

RESERVE BANK.

No. 4 of 1959.

An Act relating to the Reserve Bank of Australia,
and for other purposes.

[Assented to 23rd April, 1959.]

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

PART I.—PRELIMINARY.

1. This Act may be cited as the *Reserve Bank Act 1959*. Short title.
2. This Act shall come into operation on a date to be fixed by Proclamation. Commencement.
3. This Act is divided into Parts, as follows:— Parts.
 - Part I.—Preliminary (Sections 1–6).
 - Part II.—Constitution, Policy and Management of the Reserve Bank (Sections 7–13).
 - Part III.—The Reserve Bank Board and the Governor and Deputy Governor of the Bank (Sections 14–25).
 - Part IV.—Central Banking (Sections 26–31).
 - Part V.—The Note Issue.
 - Division 1.—General (Sections 32–45).
 - Division 2.—Offences relating to Australian Notes (Sections 46–55).

Part VI.—Rural Credits Department (Sections 56–65).

Part VII.—The Reserve Bank Service (Sections 66–73).

Part VIII.—Miscellaneous (Sections 74–89).

Repeal and
saving.

4.—(1.) The following Acts are repealed:—

Commonwealth Bank Act 1945;

Commonwealth Bank Act 1948;

Commonwealth Bank Act 1951;

Commonwealth Bank Act 1953.

(2.) The last preceding sub-section does not affect the operation of any amendment of an Act made by an Act referred to in that sub-section or any provision for the citation of an Act as so amended.

Interpretation.

5.—(1.) In this Act, unless the contrary intention appears—

“Australia” includes the Territories of the Commonwealth;

“bank” means a person carrying on the business of banking, and includes the Commonwealth Trading Bank of Australia, the Commonwealth Savings Bank of Australia and the Commonwealth Development Bank of Australia;

“officer” or “officer of the Bank” means an officer of the Reserve Bank Service;

“repealed Act” means an Act repealed by this Act or by the *Commonwealth Bank Act 1945*;

“statutory office” means the office of Governor or Deputy Governor;

“the Bank” or “the Reserve Bank” means the Reserve Bank of Australia;

“the Board” means the Reserve Bank Board established by this Act;

“the Deputy Governor” means the Deputy Governor of the Bank;

“the Governor” means the Governor of the Bank.

(2.) In this Act, a reference to the policy of the Reserve Bank, or to the monetary and banking policy of the Reserve Bank, includes a reference to the policy of the Reserve Bank, or to the monetary and banking policy of the Reserve Bank, as the case may be, in the performance of its functions under the *Banking Act 1959* or under any other Act.

Application to
Territories.

6. This Act extends to all the Territories of the Commonwealth.

PART II.—CONSTITUTION, POLICY AND MANAGEMENT OF
THE RESERVE BANK.

7.—(1.) Notwithstanding the repeal effected by sub-section (1.) of section four of this Act, the body corporate established under the *Commonwealth Bank Act* 1911–1943 and continued in existence under the *Commonwealth Bank Act* 1945–1953, under the name Commonwealth Bank of Australia—

The Reserve
Bank of
Australia.

(a) is preserved and continues in existence as a body corporate under and subject to the provisions of this Act, under the name Reserve Bank of Australia, but so that the corporate identity of the body corporate shall not be affected;

(b) shall have a seal; and

(c) is capable of acquiring, holding and disposing of real and personal property and of suing and being sued.

(2.) Subject to the next succeeding sub-section, a reference in a law of the Commonwealth or of a Territory of the Commonwealth in force immediately before the commencement of this Act to the Commonwealth Bank of Australia or to the Commonwealth Bank shall be read as a reference to the Reserve Bank.

(3.) The last preceding sub-section does not apply to a reference in a law of the Commonwealth specified in the First Schedule to this Act or in a copy of an agreement set out in a Schedule to an Act.

8. The Bank has such powers as are necessary for the purposes of this Act and, in particular, and in addition to any other powers conferred on it by this Act, has power—

General
powers.

(a) to receive money on deposit;

(b) to borrow money;

(c) to lend money;

(d) to buy, sell, discount and re-discount bills of exchange, promissory notes and treasury bills;

(e) to buy and sell securities issued by the Commonwealth and other securities;

(f) to buy, sell and otherwise deal in foreign currency, specie, gold and other precious metals;

(g) to establish credits and give guarantees;

(h) to issue bills and drafts and effect transfers of money;

(i) to underwrite loans; and

(j) to do anything incidental to any of its powers.

9. There shall be a Reserve Bank Board, which shall be constituted as provided by Part III.

Establishment
of Reserve
Bank Board.

10.—(1.) Subject to this Part, the Board has power to determine the policy of the Bank in relation to any matter and to take such action as is necessary to ensure that effect is given by the Bank to the policy so determined.

Functions of
Reserve
Bank Board.

(2.) It is the duty of the Board, within the limits of its powers, to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia and that the powers of the Bank under this Act, the *Banking Act 1959* and the regulations under that Act are exercised in such a manner as, in the opinion of the Board, will best contribute to—

- (a) the stability of the currency of Australia;
- (b) the maintenance of full employment in Australia; and
- (c) the economic prosperity and welfare of the people of Australia.

Differences of
opinion on
questions of
policy.

11.—(1.) The Board shall, from time to time, inform the Government of the monetary and banking policy of the Bank.

(2.) In the event of a difference of opinion between the Government and the Board whether that policy is directed to the greatest advantage of the people of Australia, the Treasurer and the Board shall endeavour to reach agreement.

(3.) If the Treasurer and the Board are unable to reach agreement, the Board shall forthwith furnish to the Treasurer a statement in relation to the matter in respect of which the difference of opinion has arisen.

(4.) The Treasurer may then submit a recommendation to the Governor-General, and the Governor-General, acting with the advice of the Federal Executive Council, may, by order, determine the policy to be adopted by the Bank.

(5.) The Treasurer shall inform the Board of the policy so determined and shall, at the same time, inform the Board that the Government accepts responsibility for the adoption by the Bank of that policy and will take such action (if any) within its powers as the Government considers to be necessary by reason of the adoption of that policy.

(6.) The Board shall thereupon ensure that effect is given to the policy determined by the order and shall, if the order so requires, continue to ensure that effect is given to that policy while the order remains in operation.

(7.) The Treasurer shall cause to be laid before each House of the Parliament, within fifteen sitting days of that House after the Treasurer has informed the Board of the policy determined under sub-section (4.) of this section—

- (a) a copy of the order determining the policy;
- (b) a statement by the Government in relation to the matter in respect of which the difference of opinion arose; and
- (c) a copy of the statement furnished to the Treasurer by the Board under sub-section (3.) of this section.

12.—(1.) There shall be a Governor of the Bank and a Deputy Governor of the Bank, who shall be appointed and hold office as provided by Part III. Management of the Bank.

(2.) Subject to sub-section (1.) of section ten of this Act, the Bank shall be managed by the Governor.

(3.) The Deputy Governor shall perform such duties as the Governor directs and, in the event of a vacancy in the office of Governor, the Deputy Governor shall perform the duties of the Governor and shall have and may exercise the powers and functions of the Governor.

13. The Governor and the Secretary to the Department of the Treasury shall establish a close liaison with each other and shall keep each other fully informed on all matters which jointly concern the Bank and the Department of the Treasury. Governor and Secretary to Treasury to establish liaison.

PART III.—THE RESERVE BANK BOARD AND THE GOVERNOR AND DEPUTY GOVERNOR OF THE BANK.

14.—(1.) The Reserve Bank Board shall consist of—

- (a) the Governor;
- (b) the Deputy Governor;
- (c) the Secretary to the Department of the Treasury; and
- (d) seven other members, who shall be appointed by the Governor-General in accordance with this section.

Membership of Board.

(2.) Of the seven members appointed under paragraph (d) of the last preceding sub-section, at least five shall be persons who are not officers of the Bank or of the Public Service of the Commonwealth.

(3.) A member appointed under paragraph (d) of sub-section (1.) of this section who is an officer of the Bank or of the Public Service of the Commonwealth at the time of his appointment holds office during the pleasure of the Governor-General.

(4.) A member appointed under paragraph (d) of sub-section (1.) of this section who is not an officer of the Bank or of the Public Service of the Commonwealth—

- (a) shall, subject to the next succeeding sub-section, be appointed for a period of five years but is eligible for re-appointment; and
- (b) holds office subject to good behaviour.

(5.) In the event of a member of the Board appointed under this section for a specified period ceasing to hold office before the expiration of that period and the appointment in his place of a person other than an officer of the Bank or of the Public Service of the Commonwealth, the period of that appointment shall be the remainder of the period of office of the member so ceasing to hold office.

**Remuneration
of members.**

15. A member of the Board shall be paid by the Bank such remuneration (if any) as the Governor-General determines.

**Declaration
by members.**

16. A member of the Board shall, before entering upon his duties or exercising any power under this Act, make, before a Justice of the Peace or a Commissioner for taking Affidavits, an oath or affirmation of allegiance in accordance with the form in the Schedule to the Constitution and a declaration of secrecy in accordance with the prescribed form.

**Disqualifications
from
membership.**

17. A person who is—

- (a) a member of the Commonwealth Banking Corporation Board appointed under paragraph (d) of sub-section (1.) of section fourteen of the *Commonwealth Banks Act 1959*;
- (b) the Managing Director, the Deputy Managing Director or an officer or employee of the Commonwealth Banking Corporation;
- (c) the General Manager of the Commonwealth Trading Bank of Australia, the Commonwealth Savings Bank of Australia or the Commonwealth Development Bank of Australia; or
- (d) a director, officer or employee of a corporation (other than the Bank) the business of which is wholly or mainly that of banking,

is not capable of appointment, or of continuing to act, as a member of the Board.

**Vacation of
office.**

18.—(1.) If a member of the Board appointed under paragraph (d) of sub-section (1.) of section fourteen of this Act—

- (a) becomes permanently incapable of performing his duties;
- (b) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit;
- (c) resigns his office by writing under his hand addressed to the Governor-General;
- (d) is absent, except on leave granted by the Treasurer, from all meetings of the Board held during two consecutive months or during any three months in any period of twelve months; or

(e) fails to comply with his obligations under section twenty-three of this Act,

the Governor-General shall terminate his appointment.

(2.) In this section, "month" means any of the twelve months of the year.

19. The exercise of the rights, powers, authorities or functions, or the performance of the duties or obligations, of the Board is not affected by reason only of there being a vacancy in the office of a member.

Vacancies not to invalidate proceedings.

20. The Governor shall be the Chairman of the Board and the Deputy Governor shall be the Deputy Chairman of the Board.

Chairman and Deputy Chairman.

21.—(1.) The Board shall meet at such times and places as the Board determines or as the Chairman or the Deputy Chairman directs.

Meetings of Board.

(2.) The Chairman shall preside at all meetings of the Board at which he is present and, in the absence of the Chairman, the Deputy Chairman shall preside.

(3.) Six members, of whom the Chairman or the Deputy Chairman shall be one, form a quorum at a meeting of the Board.

(4.) Questions arising at a meeting of the Board shall be decided by a majority of the votes of the members present and voting.

(5.) The member presiding at a meeting of the Board shall have a deliberative vote and, in the event of an equality of votes, shall also have a casting vote.

22. The Deputy Secretary in the Department of the Treasury may attend a meeting of the Board at which the Secretary to the Department of the Treasury is not present and, in relation to meetings of the Board that he attends in pursuance of this section, shall, for the purposes of this Part, be deemed to be a member of the Board.

Deputy Secretary, Department of Treasury.

23.—(1.) A member of the Board who is directly or indirectly interested in a contract made, or proposed to be made, by the Bank, otherwise than as a member, and in common with other members, of an incorporated company consisting of not less than twenty-five persons, shall disclose the nature of his interest at the first meeting of the Board at which he is present after the relevant facts have come to his knowledge.

Disclosure of interest in contracts.

(2.) A disclosure under the last preceding sub-section shall be recorded in the minutes of the Board and, after the disclosure, the member of the Board—

- (a) shall not take part in any deliberation or decision of the Board with respect to that contract; and
- (b) shall be disregarded for the purpose of constituting a quorum of the Board for any such deliberation or decision.

Governor and
Deputy
Governor.

24.—(1.) The Governor and the Deputy Governor—

- (a) shall be appointed by the Governor-General;
- (b) shall be appointed for such period, not exceeding seven years, as the Governor-General determines but are eligible for re-appointment; and
- (c) hold office subject to good behaviour.

(2.) The Governor and the Deputy Governor shall be paid by the Bank such salary and allowances as the Governor-General determines.

Vacation of
office.

25. If the Governor or the Deputy Governor—

- (a) becomes permanently incapable of performing his duties;
- (b) engages in any paid employment outside the duties of his office;
- (c) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his salary for their benefit; or
- (d) resigns his office by writing under his hand addressed to the Governor-General,

the Governor-General shall terminate his appointment.

PART IV.—CENTRAL BANKING.

Reserve Bank
to act as a
central bank.

26. The Reserve Bank—

- (a) is the central bank of Australia;
- (b) shall carry on business as a central bank; and
- (c) subject to this Act and to the *Banking Act* 1959, shall not carry on business otherwise than as a central bank.

Bank to be
banker for
Commonwealth.

27. The Bank shall, in so far as the Commonwealth requires it to do so, act as banker and financial agent of the Commonwealth.

28. The capital of the Bank for the purposes of this Part shall be the aggregate of— Capital.

- (a) the capital of the Commonwealth Bank of Australia for the purposes of Part V. of the *Commonwealth Bank Act* 1945–1953 immediately before the commencement of this Act; and
- (b) such other sums as are transferred from the Reserve Bank Reserve Fund in pursuance of the next succeeding section.

29.—(1.) The Bank shall have a reserve fund (to be called the Reserve Bank Reserve Fund), which shall consist of— Reserve Fund.

- (a) the amount standing to the credit of the Commonwealth Bank Reserve Fund existing under the *Commonwealth Bank Act* 1945–1953 immediately before the commencement of this Act; and
- (b) such other sums as are placed to its credit in pursuance of the next succeeding section.

(2.) The Board may, from time to time, transfer from the Reserve Bank Reserve Fund to the capital of the Bank for the purposes of this Part such sums as the Board determines.

30. The net profits of the Bank in each year arising from business carried on under this Part shall be dealt with as follows:— Profits.

- (a) such amount as the Treasurer, after consultation with the Board, determines shall be placed to the credit of the Reserve Bank Reserve Fund; and
- (b) the remainder shall be paid to the Commonwealth.

31. The Bank shall publish, at least weekly, its telegraphic transfer rates of exchange for sterling expressed in terms of Australian money. Publication of sterling exchange rates.

PART V.—THE NOTE ISSUE.

Division 1.—General.

32. In this Part, unless the contrary intention appears—

“Australian note” means a note issued in pursuance of the *Australian Notes Act* 1910–1914, in pursuance of Part VII. of the *Commonwealth Bank Act* 1911–1943, in pursuance of Part VI. of the *Commonwealth Bank Act* 1945–1953 or in pursuance of this Part;

“constable” includes a Commonwealth Police Officer or a member of the police force of a State or Territory of the Commonwealth.

33.—(1.) For the purposes of this Part, there shall be a Note Issue Department of the Bank. Establishment of Note Issue Department.

(2.) The Bank shall keep the accounts and transactions of the Note Issue Department separate and distinct from the other accounts and transactions of the Bank.

Issue, re-issue
and cancellation
of notes.

34.—(1.) Subject to this Act, the Bank may, through the Note Issue Department—

- (a) issue Australian notes;
- (b) re-issue Australian notes; and
- (c) cancel Australian notes.

(2.) Australian notes shall be printed by, or under the authority of, the Bank.

Denomination
of notes.

35. Australian notes may be issued in any of the following denominations, namely, Five shillings, Ten shillings, One pound, Five pounds, Ten pounds or any multiple of Ten pounds.

Notes to be
legal tender.

36. Australian notes are a legal tender throughout Australia.

Signature
on notes.

37.—(1.) Australian notes issued in pursuance of this Part shall bear the signature of the Secretary to the Department of the Treasury or of such other officer of the Department of the Treasury as the Treasurer directs, and the signature of the Governor or, if the Governor so directs, of the Deputy Governor or an officer of the Bank specified by the Governor.

(2.) The signatures may be made in the handwriting of those persons or may be made by engraving or by any other process determined by the Bank.

Investment of
funds of
Note Issue
Department.

38. The funds of the Note Issue Department (in so far as they are not held by the Reserve Bank or held or invested in land, plant, equipment, stores and the like) shall be held or invested—

- (a) in gold;
- (b) on deposit with a bank; or
- (c) in securities of the Government of the United Kingdom or of the Commonwealth or a State.

Special
reserve.

39. The amount which, immediately before the commencement of this Act, was standing to the credit of the special reserve account referred to in section forty-three of the *Commonwealth Bank Act 1945-1953* shall, subject to this Act, continue to be held in a special reserve account in the Note Issue Department, but shall be available, from time to time, as the Bank determines, for the purpose of preserving the external value of the Australian currency and for the purposes of the Note Issue Department.

Disposal of
profits.

40. The net profits of the Note Issue Department in each year shall be paid to the Commonwealth.

Monthly
statement
of notes
issued.

41.—(1.) As soon as practicable after the last Wednesday in each month, an officer of the Bank appointed for the purpose by the Governor shall prepare and sign a statement showing, as at the close of business on that day, the number and amount of Australian notes on issue.

(2.) In the preparation of a statement, notes of a denomination not exceeding One pound that have been on issue for more than twenty years, and notes of a denomination exceeding One pound that have been on issue for more than forty years, shall not be included.

(3.) The statement shall be countersigned by the Governor or the Deputy Governor, shall be forwarded to the Treasurer and shall be published in the *Gazette*.

42. A bank shall, as soon as practicable after Wednesday in each week, furnish to the Reserve Bank at its head office a return in accordance with the prescribed form showing the amount of Australian notes held by that bank as at the close of business on that day.

Banks to furnish returns of notes held.

Penalty: One hundred pounds.

43. The Bank shall not issue bills or notes (other than Australian notes) intended for circulation as money.

Bank not to issue bank notes.

44.—(1.) A person shall not issue a bill or note for the payment of money payable to bearer on demand and intended for circulation.

Other persons not to issue notes.

Penalty: Five hundred pounds.

(2.) A State shall not issue a bill or note for the payment of money payable to bearer on demand and intended for circulation.

45. The regulations may provide that any reference in this Division to Wednesday shall be read as a reference to such other day as is prescribed.

Reference to Wednesday.

Division 2.—Offences relating to Australian Notes.

46. In this Division—

Definitions.

“copy of an Australian note” includes a reproduction or negative of an Australian note or part of an Australian note in any size, scale or colour and a copy of an Australian note or part of an Australian note in any size, scale or colour;

“form of an Australian note” means any form of an Australian note, not being a genuine Australian note, intended or likely to pass for an Australian note, and includes a part of such a form.

47. A person shall not, with intent to defraud, forge, or utter knowing it to be forged, an Australian note.

Forging or uttering notes.

Penalty: Imprisonment for fourteen years.

Possession of
forged notes.

48. A person shall not, without lawful excuse, have in his possession a forged Australian note.

Penalty: Imprisonment for four years.

Making, &c., of
false forms.

49. A person shall not, without the authority of the Bank, make or have in his possession—

(a) a form of an Australian note; or

(b) an instrument or thing which may be used in making a form of an Australian note.

Penalty: Imprisonment for four years.

Alteration of
notes forbidden.

50. A person shall not, with intent to defraud, alter the amount of an Australian note.

Penalty: Imprisonment for eight years.

Copying of
notes forbidden.

51.—(1.) A person shall not, without the authority of the Bank, make or have in his possession—

(a) a copy of an Australian note; or

(b) a writing, engraving, photograph or print resembling an Australian note or apparently intended to be, or to pass for, a copy of an Australian note.

Penalty: Two hundred and fifty pounds or imprisonment for one year, or both.

(2.) This section does not affect the liability of a person to be proceeded against for a higher offence, but a person shall not be punished twice in respect of the same act.

Defacing, &c.,
of notes.

52. A person shall not—

(a) wilfully deface, disfigure or mutilate an Australian note;

(b) make on, or attach to, an Australian note an advertisement; or

(c) design, make, issue or circulate an advertisement that is in the form of, resembles, or is apparently intended to resemble, an Australian note or part of an Australian note.

Penalty: Fifty pounds.

Forfeiture of
illicit forms.

53.—(1.) A form of an Australian note, and an instrument or thing which may be used in making a form of an Australian note, shall, if made by, or in the possession of, a person without the authority of the Bank, be forfeited to the Commonwealth.

(2.) A constable may at any time seize an article forfeited under this section or an article which he has reasonable ground to believe is forfeited under this section and bring it before a court of summary jurisdiction.

(3.) A court of summary jurisdiction may, after such notice (if any) and to such person (if any) as it thinks fit to direct, order

an article seized in pursuance of this section or the next succeeding section to be condemned or to be returned to the person from whom it was seized.

(4.) An article condemned in pursuance of this section shall be dealt with as the Treasurer directs and, pending his direction, may be detained in such custody as the court directs.

54.—(1.) If a Justice of the Peace is satisfied by information made on oath by a constable that the constable has reasonable ground to believe that an article forfeited under the last preceding section is in a building or place, the Justice of the Peace may grant a search warrant authorizing a constable named in the warrant, with such assistance as he thinks necessary, to enter and search the building or place mentioned in the warrant, and for that purpose the constable may break open any part of the building or place and break open any article in the building or place and may seize and take away any article which he has reasonable ground to believe is forfeited under the last preceding section and shall bring it before a court of summary jurisdiction.

Search
warrants.

(2.) The laws of the State or Territory of the Commonwealth in which such a search warrant is granted apply, so far as applicable, to that search warrant.

55. A person charged with the receipt or disbursement of public moneys and an officer of a bank (including an officer of the Reserve Bank Service or of the Commonwealth Banking Corporation Service) shall stamp or write in plain letters the word “counterfeit”, “altered” or “worthless” upon every counterfeit or forged note in the form of an Australian note which is presented to him at his place of business.

Counterfeit
notes to be
marked.

PART VI.—RURAL CREDITS DEPARTMENT.

56.—(1.) For the purposes of this Part, there shall be a Rural Credits Department of the Bank.

Establishment
of Rural Credits
Department.

(2.) The Bank shall keep the accounts and transactions of the Rural Credits Department separate and distinct from the other accounts and transactions of the Bank.

57.—(1.) Subject to this Part, the Bank may, through the Rural Credits Department, make advances for the purpose of assisting the marketing of primary produce or the processing or manufacture of primary produce, to—

Functions of
Department.

- (a) authorities formed under the law of the Commonwealth or of a State or Territory of the Commonwealth; and
- (b) co-operative associations of persons engaged in farming, agricultural, horticultural, pastoral, grazing or fishing operations.

(2.) In lieu of making advances under the last preceding sub-section, the Bank may, through the Rural Credits Department, discount bills for a body specified in paragraph (a) or (b) of that sub-section.

(3.) An advance under this section shall not be made for a period of more than one year.

(4.) For the purposes of this section, "primary produce" means goods specified in the Second Schedule to this Act and includes prescribed primary produce and prescribed goods associated with the production of primary produce.

Capital of
Department.

58. The capital of the Rural Credits Department shall be the aggregate of—

- (a) the capital of the Rural Credits Department of the Commonwealth Bank of Australia immediately before the commencement of this Act; and
- (b) the sum of Two million pounds, which shall be transferred from the other funds of the Bank.

Reserve Fund.

59. The Rural Credits Department shall have a reserve fund (to be called the Rural Credits Department Reserve Fund), which shall consist of—

- (a) the amount standing to the credit of the Rural Credits Department Reserve Fund existing under the *Commonwealth Bank Act 1945-1953* immediately before the commencement of this Act; and
- (b) such other sums as are placed to its credit in pursuance of section sixty-three of this Act.

Loans by
Treasurer.

60. The Treasurer may, from time to time, out of moneys legally available, lend to the Bank, for the purposes of the Rural Credits Department, such amounts, and subject to such terms and conditions, as are agreed upon between the Treasurer and the Board, but the total of the sums so lent and not repaid shall not at any time exceed Three million pounds.

Advances to
Department
by Bank.

61. The Bank may make advances to the Rural Credits Department of such amounts, and subject to such terms and conditions, as the Board determines.

Development
Fund.

62.—(1.) The Rural Credits Department shall have a fund (to be called the Rural Credits Development Fund), which shall consist of—

- (a) the amount standing to the credit of the Rural Credits Development Fund existing under the *Commonwealth Bank Act 1945-1953* immediately before the commencement of this Act; and

(b) such other sums as are placed to its credit in pursuance of the next succeeding section.

(2.) The Rural Credits Development Fund shall be used in such manner as the Bank determines for the promotion of primary production.

63. The net profits of the Rural Credits Department in each year shall be dealt with as follows:— Profits of Department.

(a) one-half shall be placed to the credit of the Rural Credits Department Reserve Fund; and

(b) one-half shall be placed to the credit of the Rural Credits Development Fund.

64. Except as expressly provided by this Act, the funds of the Bank shall not be used in the business of the Rural Credits Department. Funds of Bank not to be used except in accordance with this Act.

65. Nothing in this Part limits the powers of the Bank under any other provision of this Act. Part not to limit Bank's powers.

PART VII.—THE RESERVE BANK SERVICE.

66.—(1.) The Bank may appoint such officers as are necessary for the purposes of this Act. Appointment of officers.

(2.) The officers appointed under this Part shall constitute the Reserve Bank Service.

(3.) Subject to this Part and to the regulations, officers hold office on such terms and conditions as the Bank determines.

67.—(1.) The Bank may appoint such temporary and casual employees as are necessary for the purposes of this Act. Temporary and casual employees.

(2.) Employees so appointed shall be employed on such terms and conditions as the Bank determines.

68. A person shall not be appointed under this Act to the Reserve Bank Service unless— Requirements for appointment.

(a) he is a British subject;

(b) he makes and subscribes, before a Justice of the Peace or a Commissioner for taking Affidavits, an oath or affirmation of allegiance in accordance with the form in the Schedule to the Constitution; and

(c) the Bank is satisfied as to his health and physical fitness.

Regulations
for Reserve
Bank Service.

69. The regulations may make provision in relation to the Reserve Bank Service and, in particular, may prescribe the terms and conditions of employment of officers.

Superannuation
fund.

70.—(1.) There shall be a superannuation fund of the Bank.

(2.) The Bank may, with the approval of the Treasurer, make rules, not inconsistent with this Act or the regulations, for or in relation to the superannuation fund.

Borrowing by
officers.

71.—(1.) Subject to this section, the Bank shall not lend money to an officer.

(2.) The Bank may lend money to an officer—

(a) for the purchase, erection, alteration, renovation or enlargement of a home in which he resides or intends to reside; or

(b) to discharge a mortgage, charge or encumbrance on such a home.

(3.) The Bank may, where the Governor is satisfied that special circumstances exist, lend to an officer, upon such terms and conditions as the Governor thinks fit, money not exceeding at any one time Five hundred pounds.

Officer
appointed
to a statutory
office.

72. Where—

(a) immediately before the commencement of a period during which a person has been continuously the holder of a statutory office or offices, that person was an officer of the Commonwealth Bank Service under the *Commonwealth Bank Act 1945–1953* or of the Reserve Bank Service;

(b) at the end of that period, that person ceases to be the holder of a statutory office by reason of his resignation from that office or the expiration of the period for which he was appointed to that office and is not re-appointed or appointed to that office or the other statutory office; and

(c) that person desires to be appointed to the Reserve Bank Service under this section,

the Bank shall, if that person has not attained the age of sixty years at the end of that first-mentioned period, and may, if that person has attained that age but has not attained the age of sixty-five years at the end of that period, appoint that person to

a position in the Reserve Bank Service upon such terms and conditions as, subject to this Part and the regulations, are determined by the Bank having regard—

(d) to the position in the Commonwealth Bank Service or the Reserve Bank Service, as the case may be, occupied by that person immediately before the commencement of that period; and

(e) to—

- (i) service by him as an officer of the Commonwealth Bank of Australia, or service by him in the Commonwealth Bank Service, under any repealed Act;
- (ii) service by him in the Reserve Bank Service; and
- (iii) service by him as the holder of a statutory office.

73.—(1.) The Bank shall, from time to time and whenever the Treasurer so directs, prepare a list of all officers, together with such particulars as the Treasurer requires, and shall circulate copies of the list among the officers. List of officers.

(2.) The Bank shall forward a copy of the list to the Treasurer for presentation to the Parliament.

PART VIII.—MISCELLANEOUS.

74.—(1.) The head office of the Bank shall be at Sydney in the State of New South Wales. Head office.

(2.) After the expiration of a reasonable time after the commencement of this Act, the head office of the Bank shall not be in the same building as the head office of any other bank or of the Commonwealth Banking Corporation.

75. In the exercise of its powers and the performance of its functions, the Bank may— Agents, &c.

- (a) establish branches and agencies at such places, whether within or beyond Australia, as the Bank thinks fit;
- (b) arrange with a person to act as agent of the Bank in any place, whether within or beyond Australia; and
- (c) act as the agent of a bank carrying on business within or beyond Australia.

76. The Bank may, by instrument under its seal, appoint a person (whether in Australia or in a place beyond Australia) to be its attorney and a person so appointed may, subject to the instrument, do any act or execute any power or function which he is authorized by the instrument to do or execute. Attorney of Bank.

**Guarantee by
Commonwealth.**

77. The Commonwealth is responsible for the payment of all moneys due by the Bank but nothing in this section authorizes a creditor or other person claiming against the Bank to sue the Commonwealth in respect of his claim.

**Determination
of net profits.**

78. In determining the net profits of the Reserve Bank, or of the Note Issue Department or the Rural Credits Department of the Bank, for the purposes of this Act, any amounts written off bank premises or provided for contingencies are subject to the approval of the Treasurer.

Taxation.

79. The Bank is not liable to taxation under any law of a State or of a Territory of the Commonwealth to which the Commonwealth is not subject and the income of the Bank is not liable to income tax under a law of the Commonwealth.

Audit.

80.—(1.) The Auditor-General shall inspect and audit the accounts and records of financial transactions of the Bank, and shall forthwith draw the Treasurer's attention to any irregularity revealed by the inspection and audit that, in the opinion of the Auditor-General, is of sufficient importance to justify his so doing.

(2.) The Auditor-General shall, at least once in each year, report to the Treasurer the results of the inspection and audit carried out under the last preceding sub-section.

(3.) The Auditor-General or an officer authorized by him is entitled at all reasonable times to full and free access to all accounts, records, documents and papers of the Bank relating directly or indirectly to the receipt or payment of moneys by the Bank or to the acquisition, receipt, custody or disposal of property of the Bank.

(4.) The Auditor-General or an officer authorized by him may make copies of or take extracts from any such accounts, records, documents or papers.

(5.) The Auditor-General or an officer authorized by him may require a prescribed person to furnish him with such information in the possession of the prescribed person or to which the prescribed person has access as the Auditor-General or authorized officer considers necessary for the purposes of an inspection or audit under this Act, and the prescribed person shall comply with the requirement.

(6.) In this section, "prescribed person" means the Governor, the Deputy Governor or other member of the Board, or an officer.

81.—(1.) The Board shall, as soon as practicable after each thirtieth day of June, prepare— Annual reports and financial statements.

(a) a report on the operations of the Bank during the year ending on that day; and

(b) financial statements, in accordance with the prescribed forms, in respect of that year,

and furnish that report and those statements, together with a report of the Auditor-General upon those statements, to the Treasurer.

(2.) The Auditor-General, in his report upon the financial statements prepared in pursuance of the last preceding sub-section—

(a) shall report whether the statements are in agreement with the accounts and records of the Bank and show fairly the financial operations and the state of the affairs of the Bank; and

(b) shall report on such other matters arising out of the statements as the Auditor-General considers should be made known to the Parliament.

(3.) The Board shall transmit true copies of each report and financial statement prepared in pursuance of sub-section (1.) of this section, and of the report of the Auditor-General upon each such statement, to the President of the Senate and to the Speaker of the House of Representatives to be laid before the Senate and the House of Representatives respectively.

82. The Bank shall furnish to the Treasurer such periodical statements as are prescribed. Returns.

83. Where the Bank holds any property (whether real or personal) or business as security for a loan or advance, and the property or business falls into the hands of the Bank, the Bank may maintain, repair or improve the property, or carry on the business, until the Bank can, in its discretion, dispose of the property or business in the best interests of the Bank. Power to improve property and carry on business.

84.—(1.) Contracts on behalf of the Bank may be made, varied or discharged in accordance with the succeeding provisions of this section, and all contracts so made are effectual in law, and are binding upon the Bank and on all other parties to the contract, their heirs, assigns, executors or administrators, as the case may be. Execution of contracts.

(2.) A contract which, if made between private persons, would be by law required to be in writing under seal may be made, varied or discharged in the name and on behalf of the Bank in writing under the seal of the Bank.

(3.) A contract which, if made between private persons, would be by law required to be in writing and signed by the parties to be charged therewith may be made, varied or discharged in the name and on behalf of the Bank in writing signed by any person acting with the express or implied authority of the Bank.

(4.) A contract which, if made between private persons, would by law be valid although made by parol only and not reduced into writing, may be made, varied or discharged by parol in the name and on behalf of the Bank by a person acting with the express or implied authority of the Bank.

(5.) Nothing in this section invalidates a contract executed on behalf of the Bank by a duly appointed attorney of the Bank if the contract would be valid if executed by the attorney on his own behalf.

Judicial notice
of seals.

85. All courts, judges and persons acting judicially shall take judicial notice of the seal of the Bank affixed to a document and shall presume that it was duly affixed.

Priority of
debts due
by other
banks.

86. Notwithstanding anything contained in any law relating to the winding-up of companies, but subject to section sixteen of the *Banking Act* 1959, debts due to the Bank by a bank specified in the First Schedule to that Act shall, in the winding-up, have priority over all other debts other than debts due to the Commonwealth.

Validity of
acts and
transactions of
Bank.

87. The validity of an act or transaction of the Bank shall not be called in question in any legal proceedings on the ground that any provision of this Act has not been complied with.

Preservation
of rights.

88. Where the holder of a statutory office or an officer of the Bank was, immediately before his appointment under this Act or under a repealed Act, an officer of the Public Service of the Commonwealth—

- (a) he retains his existing and accruing rights;
- (b) his service under this Act and under any repealed Act shall, for the purpose of determining those rights, be taken into account as if it were service in the Public Service of the Commonwealth; and
- (c) the *Officers' Rights Declaration Act* 1928–1959 applies as if this Act and this section had been specified in the Schedule to that Act.

89. The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed, or which are necessary or convenient to be prescribed for carrying out or giving effect to this Act or for the conduct of business by the Bank and, in particular, prescribing penalties not exceeding Fifty pounds for offences against the regulations. Regulations.

THE SCHEDULES.

FIRST SCHEDULE.

Section 7.

REFERENCES IN LAWS OF THE COMMONWEALTH TO THE COMMONWEALTH BANK OF AUSTRALIA NOT AFFECTED BY THIS ACT.

Salaries Adjustment Act 1955.
Salaries Adjustment Act 1956.
Wool Realization (Distribution of Profits) Act 1948-1957.
 Part VI. of the *Banking (Transitional Provisions) Act 1959.*
Banking (Foreign Exchange) Regulations.

SECOND SCHEDULE.

Section 57.

PRIMARY PRODUCE.

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| <p>Arrowroot. Bran. Broom millet. Butter and butter products. Canary seed. Cheese. Chicory. Cider. Copra, coconut, desiccated coconut, coconut oil and other copra products. Cotton. Cotton seed and cotton seed by-products. Eggs and egg products. Fish, canned or preserved. Flax. Flour. Fodder. Fruit juices, fruit extracts, fruit cordials and fruit liqueurs. Fruit pulp. Fruits, fresh, preserved or dried. Ginger. Grain.</p> | | <p>Grass seeds. Hides and skins. Hops. Jam. Meal. Meat and meat products. Milk and milk products. Peanuts and peanut products. Pollard. Poultry. Pulse. Spirits. Sugar. Superphosphate and materials used in the production of superphosphate. Tallow. Timber. Tobacco. Vegetable seeds. Vegetables, fresh, preserved or dried. Wine. Wool.</p> |
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