



THE STATUTES OF THE REPUBLIC OF SINGAPORE

LOANS (INTERNATIONAL BANKS) ACT

(CHAPTER 164)

(Original Enactment: M. Ordinance 41 of 1958)

REVISED EDITION 1985

(30th March 1987)

Prepared and Published by

THE LAW REVISION COMMISSION
UNDER THE AUTHORITY OF
THE REVISED EDITION OF THE LAWS ACT (CHAPTER 275)

Informal Consolidation – version in force from 30/11/1991

Loans (International Banks) Act

ARRANGEMENT OF SECTIONS

Section

1. Short title
2. Interpretation
3. Power of Government to borrow from International Bank
4. Power to issue instruments including bonds
5. Borrowing by statutory authority from Bank
6. Application of loan moneys by statutory authority
7. Power of Government to guarantee loans by Bank to statutory authorities
8. Restriction on borrowing powers of statutory authority so long as guarantee outstanding
9. Powers exercisable by Government in event or prospect of default by statutory authority
10. Statutory authority to repay to Government sums paid under guarantee
11. Arbitration
12. Implementation of obligations under the agreement

An Act to provide for the raising of loans from the International Bank for Reconstruction and Development and the Asian Development Bank by the Government of Singapore and by statutory authorities and for matters connected therewith.

[1/71]

[8th October 1964]

Short title

1. This Act may be cited as the Loans (International Banks) Act.

[1/71]

Interpretation

2. In this Act, unless the context otherwise requires —

“Bank” means the International Bank for Reconstruction and Development or the Asian Development Bank;

[1/71]

“statutory authority” means a local authority and any body incorporated directly by any written law and exercising powers vested in such body by law for a public purpose.

Power of Government to borrow from International Bank

3.—(1) Subject to the provisions of the Constitution and this Act, the Government may in such manner and on such terms and subject to such conditions as may be agreed between the Government and the Bank borrow from the Bank from time to time such sums as may be required by the Government.

(2) Any sums borrowed by the Government under the power conferred by subsection (1) for the requirements of the Government shall be paid into the Development Fund and shall, notwithstanding section 3 of the Development Fund Act [Cap. 80], be applied and are hereby appropriated to the purposes for which they were borrowed as specified in any agreement concluded with the Bank in respect of the sums so borrowed:

Provided that where any part of such a sum cannot be applied to those purposes that part may be applied to such other purposes as may be approved by the Minister and the Bank.

(3) Any agreement between the Government and the Bank in respect of sums borrowed under the powers conferred by subsection (1) shall be made in the name of the Republic of Singapore and may be signed on behalf of the Government by the Minister or by any person authorised thereto in writing by the Minister.

(4) As soon as possible after the conclusion of it a copy of any agreement concluded with the Bank in respect of any sum borrowed under the powers conferred by subsection (1) shall be presented by the Minister to Parliament.

(5) Nothing in this section shall affect or derogate from any other power to borrow money possessed by the Government.

Power to issue instruments including bonds

4.—(1) Notwithstanding anything in any written law, the Government may issue such bonds, promissory notes or other instruments on such terms and conditions as may be necessary for the purpose of giving effect to the terms of any agreement which may be entered into by it with the Bank in respect of any borrowing authorised by section 3(1).

(2) Any such bond, promissory note or other instrument may be signed on behalf of the Government by the Minister or by any other person authorised thereto in writing by the Minister.

Borrowing by statutory authority from Bank

5.—(1) Subject to the provisions of the Constitution and this Act, a statutory authority may in such manner and on such terms and subject to such conditions as may be agreed between the statutory authority and the Bank and with the approval in writing first obtained of the Minister borrow from the Bank from time to time such sums as may be required by the statutory authority.

(2) Notwithstanding anything in the written law by which a statutory authority is established any agreement between the statutory authority and the Bank shall be valid and binding on the authority if signed on behalf of the authority by a person authorised thereto in writing under the seal of the statutory authority.

(3) The power to borrow conferred by this section on a statutory authority shall be in addition to any power to borrow conferred on such authority by any other written law.

(4) Notwithstanding anything in the written law by which a statutory authority is established, the statutory authority may charge or mortgage all or any of its property (movable or immovable), undertaking or revenue to secure any sum owing to the Bank in respect of sums borrowed by it under the powers conferred by subsection (1).

(5) Notwithstanding anything in any written law, a statutory authority may issue such bonds, promissory notes and other instruments on such terms and conditions as may be necessary for the purpose of giving effect to the terms of any agreement which may be entered into by it with the Bank in respect of any borrowing authorised by subsection (1).

Application of loan moneys by statutory authority

6. Any sums borrowed by a statutory authority under the powers conferred by section 5(1) shall be applied by the authority to the purposes for which the sums were borrowed as specified in any agreement concluded with the Bank in respect of the sums so borrowed:

Provided that where any part of such a sum cannot be applied to the purposes aforesaid such part may be applied by the statutory authority to such other purposes as may be approved by the Minister and the Bank.

Power of Government to guarantee loans by Bank to statutory authorities

7.—(1) The Government with the President's concurrence under Article 144(1)(b) of the Constitution may in such manner and on such terms and subject to such conditions as may be agreed between it and the Bank —

- (a) guarantee the discharge by a statutory authority of its obligations under any agreement which may be entered into by the statutory authority with the Bank in respect of any borrowing authorised by section 5(1) or under any bond, promissory note or other instrument issued pursuant to any such agreement; and
- (b) undertake such other obligations as may be agreed between the Government and the Bank in relation to or pursuant to any such agreement, bond, promissory note or instrument.

[Act 11/91 wef 30/11/1991]

(2) Any guarantee or undertaking given under this section shall be given in writing in the name of the Republic of Singapore and it and

any indorsement on any bond, promissory note or other instrument of any guarantee given under this section may be signed on behalf of the Government by the Minister or by any person or persons authorised thereto in writing by the Minister.

(3) As soon as possible after a guarantee or undertaking is given under this section, the Minister shall present to Parliament a statement of the guarantee or undertaking.

Restriction on borrowing powers of statutory authority so long as guarantee outstanding

8. So long as the Government continues to be liable under any guarantee or other undertaking given in exercise of the powers conferred by section 7(1) in respect of any borrowing by a statutory authority the statutory authority shall not except with the consent of the Minister exercise any other power to borrow possessed by it.

Powers exercisable by Government in event or prospect of default by statutory authority

9.—(1) Where it is made to appear to the President that there is reasonable cause to believe —

- (a) that a statutory authority is likely to fail or be unable to discharge any of its obligations under any agreement concluded by it with the Bank or under any bond, promissory note or other instrument issued pursuant to any such agreement; and
- (b) that the Government is or may become liable under any guarantee or other undertaking given in exercise of the powers conferred by section 7(1) in respect of such obligation,

the President may by order give or authorise any other person to give such directions to the statutory authority as he or that other person may from time to time think necessary or desirable to ensure that satisfactory arrangements are made by the authority to enable it duly to discharge its obligations under the agreement, bond, promissory note or instrument or under this Act.

(2) The statutory authority shall notwithstanding any provision in the written law by which it is established comply with any directions given by or under any such order.

(3) Nothing in this section shall affect or derogate from any other power conferred by law on the President or any Minister or public officer in respect of the statutory authority.

Statutory authority to repay to Government sums paid under guarantee

10.—(1) If any sum is paid out of the Consolidated Fund in respect of any liability incurred by the Government under a guarantee or other undertaking given in exercise of the powers conferred by section 7(1) in respect of any borrowing by a statutory authority the statutory authority shall repay that sum (together with interest on it at the same rate as that payable on the loan under the agreement by the statutory authority with the Bank) to the Consolidated Fund in such manner and at such time or by such instalments as the Minister may direct.

(2) If any sum is so paid out of the Consolidated Fund the Minister shall, as soon as possible after the end of each financial year beginning with that in which the sum was paid and ending with that in which all liability in respect of it and any interest payable on it is finally discharged by the statutory authority concerned, present to Parliament a statement relating to it.

Arbitration

11. If any dispute between the Bank on the one part and the Government or a statutory authority or both on the other part arises under any agreement concluded or guarantee or undertaking given in exercise of the powers conferred by this Act or under any bond, promissory note or other instrument issued pursuant to any such agreement it shall be determined by arbitration in the manner agreed between the parties, and any award made in the arbitration shall be enforceable in Singapore in all respects as if it had been validly made in an arbitration under the provisions of the Arbitration Act [Cap. 10] or any other written law relating to arbitration for the time being in force in Singapore, and for the purposes of this section the provisions of that Act or law shall be binding on the Government.

Implementation of obligations under the agreement

12.—(1) Subject to the provisions of the Constitution but notwithstanding anything in any other existing law, any agreement concluded with the Bank in respect of any borrowing authorised by section 3(1) or 5(1) and any bond, promissory note or other instrument issued pursuant to any such agreement and any guarantee or undertaking given in respect of any such agreement, bond, promissory note or instrument by the Government or a statutory authority shall be valid and enforceable and have full force and effect in Singapore in accordance with their respective terms.

(2) Without prejudice to the generality of subsection (1) —

(a) the Minister may provide by order published in the *Gazette* that any tax or duty payable under the Income Tax Act [Cap. 134] or the Stamp Duties Act [Cap. 312] respectively shall be remitted where such remission is necessary to give full and complete effect to any such agreement, bond, promissory note, instrument or guarantee;

(b) nothing in the provisions of the Exchange Control Act [Cap. 99] shall apply to any transaction required to effect payment in any currency of any sum in accordance with the terms of any such agreement, instrument, bond or guarantee in any currency.

(3) Neither the Government nor any agency thereof nor any statutory authority nor any central bank for Singapore which may at any time be established shall, except as is otherwise agreed between the Minister and the Bank, create any lien on any of its assets as security for any external debt unless it is expressly provided that the lien will ipso facto equally and rateably secure the payment of the principal and interest and other charges on any loan made by or any bonds, promissory notes or instruments issued pursuant to any loan made by the Bank to the Government or to a statutory authority.

(4) In subsection (3) —

“external debt” means any debt payable in any medium other than currency which at the time in question is legal tender for the payment of private and public debt in Singapore whether

the debt is payable absolutely or at the option of the creditor in the other medium;

“lien” includes mortgages, pledges, charges, privileges and priorities of any kind.

LEGISLATIVE HISTORY
LOANS (INTERNATIONAL BANKS) ACT
(CHAPTER 164)

This Legislative History is provided for the convenience of users of the Loans (International Banks) Act. It is not part of the Act.

1. M Ordinance 41 of 1958 — Loans (International Bank) Ordinance 1958

Date of commencement : 8 October 1964

2. G. N. No. S 160/1966 — Modification of Laws [Loans (International Bank)] Order 1966

Date of commencement : 29 July 1966

3. 1970 Revised Edition — Loans (International Bank) Act (Chapter 71)

Date of operation : 1 April 1971

4. Act 1 of 1971 — Loans (International Bank) (Amendment) Act 1971

Date of First Reading : 30 December 1970
(Bill No. 56/1970 published on
31 December 1970)

Date of Second and Third Readings : 11 January 1971

Date of commencement : 1 December 1970

5. 1985 Revised Edition — Loans (International Banks) Act

Date of operation : 30 March 1987

6. Act 11 of 1991 — Statutes (Miscellaneous Amendments) Act 1991

Date of First Reading : 3 January 1991
(Bill No. 4/1991 published on
4 January 1991)

Date of Second and Third Readings : 14 January 1991

Date of commencement : 30 November 1991