such sums as have been decided in consultation between the two Governments shall be set aside for the repayment of the loan in manner already provided by the laws of Western Samoa;
- (d) The other terms and conditions of the loan will be settled to the satisfaction of the two Governments in the prospectus to be issued by the Government of Western Samoa;
- (e) Measures for the redemption, conversion or renewal of the stock issued will be taken only with the consent of the Government of New Zealand and on such terms and conditions as may be settled to the satisfaction of the two Governments.

If the arrangements set out in the preceding paragraph are acceptable to the Government of Western Samoa, I propose that this letter and Your Highness's reply be regarded as constituting an agreement between the two Governments."

I have the honour to confirm that the arrangements set out above are acceptable to the Government of Western Samoa. It is accordingly agreed that your letter and this reply shall constitute an agreement between the two Governments.

I avail myself, Your Excellency, of this opportunity to renew to Your Excellency the assurances of my high consideration.

D. A. J. D.