

THE REPUBLIC OF NAURU

No. #2 of 1971.

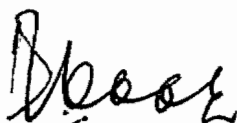
AN ACT

To authorise the President to execute a Guarantee and Warranty relating to the Nauru Local Government Council and for other purposes.

Certified: 8/2/71.

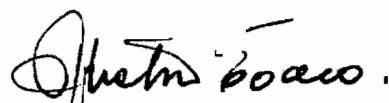
I HEREBY CERTIFY that the attached document is a fair print of an Act entitled the Nauru Local Government Council Guarantee Act 1971 that has been made by Parliament and is now presented to the Deputy Speaker for his Certificate under Article 47 of the Constitution.

Pursuant to Article 35 (3) and 47 of the Constitution, I, IDARABABWIN VICTOR EOAE0, Deputy Speaker of Parliament, HEREBY CERTIFY that the Nauru Local Government Council Guarantee Act 1971, a copy of which is attached, has been passed by Parliament.



Clerk of Parliament.

8/2/71.



Deputy Speaker.

8/2/71.

REPUBLIC OF NAURU

(No. 2 of 1971)

A N A C T

To authorise the President to execute a Guarantee and Warranty relating to the Nauru Local Government Council and for other purposes.

(Certified: 8 / 2/71)

Be it enacted by the Parliament of Nauru as follows:-

Short Title 1. This Act may be cited as the Nauru Local Government Council Guarantee Act 1971.

Interpretation 2. In this Act, except where the context otherwise requires -

"agreement" means an agreement which may be entered into by the Council with the Bank under which at the request of the Council and of the Republic the Bank will establish a documentary letter of credit in favour of the beneficiary for the amount of 1,925,600,000 Japanese Yen in Australian dollars at the then current rate of exchange being the balance of the purchase price to be paid by the Council for the vessel;

"Bank" means the Bank of New South Wales Limited;

"beneficiary" means Mitsubishi Shoji Kaisha Ltd. of Osaka, Japan, Shipbuilders;

"Council" means the Nauru Local Government Council.

"funds" means any one or more of the Nauru Royalty Fund, the Nauru Development Fund, the Nauru Housing Fund or the Nauru Rehabilitation Fund established and maintained pursuant to the Nauru Phosphate Royalties (Payment and Investment) Act 1968-1970;

"letter of credit" means the documentary letter of credit to be established under the agreement;

"President" means the President of the Republic;

"Republic" means the Republic of Nauru;

"Trust" means the Nauru Phosphate Royalties Trust;

"vessel" means a 31,000 dead weight ton bulk carrier designated Builders' Hull No. 405 in the beneficiary's shipyard at Osaka, Japan.

President may
give Guarantee

3. (1) The President may, on behalf of the Republic, guarantee to the Bank due payment to it by the Council of all moneys paid by the Bank to the beneficiary under the letter of credit.

(2) The terms and conditions of the guarantee shall be such as may be agreed between the President and the Bank and the Republic shall be so bound.

Declaration
of powers of
Council

4. It is hereby declared, for the avoidance of doubt, that the Council has power -

(a) to obtain the establishment of the letter of credit and to incur indebtedness to the Bank thereon;

(b) to provide security to the Bank in terms of the agreement by way of a ship's mortgage in respect of the vessel or the shares in the vessel and to execute such a mortgage; and

(c) to lodge Australian Commonwealth Government Bonds being assets of the funds as security for the payment by the Council to the Bank of moneys paid by the Bank to the beneficiary under the letter of credit.

Power of Trust

5. Notwithstanding anything contained in the Nauru Phosphate Royalties Trust Ordinance 1968 and the Nauru Phosphate Royalties (Payment and Investment) Act 1968-1970 the Trust shall, on being so directed by Cabinet, lodge with the Bank, Australian Commonwealth Government Bonds having a par value of Australian dollars one million, being assets of the funds, as security for the payment by the Council to the Bank of money paid by the Bank to the beneficiary under the letter of credit.

Vessel not to
be exempted
from registra-
tion

6. The Cabinet shall not exempt the vessel from registration under the Registration of Shipping Act 1968.

President may
give Warranty

7. (1) The President may, on behalf of the Republic, give to the Bank a warranty undertaking that, if at any time it should be established that the Council lacks sufficient power to enter into and carry out its obligations under the agreement or if the Council ceases to exist before its indebtedness to the Bank under the agreement has been discharged the Republic shall pay to the Bank as and when they become due for payment all sums payable to it under the agreement and remaining unpaid.

(2) The terms and conditions of the warranty shall be as agreed between the President and the Bank and the Republic shall be so bound.