

Chapter 133.
Loans (Overseas Borrowings) Act 1973.

Certified on: / /20 .

INDEPENDENT STATE OF PAPUA NEW GUINEA.



Chapter 133.

Loans (Overseas Borrowings) Act 1973.

ARRANGEMENT OF SECTIONS.

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 “the regulations”
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INDEPENDENT STATE OF PAPUA NEW GUINEA.



AN ACT

entitled

Loans (Overseas Borrowings) Act 1973,

Being an Act to provide for the raising of loans overseas, and for related purposes.

1. INTERPRETATION.

(1) In this Act—

“**loan agreement**” means an agreement of a kind referred to in Section 2(1), whether known as a loan agreement or a bond purchase agreement or otherwise;

“**the regulations**” means any regulations made under this Act.

(2) A reference in this Act to a loan agreement shall be read as including a reference to any bond, promissory note or other instrument issued under Section 3 for the purpose of giving effect to the agreement, and a reference to the principal of, or interest or other charges on, a loan shall be read as including a reference to any amount payable under any such bond, promissory note or instrument.

2. GENERAL BORROWING POWERS.

(1) The Head of State, acting on advice, may, on behalf of the State, borrow from or through overseas financial institutions, in such manner and on such terms and conditions as are agreed on by the Head of State, acting on advice, and the institutions, sums not exceeding in total the sum of K65,000,000.00 or the equivalent in other currencies, for the purposes of—

- (a) meeting the expenses of borrowing; and
- (b) works and services of the Government; and
- (c) making loans to—

- (i)¹ [Repealed.]
- (ii) the Papua New Guinea Harbours Board for the purposes of the Board;
- (iii) the National Housing Corporation for the purposes of the Corporation; or
- (iv) the Rural Development Bank of Papua New Guinea for the purposes of the Bank; or
- (v) the Investment Corporation of Papua New Guinea for the purposes of the Corporation.

(2) Any sum borrowed under Subsection (1) shall be applied only in accordance with the loan agreement with such modifications (if any) as are agreed on by the Head of State, acting on advice, and the institution concerned.

(3) A loan agreement shall be made in the name of the State and be executed on behalf of the State by the Minister or a person authorized by the Minister for the purpose.

(4) As soon as practicable after the execution of a loan agreement, the Minister shall cause a copy of the agreement to be laid before the Parliament for its information.

(5) Nothing in this section or in a loan agreement constitutes an appropriation of the proceeds of a loan.

3. ISSUE OF INSTRUMENTS (INCLUDING BONDS) UNDER LOAN AGREEMENTS.

(1) Notwithstanding anything in any other law, the Head of State, acting on advice, may, on behalf of the State, issue such bonds, promissory notes and other instruments, and on such terms and conditions, as are necessary or convenient for the purpose of giving effect to the terms of a loan agreement.

(2) A bond, promissory note or instrument issued under Subsection (1) shall be executed on behalf of the State by the Minister or a person authorized by the Minister for the purpose.

4. MONEYS FOR REPAYMENT OF LOANS.

²All payments of principal and interest and other charges payable under a loan agreement shall be made out of the Consolidated Revenue Fund.

5. EFFECT OF AGREEMENTS.

A loan agreement entered into under this Act has the force of law as if contained in this Act, and applies notwithstanding anything in any other law.

¹ Section 2 Subsection (1) amended by No. 69 of 2006, s. 11.

² Section 4 repealed and replaced by *Appropriation (Administrative Arrangements) Act* 1996 (No. 37 of 1996), s3.

6. EXEMPTIONS FROM TAXATION, ETC.

Notwithstanding anything in any other law, where a loan agreement provides that any person, income, matter or thing shall be exempt, wholly or partly, and absolutely or conditionally, from any rate, charge, tax, duty, levy, fee or imposition under any law, the person, income, matter or thing is exempt accordingly.

7. OPERATION OF CERTAIN ACTS.

(1) Subject to Subsection (2), nothing in the *Loans Securities Act 1960* applies to or affects this Act or any agreement entered into under this Act.

(2) Part VI of the *Loans Securities Act 1960* applies to and in relation to all sums borrowed under this Act.

(3) Nothing in the *Public Finances (Management) Act 1995* applies to or in respect of a loan agreement made under this Act.

(4) Nothing in this Act affects the operation of the *Loans and Assistance (International Agencies) Act 1971*.

8. REGULATIONS.

The Head of State, acting on advice, may make regulations, not inconsistent with this Act, prescribing all matters that are necessary or convenient to be prescribed for carrying out or giving effect to this Act.

Office of Legislative Counsel, PNG