

REPUBLIC OF KIRIBATI
(No. 8 of 2010)

I assent,

Beretitenti
Assent published: 6th December 2010

An Act to amend section 5 of the Native Lands Ordinance, Cap 61 to allow for native lands to be put up as security for loans with ANZ Bank (Kiribati) Limited and for connected purposes

Commencement:
2010

MADE by the Maneaba ni Maungatabu and assented to by the Beretitenti

Short title

1. This Act may be cited as the Native Lands (Amendment) Act 2010.

Amendment of section 5

2. Section 5 of the Native Lands Ordinance is amended as follows:
 - (1) In subsection (2) by inserting after the words Development Bank of Kiribati the words “or ANZ Bank (Kiribati) Limited”.
 - (1A) A new subsection 2A is inserted as follows:

“(2A) Notwithstanding subsection (2), ANZ Bank (Kiribati) Ltd may only acquire title to native land for the purpose of securing moneys lent for –

 - (a) commercial purposes;
 - (b) the purchase of land; and
 - (c) the construction of housing or commercial premises,

and may retain such title only for as long as is reasonably necessary for the purpose of securing the moneys lent.”
 - (2) In subsection (3) by inserting after the words “Development Bank of Kiribati” wherever they appear in that subsection, the words “or ANZ Bank (Kiribati) Limited”.

NATIVE LANDS (AMENDMENT) ACT 2010

EXPLANATORY MEMORANDUM

The purpose of this brief amendment is to allow investors who wish to take out substantial loans from ANZ Bank (Kiribati) Limited for their projects to put up their lands as security for such loans.

Experience has shown that taking out loans from the Development Bank of Kiribati is a long and burdensome process. In the end applicants simply give up because of the many requirements they have to go through before getting their loan applications, if at all.

Further it is common knowledge that Development Bank of Kiribati has been faced with cash flow problems. ANZ Bank (Kiribati) Limited has the resources in terms of cash but it cannot have the major security in terms of real property.

The time has come to open up real competition in the lending field for Development Bank of Kiribati to compete with. Those investors who wish to utilize the services of ANZ Bank (Kiribati) Limited will not be inhibited by the Bank's inability to take on native land as security.

Although the Bank may be able to accept lands as security it will still be subjected to section 5 of the Native Lands Ordinance if it wishes to sell or transfer the land to any third party.

Bauro Tongaai
23 July 2010