

PROOF.

This PUBLIC BILL originated in the HOUSE OF REPRESENTATIVES, and, having this day passed as now printed, is transmitted to the LEGISLATIVE COUNCIL for its concurrence. House of Representatives, 14th October, 1896.

[AS AMENDED BY THE LEGISLATIVE COUNCIL.]

Hon. Mr. Seddon.

BANK OF NEW ZEALAND AND BANKING ACT AMENDMENT.

ANALYSIS.

Table with 2 columns: Item number and Description. Includes items like '10. How annual dividends on preferred shares to be paid.', '11. Powers of Attorney, &c., in favour of Colonial Bank...', and '14. Governor in Council may prescribe forms of returns to be made by banks...'.

A BILL INTITULED

AN ACT to make Further Provision respecting the Bank of New Zealand, and to amend the Law relating to Banks.

Title.

WHEREAS during the present session of Parliament a Committee of the House of Representatives was appointed to make certain inquiries respecting the Bank of New Zealand and matters connected therewith: And whereas on the ninth day of October, one thousand eight hundred and ninety-six, the said Committee presented its report, and it is expedient to give effect to certain of the recommendations contained therein and to otherwise amend the law relating to banks:

Preamble.

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

1. The Short Title of this Act is "The Bank of New Zealand and Banking Act Amendment Act, 1896."

Short Title.

BANK OF NEW ZEALAND.

2. On and after the thirty-first day of March, one thousand eight hundred and ninety-seven, the Board of Directors of the Bank of New Zealand (hereinafter called "the Bank") shall consist of seven persons, of whom,—

Board of Directors reconstituted.

- (1.) Four shall be appointed by the Governor in Council ;
- (2.) Three shall be elected by the shareholders of the Bank.

*Struck out.*

The provisions of "The Disqualification Act, 1878," relating to Civil servants, shall apply to the directors of the Bank of New Zealand. 5

*Addition to Clause 2.*

No member of the Legislative Council or of the House of Representatives shall during such membership or during a period of twelve months thereafter be appointed by the Governor in Council a director of the Bank of New Zealand. 10

Present directors eligible.

3. The directors in office at the time of the coming into operation of this Act shall be eligible for appointment or election under this Act.

Provisions as to directors appointed by Governor in Council.

4. With respect to each of the four directors to be appointed by the Governor in Council, the following provisions shall apply :— 15

- (1.) He shall hold office for ~~three~~ four years, but shall be eligible for reappointment.

*New proviso.*

Provided nevertheless as follows :— 20

(a.) At the end of the first and each subsequent year of office one member shall retire from office ;

(b.) The member to retire at the end of each of the first three years shall be decided by lot amongst the four members ; but at the end of the second and each subsequent year only such of the members as have been longest in office shall cast lots ; 25

(c.) At the end of the fourth and each subsequent year the member who has then been longest in office shall retire. 30

- (2.) He may at any time resign by notice in writing to the Governor, and the Governor in Council may at any time remove him from office.

- (3.) He shall not be subject to the provisions of the deed of settlement of the Bank as to qualification, retirement, or removal. 35

- (4.) As often as his seat becomes vacant, it shall be the duty of the Board of Directors (hereinafter called " the Board ") to forthwith notify the fact to the Governor ; and thereupon the Governor in Council shall fill the vacancy by appointing a successor, who shall take office from the date of his appointment, and shall hold office for the same term and subject to the same conditions as his predecessor. 40

As to directors to be elected by shareholders.

5. With respect to each of the three directors to be elected by the shareholders of the Bank, the following provisions shall apply :— 45

- (1.) He shall be elected at the half-yearly general meeting of shareholders, to be held at the head office of the Bank in Wellington, in the month of February, one thousand eight hundred and ninety-seven.

*New subsection.* 50

- (1A.) He shall hold office for three years, subject nevertheless to the condition that one of each of the three members first elected as aforesaid shall annually retire, and for that purpose lots shall be cast in manner prescribed *mutatis mutandis* in the last-preceding section hereof. 55

5 (2.) He, as also each of his successors in office, shall possess the qualification prescribed by subsection two of section twelve of "The Bank of New Zealand Share Guarantee Act, 1894," and in all other respects shall be subject to the provisions of the deed of settlement of the Bank.

(3.) As often as his seat becomes vacant, the vacancy shall be filled in manner provided by the deed of settlement of the Bank.

10 6. The directors first appointed and elected under this Act shall take office on the thirty-first day of March, one thousand eight hundred and ninety-seven, and thereupon the following events shall forthwith ensue:—

When directors to take office.

15 (1.) The directors then previously in office shall cease to hold office.

Effect thereof.

(2.) The office of the President of the Bank of New Zealand shall be deemed to be abolished.

20 (3.) The directors shall take steps to select and appoint a General Manager at a salary not exceeding *one thousand seven hundred and fifty* pounds per annum.

the 7. With respect to the Board as constituted under this Act, and the members thereof, the following provisions shall apply:—

Provisions as to Chairman, quorum, and remuneration.

25 (1.) The Governor in Council shall appoint one of the directors to be the Chairman of the Board, and the Chairman so appointed shall have the power of veto heretofore possessed by the President.

(2.) At all meetings of the Board the quorum shall be an absolute majority of all the directors who are for the time being in office.

30 (3.) The remuneration of the directors whilst they hold office shall be at the rates following, that is to say,—

(a.) The Chairman, *one thousand* pounds per annum, who shall devote his time exclusively to the business of the bank.

35 (b.) Each of the other directors, such sum not exceeding ~~four~~ *three hundred* pounds per annum as is fixed by the Board:

40 Provided that in every case where a director of the Bank is also an attorney of the Bank of New Zealand Estates Company (Limited), then, irrespective of his remuneration as director of the Bank, he may also receive from that company such remuneration, at the rate of not more than *one hundred* pounds per annum, as is fixed by the Board.

45 8. For the purpose of strengthening the Board of Directors which is in office at the time of the coming into operation of this Act, the Governor in Council may appoint two additional directors, who shall hold office until the thirty-first day of March, one thousand eight hundred and ninety-seven, and to whom the provisions of subsections *two, three, and four* of section *four*, but none other of the foregoing provisions of this Act shall apply.

Two additional directors may be appointed.

50 9. All contracts and agreements as to salary, tenure of office, or otherwise howsoever, made between the Bank or the directors thereof on the one part, and the President or the Auditor on the other part, at any time subsequent to the coming into operation of

Contract as to salary, &c., of President and Auditor declared void.

“The Bank of New Zealand Share Guarantee Act, 1894,” are, *except as hereinafter provided*, hereby declared to be ~~void cancelled~~ for all purposes; and no party to any such contract or agreement shall, *except as aforesaid*, have any claim to compensation or otherwise by reason of the ~~voiding cancelling~~ thereof: 5

Proviso as to Auditor.

Provided that, in the event of the present Auditor ceasing to hold that office, and not going into the Bank's service within one year after the coming into operation of this Act, then, for the purposes of determining his claim on the Pension Fund of the Bank, he shall be deemed to have been in the service of the Bank during the 10 whole period of his service as Auditor:

*Struck out.*

Compensation to President

Provided further that in the event of the person now holding the office of President not continuing in the bank's service in any capacity after the abolition of the office of President, then he shall be offered, without prejudice to any rights which may exist, a sum equal to one year's salary in full satisfaction of any claim he may have against the Bank or the colony: Provided that, in the event of the President not accepting such payment, nothing herein shall be deemed to bar any right he might otherwise have: Provided further that nothing herein contained shall be construed to create or admit the existence in the President of any right to compensation by reason of any of the provisions of this Act. 15 20

*New provisos.*

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Provided further that in the event of the President not becoming an officer of the Bank after the abolition of his office as aforesaid, then the following special provisions shall apply:—

- (1.) He shall be offered by the Bank, without prejudice to any rights that may exist, a sum equal to one year's salary in full satisfaction of any claim he may have against the colony or the Bank: 30
- (2.) If he declines such offer, he may institute proceedings against the Bank in any Court of competent jurisdiction to recover damages for wrongful loss of office; and nothing in this Act contained shall be a bar to any claim he may have for damages for breach of contract: 35
- (3.) For the purposes of such proceedings he shall be deemed to have been appointed by the Bank in lieu of by the Governor, and to have been removed from office by the Bank in lieu of by this Act: 40
- (4.) The amount of damages and costs, if any, awarded to him by final judgment in such proceedings shall be paid by the Bank.
- (5.) Nothing in this section contained shall be construed as an admission of any right or claim to compensation or damages. 45

How annual dividends on preferred shares to be paid.

10. Notwithstanding anything to the contrary contained in “The Bank of New Zealand and Banking Act, 1895,” it is hereby declared that the annual dividends on the preferred shares issued to Her Majesty under section seven thereof shall be paid by the Bank 50

to the Agent-General of the colony in London by half-yearly instalments on the first day of June and the first day of December in each year, and the consent or authority of the shareholders shall not be necessary.

5 11. (1.) The provisions of paragraph two of section forty-two of "The Bank of New Zealand and Banking Act, 1895," shall extend and apply to every Power of Attorney, Letter of Attorney, or Authority given by any person to the General Manager of the Colonial Bank of New Zealand, or to any of the managers or officers of the Colonial Bank of New Zealand, authorising the said General Manager or the said managers or officers to do any act or thing for and on behalf of or in the name of the grantor thereof, and which was in force at the time of the transfer of the business of the Colonial Bank of New Zealand to the Bank of New Zealand.

Powers of Attorney &c., in favour of Colonial Bank to be exercisable by Bank of New Zealand.

15 (2.) The General Manager of the Bank of New Zealand shall be deemed to have and to have had vested in him from the time of the said transfer of the said business all the powers and authorities granted respectively by any such Power of Attorney, Letter of Attorney, or Authority to the persons therein named.

20 (3.) The words "The General Manager of the Bank of New Zealand" in this section shall extend to and include any person for the time being acting as General Manager of the Bank of New Zealand.

25 12. The balance-sheet and statement of accounts of the Assets Realisation Board shall be made up annually to the thirty-first day of March in each year, instead of half-yearly as provided by section fifty-two of "The Bank of New Zealand and Banking Act, 1895," and that section is hereby modified accordingly.

Assets Board Balance-sheet to be yearly instead of half-yearly.

30 13. (1.) In addition to the Auditor (hereinafter called the "Chief Auditor") appointed under section thirteen of "The Bank of New Zealand Share Guarantee Act, 1894," to act in respect of the business of the Bank in the Australasian Colonies and elsewhere outside the United Kingdom, the Governor in Council may appoint a fit person, being an expert in banking, to act as Assistant Auditor in respect of such business.

Assistant Auditor to be appointed.

35 (2.) The salary or remuneration of the Assistant Auditor, being a sum not exceeding one thousand pounds per annum, shall be fixed and paid, and be subject to alteration, in manner prescribed by the aforesaid section thirteen in the case of the Chief Auditor.

40 (3.) The Colonial Treasurer may from time to time make regulations defining the duties and powers of the Assistant Auditor.

GENERAL.

45 14. The Governor in Council may from time to time, by notice in the *Gazette*, prescribe with respect to every bank within the meaning of "The Banks and Bankers Act, 1880," which carries on business in the colony, the form of the returns referred to in section six of that Act, and also the annual balance-sheets of such banks and the items and particulars that shall be set forth in such returns and balance-sheets respectively, and for the purposes of this section he may, by *Gazette* notice, alter the First Schedule to that Act in such manner as he thinks fit.

Governor in Council may prescribe forms of returns to be made by banks, also of balance-sheets.

Every Bank to keep assets in colony in fixed ratio to liabilities.

15. (1.) From and after the thirtieth day of June, one thousand eight hundred and ninety-seven, it shall be the duty of every such Bank as aforesaid to at all times keep in the colony *bona fide* assets to an extent equal to at least three-fourths of its total liabilities in the colony.

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(2.) If default is made in compliance with the foregoing provisions of this section every director and attorney of the defaulting Bank is liable to a penalty of not less than *ten* nor more than *one hundred* pounds for every day during which such default continues.

Deed of settlement and Acts modified.

16. The deed of settlement of the Bank, "The Bank of New Zealand Share Guarantee Act, 1894," "The Bank of New Zealand and Banking Act, 1895," and every other Act which is in any way in conflict with this Act, are hereby respectively modified in so far as such conflict exists, but not further or otherwise.

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Part II. of "The Bank-note Issue Act, 1893," continued.

17. Notwithstanding anything to the contrary contained in "The Bank-note Issue Act, 1893," it is hereby declared that the enactments in Part II. of that Act shall continue in operation until the expiration of two months after the commencement of the now next ensuing session of Parliament.

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*New Clauses.*

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A. The Official Liquidators of the Colonial Bank of New Zealand shall, in addition to the powers they now possess, have all the powers and authorities the Board of Directors of the said bank would have had under its deed of settlement or otherwise in the event of the said bank being wound up under the provisions in the said deed contained for that purpose; and the said deed of settlement shall for the purposes of the liquidation of the said bank be read and construed as if wherever the words "Board of Directors," or "Directors" appear in the deed of settlement the words "the official liquidators of the Colonial Bank of New Zealand" had been inserted; and it shall not be necessary for the official liquidators to obtain the sanction of the Court or a Judge to do any act or thing which the directors of the said bank might have done without such sanction if the said bank was in course of liquidation under the provisions of its deed of settlement.

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B. With respect to the contract of sale and purchase between the Bank of New Zealand and the Colonial Bank of New Zealand of certain accounts referred to in "The Bank of New Zealand and Banking Act Amendment Act, 1895," it is hereby declared that the directors of the Bank of New Zealand may lawfully enter into and carry out agreements for the absolute taking over by the Bank of New Zealand of all or any of the accounts (with the exception of the accounts in the "C" and "D" lists) by way of purchase at such price as the said directors and liquidators agree upon, anything in the said contract or any Act to the contrary notwithstanding:

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Provided that no such agreement shall be made unless the directors of the Bank of New Zealand in the colony shall first unanimously approve the same, nor unless each such director shall first sign a memorandum of such his approval upon such agreement.

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