

*Paper Currency.***No. XVI.**

PAPER CURRENCY. AN ORDINANCE to authorize the establishment of a Colonial Bank of Issue by the Government of New Zealand, to make and issue a Paper Currency, and to prohibit the making and issuing of Paper Money by Private Individuals. [16th October, 1847.]

Preamble. WHEREAS it is expedient that the paper currency of New Zealand should be made and issued exclusively by the Government thereof, and to that end that the making and issuing of paper money by private individuals should be strictly prohibited:

BE IT THEREFORE ENACTED by the Lieutenant-Governor of New Zealand, with the advice and consent of the Legislative Council thereof, as follows:—

I.—BANK OF ISSUE, AND MANAGER THEREOF.

Bank of Issue to be established. 1. For the purpose of supplying the Colony of New Zealand with a paper currency, there shall be established therein by the Government thereof a Bank of Issue, to be called the “Colonial Bank of Issue.”

Managers and other officers to be appointed. 2. The business of the said Bank shall be managed and conducted by such Managers and other officers as Her Majesty shall from time to time be pleased to appoint: Provided always that it shall be lawful for the Governor to appoint such Managers and officers provisionally until Her Majesty’s pleasure shall be known.

Tenure of office. 3. Every such Manager and officer shall hold his office during Her Majesty’s pleasure.

Oath of office. 4. No person so to be appointed as aforesaid shall be capable of holding the office of Manager or of being an officer of the said Bank unless such person shall have first taken and subscribed the following oath before a Justice of the Peace, which oath every such Justice shall, on application to that effect, administer accordingly:—

I, A.B., do solemnly swear that I will not issue or reissue any of the bank notes of the Colonial Bank of Issue except in exchange for cash, and that I will constantly retain and keep within my control and custody for the use and accommodation of the public not less than one-fourth part of the cash so received in exchange, and that I will not part with the control or custody of the residue of such cash except under the authority of a warrant to me for that purpose directed under the hand of the Governor for the time being, and that I will in all other respects duly and faithfully discharge the duties of my office as a Manager of the said Colonial Bank of Issue. So help me God.

Security to be given. 5. Every such Manager and officer shall, before entering on the duties of his office and from time to time, give security for good behaviour in his office by bond to Her Majesty and her successors with two sufficient securities in the sum of one thousand pounds, or in such other reasonable sum as Her Majesty or her successors may from time to time think fit to require.

Sureties may withdraw from liability. 6. Every such surety may withdraw from liability for the future under any such bond by giving to the Attorney-General three calendar months’ notice of his intended withdrawal, without prejudice nevertheless to any previous breach of the conditions of such bond.

II.—BUSINESS OF THE BANK.

Business of the Bank. 7. The business of the Colonial Bank of Issue shall be confined to the

Paper Currency.

the issuing of bank notes in exchange for cash, and to the payment of such notes in cash on demand.

8. The business of and relating to the issue of such notes shall be conducted and carried on in offices to be established for that purpose at Auckland and Wellington, and at such other place as the Governor shall from time to time by Proclamations in that behalf direct.

To be carried on at Auckland, Wellington, &c.

9. Every such office shall be open for business on such days and at such hours as the Governor for the time being shall in that behalf by Proclamation appoint.

Hours of business.

10. Every note of the said Bank shall be expressed to be payable in pounds sterling and in cash.

Notes to be payable in cash.

11. No note of the said Bank shall be issued or reissued therefrom except in exchange for cash.

Notes not to be issued except in exchange for cash.

12. No such note shall be issued for circulation except from some one of the offices to be for that purpose established as aforesaid.

Nor except from certain offices.

13. Every such note before being issued or reissued for circulation shall bear the signature of the Manager conducting the business of the office from which such note shall be issued, testifying that the same hath been issued or reissued in exchange for cash.

All notes to bear signature of Manager.

14. No note to be issued or reissued as aforesaid shall be made for the payment of less than the sum of one pound, and every such note shall be expressed to be for payment of a sum in pounds sterling without any fractional parts of a pound.

No notes to be for less amount than £1 or for fractional part of £1.

15. A tender of any such note or notes shall be a legal tender to the amount expressed in such note or notes, and shall be taken to be valid as a tender to such amount for all sums above two pounds on all occasions on which any tender of money may be legally made.

Notes to be legal tender for sums above £2.

16. The bearer of any such note or notes shall be entitled immediately on demand to be made at any of the offices of the said Colonial Bank of Issue, and during the hours of business thereof, to receive payment in cash for such notes at the rate herein provided, and the Manager of every such office is hereby required to pay the same accordingly.

Bearer entitled to cash for notes on demand.

17. All persons shall be entitled to demand from any of the said offices (during the hours of business thereof) notes in exchange for cash at the rate aforesaid, and the Manager of every such Bank is hereby required to make such exchange accordingly.

Notes may be demanded for cash.

18. The Manager conducting the business of any such office shall be responsible for the safe keeping and due application of the notes from time to time to be supplied to such office for circulation, and of the cash to be received in exchange for the same.

Manager responsible for cash and notes.

19. The ultimate payment in cash of all notes to be issued or reissued from the said Colonial Bank of Issue as hereinbefore provided, shall be charged and chargeable upon the general revenue of the Colony of New Zealand.

Payment of the notes of the Bank charged upon general revenue.

20. The cash to be from time to time received at any such office in exchange for notes shall be applied and disposed of in manner following, and not otherwise, that is to say,—So much of the said cash as shall be equal in amount to one-fourth part at the least of the amount of such notes for the time being in circulation shall always be kept to meet the current demands of the public by the Manager conducting the business of such office under his own control and custody, subject nevertheless to inspection and account as hereinafter mentioned. The residue of such cash, or so much thereof as the Governor may deem expedient, shall from time to time be invested or placed out at interest on good and sufficient security by or under the direction of the Governor for the time being: Provided that the moneys so invested be

Cash received for notes how to be disposed of.

made

Paper Currency.

made repayable, after not more than three months' notice to the Manager of the office from which the same may have been borrowed.

Notes when deemed to be in circulation.

21. All notes shall be deemed to be in circulation from the time the same shall have been issued by any such Manager as aforesaid until the same shall have been returned to the office from which the same shall have been issued.

Interest how to be applied.

22. The interest to arise from the moneys so to be invested shall be applied in the first instance towards defraying the expenses incurred in conducting the business of the said Colonial Bank of Issue, and the surplus if any shall be paid to the Colonial Treasurer for the public uses of the Colony and the support of the Government thereof.

Manager to transfer cash from his own custody under warrant of Governor only.

23. No Manager conducting the business of any such office shall part with the custody of or pay or transfer the cash applicable for investment as aforesaid, or any part thereof, except under the authority of a written warrant bearing the signature of the Governor for the time being, stating the sum to be paid, the name of the person to whom the sum is to be paid, the name and place of abode of the person to whom the sum is to be lent, the nature of the security, and the rate of interest to be received for the same.

Penalty.

24. Every such Manager who shall issue any of the notes of the said Bank otherwise than in exchange for cash as aforesaid, or who shall pay any of the cash received in exchange for such notes otherwise than in payment of the notes of the said Bank or under the authority of such warrant as aforesaid, and every other person whatsoever aiding abetting or soliciting such Manager so to do, shall forfeit and pay for every such offence the sum of five hundred pounds, and shall moreover, respectively and personally, to all intents and purposes, be deemed and taken to be debtors to the Crown in a sum equal to the amount so misapplied as aforesaid.

Manager to keep books of account.

25. Every such Manager shall keep or cause to be kept, in books to be kept for that purpose at the office of which he shall conduct the business, accurate accounts in writing of every transaction of or relating to the notes issued or reissued therefrom, of or relating to the amount of such notes in circulation from time to time, and of or relating to the gold or silver coin held by such Manager, and generally all such minutes or entries the sight or inspection whereof may tend to secure the rendering of true accounts, and such as may prove that the business of such office is conducted in manner by law required.

Manager to make weekly returns.

26. Every Manager conducting the business of any such office shall on the Monday of every week transmit to the Colonial Treasurer a just and true account of the amount of notes of such office in circulation at the close of the business of the said office on the next preceding Saturday, distinguishing the notes of five pounds and upwards and the notes below five pounds, and also an account of the total amount of gold and silver coin held by the Manager of such office at the close of business on each day of the week ending on that Saturday, and shall on the Monday of every week cause a copy of the said accounts for the past week to be posted in such office, there to remain for the inspection of the public during the office hours of each day during the current week.

To be signed by Manager.

27. Every such account shall be verified by the signature of the Manager rendering the same, and shall be made in the form in Schedule A to this Ordinance annexed.

Copies of warrants of Governor to be transmitted to the Colonial Treasurer.

28. Every such Manager shall also transmit to the said Colonial Treasurer a true copy of the warrant under the authority whereof he may have during the then preceding week paid over any moneys for investment as hereinbefore provided.

Penalty.

29. If any such Manager shall neglect or refuse to render any such

Paper Currency.

such account or copy as aforesaid in the form and at the time required by this Ordinance, or shall at any time render a false account or copy, such Manager shall forfeit and pay for every such offence any sum not exceeding five hundred pounds.

30. From the returns so to be made as aforesaid the said Colonial Treasurer shall at the end of the first period of four weeks, and so at the end of each successive period of four weeks, make out a general return (distinguishing the several offices), in the form to this Ordinance marked B, of the amount of notes in circulation at the close of such preceding four weeks, and of the amount of all the gold and silver coin held by each Manager at the same period, and shall cause such general return, verified by his signature, to be published in the next succeeding Government *Gazette* in which the same can be conveniently inserted.

Colonial Treasurer to make and publish monthly returns.

31. It shall also be the duty of the Colonial Treasurer to publish in the Government *Gazette*, on or before the first day of March in each year, verified by his signature, a statement of the total amount of such notes in circulation issued or reissued from the several offices of the said Bank of Issue which shall be in circulation at the close of the year then next preceding, of the total amount of the gold and silver coin held at every such office at the same period, and of the total amount of the cash of the said Bank then invested at interest as hereby required, showing the nature of the security, the rate of interest, and also an account of any cash which having been invested at interest shall have been repaid, together with an account showing the expenses incurred in the conduct and management of the said Bank for such year, and the nature and amount of the funds received applicable to defray the same.

Colonial Treasurer to publish yearly statement.

32. If any such Colonial Treasurer shall neglect or refuse to make or publish such general return yearly statement or account, or shall make or publish a false return statement account or copy, he shall for every such offence forfeit and pay any sum not exceeding five hundred pounds.

Penalty.

33. And whereas in order to insure the rendering of true and faithful accounts of the amount of bank notes in circulation, and the amount of gold and silver coin held by each Manager, and that the business of his office be conducted as hereby required, it is expedient that Inspectors, to be from time to time appointed for that purpose, should be empowered to cause the books of such Managers, and the amount of gold and silver coins held by such Managers as aforesaid, to be inspected as hereinafter mentioned: Be it further enacted, That all and such book and books shall be open for the inspection and examination, at all reasonable times, of any such Inspector or Inspectors authorized in that behalf in writing by the Governor for the time being; and every such Inspector shall be at liberty to take copies of or extracts from any such book or account as aforesaid, and to inspect and ascertain the amount of any gold or silver coin or notes then held by any such Manager.

Books kept by Manager to be subject to inspection.

34. If any Manager or other officer or person keeping any such book, or having the custody or possession thereof, or power to produce the same, shall upon demand made by any such Inspector, showing (if required) his authority in that behalf, refuse to produce any such book to any such Inspector for inspection and examination, or to permit him to inspect and examine the same or to take copies thereof or extracts therefrom, or of or from any such account minute or entry as aforesaid kept or entered therein; or if any such Manager or officer or person having the custody or possession of any such gold and silver coin and notes belonging to the office of any such Manager,

Penalty for refusing inspection.

Paper Currency.

shall refuse to permit or prevent the inspection of the same by any person so authorized as aforesaid, every such Manager officer or person so offending shall for every such offence forfeit and pay any sum not exceeding five hundred pounds.

Power to Governor
to make rules.

35. And be it further enacted, That it shall be lawful for the Governor from time to time to make all such rules and regulations, not being repugnant to the provisions hereof, as to him shall seem necessary for the conduct and management of the said Bank of Issue, for securing the value and promoting the credit of the currency to be created under the authority hereof, and generally for carrying into full effect the purposes of this Ordinance: Provided always that no such rules and regulations shall have any force or effect until the same shall have been published in the Government *Gazette*.

III.—PRIVATE PAPER MONEY ETC. PROHIBITED.

The use of private
paper money &c.
prohibited.

36. It shall not be lawful for any Banker, except as hereinafter mentioned, to draw accept make or issue in New Zealand any bill or note or engagement for the payment of money on demand.

Penalty.

37. If any Banker, except as hereinafter mentioned, shall draw accept make or issue any bill or note for the payment of money on demand, every such Banker upon conviction shall forfeit and pay for every such offence the sum of twenty pounds; and every such bill or note which shall hereafter be made or issued shall be and the same is hereby declared to be absolutely void and of no effect.

Cheques upon
Bankers not to be
affected.

38. Provided always that nothing herein contained shall extend to prohibit any draft or order drawn by any person on his Banker, or on any person acting as such Banker, for the payment of money held by such Banker or person to the use of the person by whom such draft or order shall be drawn.

Union Bank of Aus-
tralia to continue
issuing notes under
certain restrictions.

39. And whereas the Union Bank of Australia has for some time been carrying on the business of banking and issuing its own bank notes in the Colony of New Zealand: Be it enacted, That it shall be lawful for the Governor to appoint Commissioners who shall proceed to ascertain the average amount of the bank notes of the said Bank which were in circulation during the period of two years preceding the first day of July, one thousand eight hundred and forty-seven, and the said Commissioners shall certify under their hands to the Manager of the said Bank the average amount when so ascertained as aforesaid. And it shall be lawful for the said Union Bank of Australia to continue to issue its own bank notes to the extent of the amount so certified until a day to be fixed by the Governor in Council, of which twelve calendar months' notice shall be given in the Government *Gazette*.

And to keep an
account thereof.

40. The Manager of the said Union Bank of Australia shall cause an accurate account to be kept in writing of the notes of such Bank for the time being in circulation, and such accounts shall be subject to inspection in the same manner as the books of the said Colonial Bank of Issue; and if any such Manager shall refuse to produce the accounts so to be kept as aforesaid, or shall refuse to permit the inspection of the same, he shall be liable to the same penalties as are hereinbefore provided in case of any such refusal by the Manager of the said Colonial Bank of Issue.

IV.—MISCELLANEOUS PROVISIONS.

Penalties how
recoverable.

41. All fines and penalties to be imposed under the authority hereof shall be recovered by action in the Supreme Court, to be commenced by any person suing for the same.

42. This

Paper Currency.

42. This Ordinance shall not come into operation until it shall have received the Royal confirmation, and until such confirmation shall have been notified in the New Zealand Government *Gazette* by the order of His Excellency the Governor for the time being.

Commencement of Ordinance.

43. In the construction of this Ordinance the word "Governor" shall be taken to mean the Officer for the time being Administering the Government of New Zealand; and the word "Banker" shall extend and apply to all corporations societies partnerships and persons and every individual person carrying on the business of banking, whether by the issue of bank notes or otherwise; and the word "cash" shall be taken to mean the current gold and silver coin of the realm at the English Mint prices.

Interpretation.

SCHEDULES.

SCHEDULE A.

OFFICE OF THE COLONIAL BANK OF ISSUE, AT

Amount of Notes in circulation on Saturday, the	day of	:-	
£5 and upwards	...	...	£
Under £5	...	...	...
Total	...	...	£

Amount of Gold and Silver Coin held at the said office at the close of business on			
		Gold	Silver.
Monday, the	day of	... £	... £
Tuesday, the	day of	...	...
Wednesday, the	day of	...	...
Thursday, the	day of	...	...
Friday, the	day of	...	...
Saturday, the	day of	...	...
Total	...	... £	... £

I, _____, being the Manager of the said office, do hereby certify that the above is a true account of the Notes in circulation and of the Coins held by the said office, as required under Ordinance No. 16, Sess. VIII.

Signed,
Dated this _____ day of _____.

SCHEDULE B.

TOTAL AMOUNT OF NOTES IN CIRCULATION AT THE OFFICE OF THE COLONIAL BANK OF ISSUE, AT _____, ON THE _____ DAY OF _____.

Amount of Notes in circulation on the	day of	_____	being the close of the
preceding four weeks :—			
£5 and upwards	...	...	£
Under £5	...	...	...
Total	...	...	£

Total amount of Coin held by the same office on the same day :—			
Gold	...	...	£
Silver	...	...	...
Total	...	...	£

I, _____, the Colonial Treasurer, do hereby certify that the above is a true account as required by the Ordinance No. 16, Session VIII.

Signed,
Dated this _____ day of _____.