

New Zealand



ANALYSIS

<p>Title. Preamble.</p> <p>1. Short Title and commencement. 2. Interpretation.</p> <p><i>Acquisition of Shares by the Crown</i></p> <p>3. Vesting in Crown of ordinary shares registered in New Zealand, and payment to shareholders of value of shares.</p> <p>4. Vesting in Crown of D long-term mortgage shares registered in New Zealand, and payment to shareholders of value of shares.</p> <p>5. Conditions subject to which stock is to be issued.</p> <p>6. Authorizing purchase by Crown of shares registered in United Kingdom or Australia.</p> <p>7. Payment of cash.</p> <p>8. Empowering Minister of Finance to borrow moneys for the purposes of this Act.</p>	<p>9. Interim dividends to be paid to shareholders.</p> <p>10. Transfers of shares after commencement of this Act.</p> <p style="text-align: center;"><i>Reconstitution of Board of Directors</i></p> <p>11. Board of Directors reconstituted. 12. Chairman and Deputy Chairman.</p> <p style="text-align: center;"><i>General</i></p> <p>13. Minister of Finance to exercise His Majesty's powers as proprietor of shares.</p> <p>14. Board of Directors to have regard to representations of Minister of Finance.</p> <p>15. Annual report to be presented to Parliament.</p> <p>16. Officers of Bank.</p> <p>17. Repeals.</p> <p>18. Deed of settlement amended. Schedule.</p>
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1945, No. 18

AN ACT to provide for the vesting in the Crown of the Shares in the Capital of the Bank of New Zealand that are not already vested in the Crown, and to make other Provisions with respect thereto. Title.

[24th November, 1945

Preamble.

WHEREAS it is desirable that there should be a State trading bank for the purpose of facilitating the post-war reconstruction and development of New Zealand, the rehabilitation of returned servicemen, and the provision of reliable, prompt, and economical banking services, and generally for the purpose of assisting to promote the economic welfare of New Zealand: And whereas all the shares in the capital of the Bank of New Zealand, except the ordinary shares and the D long-term mortgage shares, were issued to and are vested in His Majesty the King: And whereas it is expedient for His Majesty to acquire the ordinary shares and the D long-term mortgage shares:

BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

Short Title
and
Commencement.

1. (1) This Act may be cited as the Bank of New Zealand Act, 1945.

(2) This Act shall be deemed to have come into force on the first day of November, nineteen hundred and forty-five.

Interpretation.

2. In this Act, unless the context otherwise requires,—
“Bank” means the Bank of New Zealand constituted a body corporate under the New Zealand Bank Act, 1861:

“Deed of settlement” means the deed of settlement of the Bank referred to in the New Zealand Bank Act, 1861, as the deed now stands altered and amended:

“Ordinary shares” means the ordinary shares issued under the Bank of New Zealand Act, 1920:

“D long-term mortgage shares” means the D long-term mortgage shares issued under the Bank of New Zealand Act, 1926.

1861 (Local),
No. 1

1920, No. 58

1926, No. 55

Acquisition of Shares by the Crown

Vesting in
Crown of
ordinary shares
registered in
New Zealand,
and payment
to shareholders
of value of
shares.

3. (1) On the commencement of this Act all ordinary shares in the capital of the Bank that are registered in the share register kept by the Bank in Wellington shall be deemed to be vested in His Majesty, and thereupon the several registered holders of those shares, as on the thirty-first day of October, nineteen hundred and forty-five, shall be entitled at their option

to receive for every such share respectively held by them either—

- (a) The sum of two pounds five shillings in cash;
or
- (b) Two pounds six shillings and eightpence in tax-free non-transferable New Zealand Government stock; or
- (c) Two pounds thirteen shillings and fourpence in ordinary New Zealand Government stock:

Provided that no such stock shall be issued to any shareholder except for a multiple of five pounds, and any amount to which any shareholder may be entitled in excess of the amount of stock that may be issued to him as aforesaid shall be paid in cash.

(2) If within three months after the commencement of this Act the Minister of Finance has not received from any shareholder notice of the exercise by him of his option to receive either cash or stock in accordance with subsection one of this section he shall be deemed to have elected to receive tax-free non-transferable stock under paragraph (b) of that subsection.

4. (1) On the commencement of this Act all D long-term mortgage shares in the capital of the Bank that are registered in the share register kept by the Bank in Wellington shall be deemed to be vested in His Majesty, and thereupon the several registered holders of those shares, as on the thirty-first day of October, nineteen hundred and forty-five, shall be entitled at their option to receive for every such share respectively held by them either—

- (a) The sum of one pound ten shillings in cash; or
- (b) One pound ten shillings in ordinary New Zealand Government stock:

Provided that no such stock shall be issued to any shareholder except for a multiple of five pounds, and any amount to which any shareholder may be entitled in excess of the amount of stock that may be issued to him as aforesaid shall be paid in cash.

(2) If within three months after the commencement of this Act the Minister of Finance has not received from any shareholder notice of the exercise by him of his option to receive either cash or stock in accordance with subsection one of this section he shall be deemed to have elected to receive stock.

Vesting in Crown of D long-term mortgage shares registered in New Zealand, and payment to shareholders of value of shares.

Conditions
subject to
which stock is
to be issued.

5. (1) All tax-free non-transferable stock issued under paragraph (b) of subsection one of section three of this Act shall be created and issued subject to the following special conditions, namely:—

- (a) It shall be redeemable at par either on the fifteenth day of November, nineteen hundred and fifty-seven, or (in the event of the death of the registered holder), at the option of his personal representatives, on any earlier date that may be fixed by them on giving to the Registrar of Stock not less than fourteen days' notice in writing of their intention to require redemption of the stock on the date so fixed:
- (b) During the currency of the stock it shall bear interest at the rate of three per centum per annum, payable on the fifteenth day of May and the fifteenth day of November in each year, the first payment of interest (for the period commencing on the commencement of this Act), being due and payable on the fifteenth day of May, nineteen hundred and forty-six:
- (c) Notwithstanding the provisions of section fifty-five of the New Zealand Loans Act, 1932, or any other enactment, the interest derived from the securities shall be exempt from income-tax and from the social security charge and the national security tax:
- (d) No transfer of any such stock shall be registered, and no stock certificate shall at any time be issued in respect thereof:
- (e) Any such stock shall, at the option of the registered holder, be convertible, at par, into ordinary New Zealand Government stock issued in accordance with subsection two of this section, on any half-yearly interest date that may be fixed by the registered holder on giving to the Registrar of Stock not less than fourteen days' notice in writing of his intention to convert the stock on the date so fixed.

1932, No. 23

(2) All ordinary stock issued under paragraph (c) of subsection one of section three or under paragraph (b) of subsection one of section four of this Act shall be created and issued subject to the following special conditions, namely:—

(a) It shall be redeemable at par on the fifteenth day of November, nineteen hundred and sixty, or, at the option of the Minister of Finance, on any earlier date, not earlier than the fifteenth day of November, nineteen hundred and fifty-seven, that may be fixed by the Minister of Finance on giving not less than three months' notice in the *Gazette* of his intention to redeem the stock on the date so fixed:

(b) During the currency of the stock it shall bear interest at the rate of three per centum per annum, payable on the fifteenth day of May and the fifteenth day of November in each year, the first payment of interest (for the period commencing on the commencement of this Act) being due and payable on the fifteenth day of May, nineteen hundred and forty-six.

6. The Minister of Finance may from time to time buy on behalf of His Majesty the King any ordinary shares or D long-term mortgage shares in the capital of the Bank that are registered in any of the branch registers kept by the Bank in London, Sydney, and Melbourne, at such price and on such terms as may be agreed upon by the Minister and the vendor.

Authorizing purchase by Crown of shares registered in United Kingdom or Australia.

7. All cash payable under section three or section four of this Act or in respect of the purchase of any shares under section six of this Act shall be paid out of the Public Account without further appropriation than this section.

Payment of cash.

8. (1) The Minister of Finance is hereby empowered to borrow on the security of and charged upon the Public Revenues of New Zealand such sums of money as he thinks fit not exceeding in the aggregate the sum required to give effect to the provisions of this Act.

Empowering Minister of Finance to borrow moneys for the purposes of this Act.

(2) Except as otherwise provided by section five of this Act, the sums so borrowed shall bear interest at such rate as the Minister of Finance prescribes.

(3) All moneys borrowed under the authority of this section shall, as and when borrowed, be paid into the Public Account to the credit of the Bank of New Zealand Shares Account established by section eight of the Finance Act, 1926.

(4) This section shall be deemed to be an authorizing Act within the meaning of the New Zealand Loans Act, 1932, and, except as otherwise provided by section five of this Act, the moneys hereby authorized to be borrowed shall be borrowed under and subject to the provisions of that Act accordingly.

(5) The issue of stock under section three or section four of this Act and the issue of any stock in respect of the purchase of any shares under section six of this Act shall be deemed to be an exercise of the power to borrow contained in subsection one of this section.

9. (1) The interim dividend of three per centum on the ordinary shares declared but not paid before the commencement of this Act shall, so far as it relates to shares vested in His Majesty by this Act, be paid by the Bank to the several registered holders of those shares as on the thirty-first day of October, nineteen hundred and forty-five.

(2) The half-yearly dividend on the D long-term mortgage shares declared but not paid before the commencement of this Act shall, so far as it relates to shares vested in His Majesty by this Act, be paid by the Bank to the several registered holders of those shares as on the thirty-first day of October, nineteen hundred and forty-five.

(3) The Minister of Finance shall, not later than the fifteenth day of May, nineteen hundred and forty-six, pay out of the Consolidated Fund, without further appropriation than this section,—

(a) To the several registered holders as on the thirty-first day of October, nineteen hundred and forty-five, of the ordinary shares vested in His Majesty by this Act, such sum by way of additional dividend in respect of every such share respectively held by them as, together with the amount of the interim dividend

See Reprint
of Statutes,
Vol. VII,
p. 500
1932, No. 23

Interim
dividends to be
paid to
shareholders.

referred to in subsection one hereof, will amount to a dividend at the rate of seven per centum per annum for the period of seven months ending on the said thirty-first day of October, nineteen hundred and forty-five:

- (b) To the several registered holders as on the thirty-first day of October, nineteen hundred and forty-five, of the D long-term mortgage shares vested in His Majesty by this Act, such sum by way of additional dividend in respect of every such share respectively held by them as will amount to a dividend at the rate of seven and a half per centum per annum for the month of October, nineteen hundred and forty-five, which dividend shall be subject to the provisions of section nine of the Finance Act (No. 2), 1941.

1941, No. 27

10. (1) If any instrument purporting to transfer any ordinary shares or D long-term mortgage shares that are registered in the register kept by the Bank in Wellington has been presented to the Bank for registration but not registered before the commencement of this Act, or if any such instrument is presented to the Bank for registration within one month after the commencement of this Act, the Bank may, with the precedent consent of the Minister of Finance, accept and register the instrument as if it were a valid transfer of the shares to which it relates, executed and presented before the commencement of this Act.

Transfers of shares after commencement of this Act.

(2) In any such case the person named in the instrument as the transferee shall, for the purposes of this Act, be deemed to be the registered holder of the shares as on the thirty-first day of October, nineteen hundred and forty-five.

(3) The Minister of Finance, in his discretion, may refuse any application for his consent to the registration of any transfer under this section or may grant the application either wholly or partly and either unconditionally or upon or subject to such conditions as he thinks fit.

(4) No shares that are registered in any of the share registers kept by the Bank in London, Sydney, and Melbourne shall be registered in any other register.

Reconstitution of Board of Directors

Board of
Directors
reconstituted.

11. (1) The Board of Directors of the Bank shall consist of not less than five and not more than seven persons to be appointed by the Minister of Finance.

1898, No. 9

(2) Notwithstanding anything to the contrary in paragraph two of section ten of the Bank of New Zealand and Banking Act Amendment Act, 1898, or in the deed of settlement, the person for the time being holding the office of Secretary to the Treasury shall be eligible for appointment as a Director of the Bank.

(3) Every Director shall be appointed for a term to be specified in the instrument of appointment, not exceeding in any case a term of three years.

(4) Every person so appointed shall be eligible for reappointment on the expiration of the term of his appointment.

(5) The powers of the Board shall not be affected by any vacancy in the membership thereof.

(6) The Directors in office on the commencement of this Act, whether appointed by the Governor-General in Council or elected by the proprietors, shall be deemed to have been appointed under this section for the terms for which they were respectively appointed or elected.

Chairman and
Deputy
Chairman.

12. (1) The Minister of Finance shall from time to time appoint one of the Directors to be the Chairman of the Board and another to be the Deputy Chairman of the Board, to hold office respectively during the pleasure of the Minister.

(2) The first appointments under this section shall be made before the first meeting of the Board after the passing of this Act.

General

Minister of
Finance to
exercise His
Majesty's
powers as
proprietor of
shares.

13. (1) The Minister of Finance may from time to time exercise on behalf of His Majesty all His Majesty's rights and powers as proprietor of the shares vested in His Majesty by this Act or purchased under this Act.

(2) Any such power that is required by any Act or by the deed of settlement to be exercised by a resolution passed at a meeting of proprietors or by the votes of proprietors may be exercised on behalf of His Majesty by the Minister of Finance by writing signed by him, and not otherwise.

(3) It shall not be necessary to hold any meeting of proprietors, and no resolution passed at any such meeting shall have any legal effect.

14. In the exercise of their functions and powers the Board of Directors shall have regard to any representations that may be made by the Minister of Finance in respect of any functions or business of the Bank, and shall give effect to any decision of the Government in relation thereto conveyed to the Board in writing by the Minister of Finance.

Board of Directors to have regard to representations of Minister of Finance.

15. (1) The Board of Directors shall, within three months after the expiration of every financial year, cause to be prepared a report on the operations of the Bank for that year.

Annual report to be presented to Parliament.

(2) The said report shall be laid before Parliament together with the balance-sheet and statement of accounts required to be laid before Parliament by section twenty-four of the Bank of New Zealand and Banking Act Amendment Act, 1898.

1898, No. 9

16. Nothing in this Act shall be construed to constitute the officers of the Bank officers of the Public Service or to affect any of their rights or privileges, whether under the Bank of New Zealand Officers' Guarantee and Provident Association Act, 1900, or otherwise.

Officers of Bank.

1900 (Private), No. 3

17. (1) The enactments specified in the Schedule to this Act are hereby repealed.

Repeals.

(2) Section eighteen of the Bank of New Zealand Act, 1920, is hereby amended by repealing paragraphs (c) to (f), and substituting the following paragraph:—

1920, No. 58

“(c) The number of shares in the capital of the Bank that may be held by His Majesty shall not be subject to any limit.”

(3) Section three of the Bank of New Zealand Act, 1926, is hereby amended by omitting from subsection two the words “and the sanction of the holders of ordinary shares obtained in manner hereinafter provided”.

1926, No. 55

18. The deed of settlement shall be deemed to be amended in all respects so as to make it conform to the provisions of this Act.

Deed of settlement amended.

Schedule.

SCHEDULE

ENACTMENTS REPEALED

- 1898, No. 9.—The Bank of New Zealand and Banking Act Amendment Act, 1898: Sections 2, 6, 7, 11, and 14.
- 1903, No. 83.—The Bank of New Zealand Act, 1903: Sections 17, 19, and 20.
- 1913, No. 29.—The Bank of New Zealand Act, 1913: Paragraph (*g*) of section 3, section 13, and subsection (2) of section 15.
- 1920, No. 58.—The Bank of New Zealand Act, 1920: Paragraph (*b*) of section 9 (2), paragraph (*d*) of section 10 (2), and sections 14, 15, and 17.
- 1926, No. 55.—The Bank of New Zealand Act, 1926: Sections 14, 18, 25, and 26.
- 1936, No. 16.—The Finance Act, 1936: Section 48.