No. 8260

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and NEW ZEALAND

Loan Agreement—*Railway Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 17 December 1965

Official text: English.

Registered by the International Bank for Reconstruction and Development on 18 July 1966.

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

Contrat d'emprunt — *Projet relatif aux chemins de fer* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 17 décembre 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 juillet 1966.

No. 8260. LOAN AGREEMENT[1] (*RAILWAY PROJECT*) BETWEEN NEW ZEALAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 17 DECEMBER 1965

AGREEMENT, dated December 17, 1965 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 ; SPECIAL 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, 1961[2] subject, however, to the following modification thereof (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 9.04 is deleted.

Section 1.02. Unless the context otherwise requires, the term "Railways" wherever used in this Loan Agreement means the Department of Railways of the Borrower 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 forty-two million dollars ($42,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

[1] Came into force on 15 February 1966, upon notification by the Bank to the Government of New Zealand.

[2] See p. 290 of this volume.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ 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 six and one-quarter per cent (6¼%) 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 (½ of 1%) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on April 15 and October 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.

Section 2.08. Notwithstanding the provisions of Sections 3.03 and 3.04 of the Loan Regulations the Bank and the Borrower may from time to time agree that any portion of the Loan payable in one currency may be made payable in one or more other currencies and from the date specified in such agreement such portion of the Loan and the principal of any Bond representing such portion of the Loan and any premiums and interest payable on or with respect thereto shall be payable in such other currency or currencies.

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 make the proceeds of the Loan available to the Railways upon the same financial terms as the Loan and upon other conditions satisfactory to the Borrower and the Bank.

Section 3.03. The Borrower shall cause all goods ffnanced out of the proceeds of the Loan to be imported into the territories of the Borrower and there to be used exclusively in the carrying out of the Project.

Section 3.04. 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 September 30, 1964.

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.

Section 4.03. Notwithstanding the provisions of Section 6.06 of the Loan Regulations, the Bank may from time to time request pursuant to Section 6.03 or Section 6.11 of the Loan Regulations, and the Borrower shall execute and deliver, Bonds providing : (*a*) for the payment on a single date of two or more maturities, or parts thereof, specified in such request, of instalments of the principal amount of the Loan set forth in Schedule 1 to this Agreement ; (*b*) that the principal amount of each such Bond shall be payable in a single currency on the date of the latest maturity of the instalments specified in such request ; (*c*) that as a sinking fund for such Bonds the Borrower will, on each date specified in Schedule 1 to this Agreement as the maturity of an instalment of the portion, or all, of the Loan represented by such Bonds, redeem a principal amount of such Bonds equal to the amount of such instalment ; (*d*) that the Bonds to be redeemed in whole or in part shall be selected by lot ; (*e*) that no premium shall be payable on such redemption ; (*f*) that, on or before any such redemption date, the Borrower may credit against the principal amount of Bonds so to be redeemed the principal amount of any Bonds issued pursuant to such request which shall have been purchased or otherwise acquired and retired by the Borrower prior to such date and which shall not previously have been credited against any sinking fund obligation ; and (*g*) that all Bonds redeemed pursuant to, or credited against, any sinking fund obligation shall be retired and shall not be reissued. All the provisions of this Article IV and of Article VI of the Loan Regulations shall apply to such Bonds except that such appropriate changes shall be made in the forms of Bonds as the Bank shall reasonably request in order to give effect to the provisions of this Section 4.03.

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.