

[BILL OF SESSION II., 1897.]

[To be further considered in Committee of the Whole.]

Clause 1 agreed to, and clause 2 considered and amended and progress reported, 15th December, 1897 (vide Journals, pp. 222 to 225).

For amendments made vide clause 2.

For further amendments proposed vide Supplementary Order Papers 20, 27, and 28, 1897.

Rt. Hon. R. J. Seddon.

BANK OF NEW ZEALAND AND BANKING ACT AMENDMENT.

ANALYSIS.

<p>Title. Preamble.</p> <p>1. Short Title.</p> <p style="text-align: center;">BANK OF NEW ZEALAND.</p> <p>2. Board of Directors reconstituted. 3. Present directors eligible. 4. Residence of directors appointed by Governor in Council. Provisions as to these directors. 5. As to directors to be elected by shareholders. 6. When directors to take office. Office of President abolished. Compensation. 7. Contract as to salary, &c., of President, Auditor, or Inspector declared void. Proviso as to Auditor. 8. Provisions as to Board, Chairman, meetings, and quorum. 9. Standing Committee constituted: Provisions relating thereto. Chairman to have power of veto. 10. When seat on Committee to become vacant. 11. Mode of filling vacancy on Committee. 12. Failure of Chairman to attend meetings of Committee. 13. Remuneration of Chairman and directors.</p>	<p>14. Travelling-expenses. 15. Voting at meetings of shareholders. Veto by Governor in Council. 16. Assistant Auditor to be appointed. Salary of Assistant Auditor. 17. Composition may be accepted in respect of liability for calls. Proviso. 18. How annual dividends on preferred shares to be paid. 19. Powers of attorney, &c., in favour of Colonial Bank to be exercisable by Bank of New Zealand.</p> <p style="text-align: center;">GENERAL.</p> <p>20. Assets Board balance-sheet to be yearly instead of half-yearly. 21. Governor in Council may prescribe forms of returns to be made by banks, also of balance-sheets. 22. Every Bank to keep assets in colony equal to liabilities. 23. Provision for disposal of trading concerns and lands taken possession of by any bank as mortgagee, &c. Penalty for default. 24. Deed of settlement and Acts modified.</p>
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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 a recent session of Parliament a Committee Preamble.

5 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 recom-
10 mendations contained therein, and to otherwise amend the law relating to banks:

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

15 1. The Short Title of this Act is "The Bank of New Zealand and Banking Act Amendment Act, 1897." Short Title.

No. 110—1.—1897.

BANK OF NEW ZEALAND.

Board of Directors reconstituted.

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

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

Present directors eligible.

3. Subject to the provisions hereinafter contained as to residence, the directors in office immediately prior to the said thirty-first day of March shall be eligible for appointment or election under this Act.

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Residence of directors appointed by Governor in Council.

4. Of the five directors to to be appointed by the Governor in Council *three* shall be resident in the North Island and *two* in the Middle Island, and with respect to each of them the following provisions shall apply :—

Provisions as to these directors.

- (1.) He shall hold office for three years, but shall be eligible for reappointment. 15
- (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. 20
- (4.) Whenever 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 Colonial Treasurer; whereupon 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. 25

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As to directors to be elected by shareholders.

5. Of the four directors to be elected by the shareholders of the Bank, *two* shall be resident in the North Island and *two* in the Middle Island, and with respect to each of them the following provisions shall apply :—

- (1.) He shall be elected at the half-yearly general meeting of the proprietors, to be held at the head office of the Bank in Wellington, in the month of February, one thousand eight hundred and ninety-eight. 35
- (2.) He, as also each of his successors in office, shall possess the qualifications 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. 40
- (3.) As often as his seat becomes vacant, the vacancy shall be filled in manner provided by the deed of settlement of the Bank. 45

When directors to take office.

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

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

* Amendment under consideration: To insert "Four," in lieu of "Five" struck out.—(Right Honourable R. J. Seddon.)

(2.) The office of the President of the Bank shall be deemed to be abolished, and the President shall cease to hold that office : Office of President abolished.

Provided nevertheless as follows, that is to say :—

5 (a.) Within *one month* after the abolition of his office Compensation.
the Board shall offer him, without prejudice, a sum equal to one year's salary in full satisfaction of any right or claim he may have against the colony or the Bank for damages or compensation for loss of office.

10 (b.) If he declines to accept such offer he may, within *three months* after the abolition of his office, but not later, institute proceedings in any Court of competent jurisdiction against the Bank to recover damages for wrongful removal from office.

15 (c.) For the purposes of such proceedings he shall be deemed to have been appointed to his office by the Bank instead of by the Governor in Council, and to have been removed from office by the Bank instead of by this Act.

20 (d.) In such proceedings the Bank shall be entitled to set up any defence that would be available in an action for damages for wrongful dismissal.

(e.) The amount of damages and costs, if any, awarded to him by final judgment in such proceedings shall be paid by the Bank.

25 (f.) Subject to and without derogating from the foregoing provisions, nothing hereinbefore contained shall be construed as an admission or recognition that he has any right or claim to compensation or damages as against the Bank, and in no case shall he have any such right or claim as against Her Majesty.

30 7. Every written contract or agreement as to salary, tenure of office, or otherwise howsoever, made between the Bank or the Board on the one part, and the President, the Auditor, or any Inspector of the Bank on the other part, at any time subsequent to the coming into operation of "The Bank of New Zealand Share Guarantee Act, 35 1894," is hereby declared to be void for all purposes; and no party to any such contract or agreement shall have any claim to compensation or otherwise by reason of the voiding thereof : Contract as to salary, &c., of President, Auditor, or Inspector declared void.

40 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 whole period of his service as Auditor. Proviso as to Auditor.

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

(1.) The provisions of "The Disqualification Act, 1878," relating to Civil servants shall apply to the directors.

50 (2.) Out of the directors appointed by the Governor in Council he shall appoint one to be the Chairman of the Board. Chairman.

(3.) The Chairman of the Board shall reside in the Wellington Provincial District.

(4.) An ordinary meeting of the Board shall be held at least once a month, and at regular periodical intervals. Meetings and quorum.

55 (5.) At all meetings of the Board (whether ordinary or special)

the quorum shall be an absolute majority of all the directors who for the time being are in office.

- (6.) If any director fails to attend *three* consecutive ordinary meetings of the Board his office shall thereby become vacant, unless such non-attendance has been previously consented to by the Board, or (in the case of the Chairman) is sanctioned by the Colonial Treasurer. 5

Standing Com-
mittee constituted :

9. For the better government of the business and affairs of the Bank there is hereby constituted a Standing Committee (hereinafter called "the Committee") consisting of four members of the Board, 10 and with respect to the Committee and the members thereof the following provisions shall apply :—

Provisions relating
thereto.

- (1.) The Chairman of the Board shall by virtue of his office be the Chairman of the Committee.
- (2.) Of the other three members of the Committee one shall be appointed by the Governor in Council, and two shall be appointed by the Board. 15
- (3.) Every member of the Committee (other than the Chairman) shall hold office for one year, and shall be eligible for reappointment. 20
- (4.) Subject to regulations by the Governor in Council under this Act, the Committee shall have such duties, functions, and powers as are prescribed by the Board.
- (5.) All the functions and powers of the Committee may be exercised by any *three* members thereof. 25
- (6.) An ordinary meeting of the Committee shall be held at least once a week, and at regular periodical intervals.
- (7.) Special meetings shall be held whenever the Chairman or any member of the Committee thinks fit, or the General Manager of the Bank requests. 30
- (8.) The Committee shall keep accurate minutes of its proceedings at each meeting.
- (9.) Such minutes shall be laid before the next meeting of the Board.
- (10.) Subject to the provisions of this Act and of regulations by the Governor in Council hereunder, the Committee may regulate its own procedure. 35
- (11.) A resolution of the Board shall bind the Committee.
- (12.) The Chairman shall have the power of veto in respect of any proceeding of the Committee, and every proceeding so vetoed shall be void. 40

Chairman to have
power of veto.

When seat on
Committee to
become vacant.

10. The seat of a member of the Committee shall become vacant in any of the following events, that is to say :—

- (1.) If he ceases to be a member of the Board ; or
- (2.) If, having been appointed by the Governor in Council, he resigns by notice in writing to the Governor, or is removed from office by the Governor ; or 45
- (3.) If, having been appointed by the Board, he resigns by notice in writing to the Board ; or
- (4.) If, by whomsoever appointed, he fails to attend three consecutive ordinary meetings of the Committee, unless such non-attendance has been previously consented to by the Committee. 50

11. Whenever the seat of any member of the Committee becomes vacant, the following provisions shall apply :—

Mode of filling vacancies on Committee.

(1.) If the member was appointed by the Governor in Council, the vacancy shall be filled in manner provided by subsection *four* of section *four* hereof.

(2.) If the member was appointed by the Board, the Board shall fill the vacancy by appointing as his successor a director, who shall take office from the date of his appointment and hold office for one year.

12. If the Chairman fails to attend *three* consecutive ordinary meetings of the Committee, his seat on the Committee and also on the Board shall thereby become vacant, unless such non-attendance has been previously consented to by the Committee or is sanctioned by the Colonial Treasurer.

Failure of Chairman to attend meetings of Committee.

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

Remuneration of Chairman and directors.

(1.) The Chairman, such sum not exceeding *one thousand* pounds per annum as is fixed by the Board :

(2.) Each of the other directors, such sum not exceeding *three hundred and fifty* pounds per annum as is fixed by the Board :

(3.) In addition to his foregoing remuneration as a director, each member of the Committee (other than the Chairman) shall, whilst holding office as such member, receive further remuneration at such rate not exceeding *one hundred and fifty* pounds per annum as is fixed by the Board.

14. Irrespective of such remuneration the Chairman and each member attending any meeting of the Board or the Committee, shall be entitled to receive, in respect of such attendance, his actual travelling-expenses according to a scale to be fixed by regulations to be made by the Board with the approval of the Colonial Treasurer.

Travelling-expenses.

15. With respect to all meetings of the shareholders of the Bank, the following provisions shall apply :—

Voting at meetings of shareholders.

(1.) No director, auditor, or solicitor of the Bank shall be qualified to vote as the proxy for any shareholder.

(2.) No proxy-holder shall, by virtue of his proxies, be qualified to exercise more than five hundred votes on any resolution.

(3.) So long as the preferred shares issued under "The Bank of New Zealand and Banking Act, 1895," are the property of the colony, they shall confer no right to convene, vote at, or otherwise take part in any meeting of shareholders.

(4.) On the recommendation or with the concurrence of the Board, the Governor in Council may, in his discretion, veto any resolution passed by the shareholders :

Veto by Governor in Council.

Provided that such veto is exercised under twenty-eight days after the day on which such resolution was passed.

(5.) Every resolution so vetoed shall be deemed to be void as from the date on which it was passed.

16. (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 out-

Assistant Auditor to be appointed.

side the United Kingdom, the Governor in Council may appoint a fit person to act as Assistant Auditor in respect of such business.

Salary of Assistant Auditor.

(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. 5

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

Composition may be accepted in respect of liability for calls.

17. In any case where the Board by a majority of all its members thinks it expedient in the Bank's interests so to do, it may accept from any shareholder such composition in respect of his liability for calls as it thinks fit:

Proviso.

Provided that in every case the proposed composition is previously approved in writing by the Chief Auditor, and (where the liability exceeds *two hundred and fifty pounds*) is also sanctioned by a Judge of the Supreme Court on application by motion in that behalf. 15

How annual dividends on preferred shares to be paid.

18. 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 to the Agent-General of the colony in London by half-yearly instalments on the twenty-first day of June and the twenty-first day of December in each year, and the consent or authority of the shareholders shall not be necessary. 20 25

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

19. (1.) The provisions of paragraph two of section forty-two of the last-mentioned Act shall extend and apply to every power of attorney, letter of attorney, or authority, which, having been 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 and officers to do any act or thing for and on behalf of or in the name of the grantor thereof, 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. 30 35

(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. 40

(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. 45

GENERAL.

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

20. 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 the same shall be accompanied by a report on the transactions of the year, together with such other particulars as the Governor in Council from time to time prescribes. 50

21. 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 5 six of that Act, and the items and particulars that shall be set forth in such returns, 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.

22. (1.) From and after the first day of January, one thousand eight hundred and ninety-nine, it shall be the duty of every such bank as last aforesaid to at all times keep in the colony *bona fide* assets at least equal in value to the amount of its total liabilities in the colony.

Every bank to keep assets in colony equal to liabilities.

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

23. (1.) With respect of all trading concerns, lands, and interests in lands whereof, after the commencement of this Act, any such bank as aforesaid takes possession as mortgagee, or becomes the absolute owner in satisfaction or part satisfaction of a debt, or under any sale by a Registrar of the Supreme Court in exercise of power of sale conferred on such bank as mortgagee, it shall be the duty of such bank to *bona fide* absolutely sell and dispose of the same within *three* years after it takes possession or becomes the absolute owner of the same as aforesaid, or within such extended period as the Colonial Treasurer may in each instance authorise in writing.

Provision for disposal of trading concerns and lands taken possession of by any bank as mortgagee, &c.

(2.) If any default is made in faithfully complying with any of the foregoing provisions of this section every director and every attorney of the defaulting bank, and also the manager of the office or branch concerned in such default, are severally liable to a penalty of *five* pounds for each day during which such default continues.

Penalty for default.

24. 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 or enactment 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.

Deed of settlement and Acts modified.