

No. 7362

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
NEW ZEALAND**

**Loan Agreement—*Interisland Transmission Project* (with
annexed Loan Regulations No. 3). Signed at Washing-
ton, on 12 March 1964**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on 7 Au-
gust 1964.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
NOUVELLE ZÉLANDE**

**Contrat d'emprunt—*Projet de construction de lignes de
transport d'énergie électrique entre les îles* (avec, en
annexe, le Règlement n° 3 sur les emprunts). Signé à
Washington, le 12 mars 1964**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 7 août 1964.*

No. 7362. LOAN AGREEMENT¹ (*INTERISLAND TRANSMISSION PROJECT*) BETWEEN NEW ZEALAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 12 MARCH 1964

AGREEMENT, dated March 12, 1964, 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.

Article I

LOAN REGULATIONS ; DEFINITION

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961² (said Loan Regulations No. 3 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

Section 1.02. The term "Electricity Department" means the New Zealand Electricity Department as constituted under the Electricity Act 1945, as amended, and any successor thereto.

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 thirty-two million five hundred thousand dollars (\$32,500,000).

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

¹ Came into force on 20 April 1964, upon notification by the Bank to the Government of New Zealand.

² See p. 18 of this volume.

amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

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 March 15 and September 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 ; WITHDRAWALS

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 Project 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 imported into the territories of the Borrower and to be used exclusively in the carrying out of the Project.

Section 3.03. Pursuant to Section 4.01 of the Loan Regulations, withdrawals from the Loan Account may be made on account of expenditures made before the Effective Date but subsequent to January 1, 1963.

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 Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish to the Bank the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall : (i) maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan, to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project and the total expenditures on the Project, to record the progress of the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof ; (ii) enable the Bank's representatives to inspect the Project, the goods, the properties of the Electricity Department 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 Project, the goods, and the operations and financial condition of the agency or agencies responsible for the construction or operation of the Project or any part thereof.

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 Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the agency