

[AS REPORTED FROM THE EDUCATION AND SCIENCE
COMMITTEE]

House of Representatives, 25 November 1987.

Words struck out are shown in italics within bold round brackets, or with black rule at beginning and after last line; words inserted are shown in roman underlined with a single rule, or with single rule before first line and after last line.

Hon. M. L. Wellington

**METHODIST CHARITABLE AND EDUCATIONAL
TRUSTS AMENDMENT**

[PRIVATE]

ANALYSIS

Title
Preamble
1. Short Title

2. New section substituted
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3. Private Act

A BILL INTITULED

**An Act to amend the Methodist Charitable and
Educational Trusts Act 1911**

WHEREAS what is now the Wesley College Trust Board is a
5 body corporate established by the Methodist Charitable and
Educational Trusts Act 1911 for the purposes of administering
property for the support and upkeep of an institution or school,
subject nevertheless to the general control and superintendance
of what is now the Conference of the Methodist Church of New
10 Zealand: And whereas the Board with the consent of the
Conference wishes to have wider powers of investment than it
currently has and has resolved unanimously that legislation be
promoted to enable the objects of this Act to be attained: And
whereas the objects of the Bill cannot be attained otherwise
15 than by legislation: And whereas those objects have the
approval of the Conference:

No. 129—2

Price
incl. GST \$1.90

BE IT THEREFORE ENACTED by the Parliament of New Zealand as follows:

1. Short Title—This Act may be cited as the Methodist Charitable and Educational Trusts Amendment Act 1987, and shall be read together with and deemed part of the Methodist Charitable and Educational Trusts Act 1911 (hereinafter referred to as the principal Act). 5

2. New section substituted—(1) The principal Act is hereby amended by repealing section 30 (as substituted by section 5 of the Methodist Charitable and Educational Trust Amendment Act 1971), and substituting the following section: 10

“30. Investment of money—(1) All money held by the Board for and on behalf of the said institution and which it may think proper to invest shall be invested in the name of the Board in all or any of the following modes of investment: 15

“(a) In investments authorised for the investment of trust funds by the provisions of Part II of the Trustee Act 1956:

“(b) On deposit with any Trust, Association, Board, Provident Society, or Savings Society established by or with the consent of the Conference, or in such interest or interests in real or personal property, securities, or other investments as the Conference may from time to time authorise: 20

“(c) On first mortgage of the interest of the lessee under any lease in perpetuity or lease with the right of perpetual renewal, or any other lease for an unexpired term (including any right of renewal thereof) in excess of 21 years of any land where all conditions of improvement required under the lease have been complied with, and the lease is not liable to forfeiture in respect of default in complying with the aforesaid conditions and the lessee is entitled under such lease to compensation or adequate protection in respect of all improvements on the land which are made by the lessee or in which the lessee has any interest: 25 30 35

“(d) In contributory first mortgage of land or any interest therein either directly in its own name or through a nominee provided that the total amount secured by any such mortgage shall not exceed two-thirds of the value of the property against which such 40

mortgage is secured as certified by a registered valuer:

5 “(e) In Commercial Bills drawn on or accepted or endorsed by any (*trading bank*) bank registered under the Reserve Bank of New Zealand Act 1964, or by any company (*or merchant bank*) listed on the New Zealand Stock Exchange:

10 “(f) In the securities of any company whether incorporated in New Zealand or elsewhere, which are (*officially*) listed on the New Zealand Stock Exchange, and which comprise—

15 “(i) Ordinary or preference shares, stock, or debentures (including debenture stock and bonds and whether constituting a charge on assets or not); or

“(ii) Secured or unsecured notes, whether registered or unregistered, and whether conveying the right of conversion to shares or not;—
but excluding—

20 “(iii) Any shares, stock, debentures, or notes, not fully paid up, except such as are, by the terms of issue, required to be fully paid up within 12 months of the date of issue; and

25 “(iv) Any notes, or any debentures, under or in respect of which any liability to make further advances or payments will remain after the expiration of 12 months from the date of acquisition.

30 “(2) An investment under paragraph (f) of subsection (1) of this section shall not be made in the securities of any company—

“(a) Unless the company has a paid-up share capital of (~~\$1,000.00~~) \$1,000,000 or more; and

35 “(b) If the company has not paid a dividend of at least 5 percent, in each complete financial year of the company the last day of which occurred within 5 years before the date of the investment, on all ordinary stock and shares issued by the company, excluding (in respect of the financial year of issue) any stock or shares issued in that financial year after the dividend was declared and any stock or shares on which (in terms of their issue) no dividend or dividends of less than 5 percent are payable in the
40 financial year.

New

“(3) For the purposes of paragraph (b) of subsection (2) of this section, a company formed to take over the whole of the business of another company or other companies shall be deemed to have paid the requisite dividend in any financial year, if such a dividend was paid by each such other company in each financial year of that company any part of which fell within the relevant financial year of the company taking over the business. 5

“(4) Before making any investment pursuant to paragraph (f) of subsection (1) of this section, the Board shall first obtain and consider proper advice in writing as to the suitability of the proposed investment from a person— 10

“(a) Who is reasonably believed by the Board to be qualified by his ability in and practical experience of financial matters; and 15

“(b) Who is not a member of the Board, or an officer or employee of the Board or of the company in which it is proposed to make such investment.

“(5) The Board shall have power to exercise all of the options and other rights to which the Board may become entitled as the holder of any ordinary or preference shares, stock, debentures, or notes, and to sell, exchange, vary, or transpose any investments, from time to time held by the Board. 20

“(6) Nothing contained or implied in this section shall authorise the investment of any part of the said money in the shares or other securities of any company whose business and objects, in the judgment of the Board, conflict with the general rules and usage of the Methodist Church of New Zealand and which are likely to bring reproach upon the Church.” 25 30

(2) Section 6 of the Methodist Charitable and Educational Trusts Amendment Act 1976 is hereby consequentially repealed.

3. Private Act—This Act is hereby declared to be a private Act. 35