

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,
19th November, 1903.*

Rt. Hon. R. J. Seddon.

BANK OF NEW ZEALAND.

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A BILL INTITULED

AN ACT to make Further Provision respecting the Bank of New Zealand. Title.

WHEREAS under the powers in that behalf conferred by "The Bank of New Zealand Share Guarantee Act, 1894," and "The Bank of New Zealand Share Guarantee Act 1894 Amendment Act, 1894," the Directors created and issued guaranteed shares or stock to the extent of two million pounds sterling, which will mature on the nineteenth day of July, one thousand nine hundred and four: And whereas under the powers in that behalf conferred by "The Bank of New Zealand and Banking Act, 1895," the Assets Board created and issued certain debentures, which will mature on the thirty-first day of March, one thousand nine hundred and four: And whereas the said shares or stock and debentures will at maturity be redeemable at par at the London office of the Bank: And whereas it is expedient that the remaining liability of the proprietors of the Bank

under section twenty-one of "The New Zealand Bank Act, 1861," should rank as ordinary uncalled capital of the Bank: And whereas the preferred shares referred to in section four of "The Bank of New Zealand and Banking Act, 1895," were duly issued to Her Majesty the Queen and repurchased by the Bank as provided by sections seven and eight respectively of the last-mentioned Act, and it is expedient that such shares and the capital represented thereby should be cancelled, and that in lieu thereof fresh shares for the same nominal amount (to wit, five hundred thousand pounds) should be issued to His Majesty fully paid-up in exchange for the sum of five hundred thousand pounds now held by the Public Trustee as the repurchase price of the said preferred shares: And whereas it is expedient to make provision for the above-mentioned matters, and to make certain other provisions in connection with the the said Bank and the Assets Board.

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.

1. The Short Title of this Act is "The Bank of New Zealand Act, 1903."

Interpretation.

2. In this Act, if not inconsistent with the context,—
"Assets Board" means the Assets Realisation Board constituted under "The Bank of New Zealand and Banking Act, 1895":

"Bank" means the Bank of New Zealand established 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 such deed now stands altered and amended:

"Directors" means the Board of Directors of the Bank:

"Guaranteed stock" means the "A" shares of the Bank, issued and guaranteed under "The Bank of New Zealand Share Guarantee Act, 1894," and includes the stock issued under "The Bank of New Zealand Share Guarantee Act 1894 Amendment Act, 1894":

"Ordinary shares" means all the now subsisting shares in the Bank other than the guaranteed stock and the preferred shares referred to in section four of "The Bank of New Zealand and Banking Act, 1895."

ORDINARY SHARES.

Ordinary shares and liability thereon.

3. (1.) Every ordinary share in the capital of the Bank shall be and be deemed to be a share of the nominal value of six pounds thirteen shillings and fourpence, paid up to the extent, but no further, of the amount actually paid on account of the instalments of the call directed to be made by section nine of "The Bank of New Zealand and Banking Act, 1895," in respect of such share, but with a liability to payment of the balance of the said instalments and to payment as and when the same may be called up of a further sum of three pounds six shillings and eightpence, with no further liability either in the event of the winding-up of the Bank or otherwise.

(2.) The dividends payable in respect of ordinary shares shall be computed on the amount of capital for the time being paid up thereon.

35 4. The liability of three pounds six shillings and eightpence per share imposed by section *three* hereof is and shall be deemed to be in substitution for the liability to which the proprietor of such share is subject under section ten of "The Bank of New Zealand and Banking Act, 1895," or under the Bank's deed of settlement, or otherwise with respect to the hitherto remaining one-third of the liability of ten pounds provided for by section twenty-one of "The New Zealand Bank Act, 1861."

Liability in substitution for previous liability.

10 5. The capital arising from the liability of three pounds six shillings and eightpence per share referred to in section *four* hereof shall be and remain security for the deficiency referred to in section twenty-six of "The Bank of New Zealand and Banking Act, 1895," and subsection three of the last-mentioned section is hereby modified accordingly.

Capital arising from liability to be security for deficiency.

15 6. (1.) While any liability on the part of the colony continues to subsist in respect of debentures issued by the Assets Board under the last-mentioned Act or this Act, such capital shall not be called up by the Directors except by direction of the Colonial Treasurer (who shall, however, give the direction when so requested by them), and shall be called up as and when the Colonial Treasurer so requests.

When such capital to be called up.

20 (2.) In the event of default by the Directors in complying with such request, the Colonial Treasurer shall, in the name of the Bank, make such call and enforce payment thereof, and for these purposes shall have and may exercise all the powers and authorities of the Directors.

Procedure on default.

25 7. (1.) All the proceeds of such call shall be held by the Bank in trust for redemption and payment of the debentures issued by the Assets Board and then outstanding, and whilst so held shall be invested in such securities as the Colonial Treasurer approves.

Proceeds of call.

30 (2.) Subject to the aforesaid trust for redemption and payment of the debentures, the proceeds of such call shall be available for the ordinary purposes of the Bank.

35 (3.) Notwithstanding the existence of the aforesaid trust, the proceeds of such call shall, whilst held by the Bank, be treated as assets of the Bank for the purposes of the Bank's balance-sheet, and dividends may be paid accordingly.

40 8. Every ordinary share in the capital of the Bank now or hereafter forfeited, and every share vested in the Bank by virtue of section twenty-five of "The Bank of New Zealand and Banking Act Amendment Act, 1898," may be reissued as ordinary shares by the Directors as and when they think fit, but shall be disposed of by public auction or public tender at the best price obtainable, being in no case less than par, and subject to such conditions as to the Directors' approval of the purchaser and otherwise as they think fit

45 to impose.

Ordinary shares forfeited or vested in Bank may be reissued.

PREFERENCE SHARES.

50 9. (1.) On the thirty-first day of March, one thousand nine hundred and four, the preferred shares now held unissued by the Bank (being all the preferred shares), with the capital represented thereby, shall be and be deemed to be cancelled, and in lieu thereof the Bank shall then issue to His Majesty as the absolute property of the colony seventy-five thousand fully paid-up shares, to be called "preference

Preferred shares cancelled, and preference shares for £500,000 to be issued to Crown.

shares," and to be of the nominal amount of six pounds thirteen shillings and fourpence each, thus representing a total paid-up capital of five hundred thousand pounds.

(2.) In payment of the capital represented by the preference shares the sum of five hundred thousand pounds now held by the Public Trustee (being the purchase-price of the preferred shares), with the securities in which the same is invested, shall on the said thirty-first day of March, one thousand nine hundred and four, be deemed to be discharged from the trusts heretofore affecting the same, and in lieu thereof the following provisions shall then apply:—

(a.) The Public Trustee shall forthwith transfer and deliver the said securities to the Bank.

(b.) In so far as the net capital produced from the sale of the said securities by the Bank is less than the full capital sum of five hundred thousand pounds, and the interest received by the Bank in respect of the said securities up to the date of the sale or redemption thereof is less than the apportioned part of the dividend payable to the Crown in respect of the preference shares up to that date, the deficiency shall be forthwith paid by the Colonial Treasurer to the Bank out of the Consolidated Fund without further appropriation than this Act:

Provided that no sale of the said securities by the Bank at less than the face value thereof shall be made without the consent of the Colonial Treasurer; and provided further that in order to recoup to the Consolidated Fund all sums so paid to the Bank, or to provide funds to enable such payments to be made, the Colonial Treasurer may from time to time raise such sums of money as he thinks necessary by the creation, issue, and sale of debentures, scrip, or inscribed stock, and for that purpose sections two to thirteen of "The Aid to Public Works and Land Settlement Act, 1903," shall be deemed to be incorporated herewith, but shall be read and construed as applying to the moneys authorised to be raised under this section in lieu of those authorised to be raised under that Act.

(3.) The capital represented by the preference shares shall be deemed to be paid up as on the said thirty-first day of March, one thousand nine hundred and four, and accruing income on the said securities shall be apportioned between the Crown and the Bank up to that date accordingly.

Terms of issue.

10. With respect to the preference shares the following provisions shall apply:—

(a.) They shall be issued as on the said thirty-first day of March, one thousand nine hundred and four, and the scrip certificates therefor shall on that day be delivered to the Colonial Treasurer, who may from time to time exercise in the name of His Majesty all His Majesty's rights and powers as proprietor of the shares.

(b.) They shall be subject to no liability, whether in the event of the winding-up of the Bank or otherwise, and shall confer no voting-power.

- (c.) In respect of capital, they shall rank in priority to ordinary shares ;
- 5 (d.) In respect of dividends, they shall rank in priority to ordinary shares to the extent of five pounds per centum per annum (non-cumulative), and, subject to paragraphs (e) and (f) hereof, equally with ordinary shares for any excess above five pounds per centum ;
- 10 (e.) In declaring dividends in excess of five pounds per centum, then with respect to the excess (but to the excess only) the ordinary shares shall be entitled to dividends at twice the rate of the dividends on the preference shares, and the dividend on each class of shares shall be payable accordingly, so that where, for example, the dividend on the ordinary shares is at the rate of six per centum the dividend on the preference shares shall be at the rate of five and a half per centum, and so on.
- 15 (f.) The maximum rate of dividend payable in respect of the preference shares (but of them only) shall not exceed ten pounds per centum per annum, and no dividend shall be payable in respect of them for the year ending the thirty-first day of March, one thousand nine hundred and four.
- 20 (g.) The dividends paid thereon shall be paid into the Public Account, and shall form part of the Consolidated Fund.
- 25 (h.) Subject as aforesaid, they shall confer the same rights and privileges as ordinary shares.

NEW GUARANTEED STOCK.

11. The Bank shall redeem the guaranteed stock at the maturity thereof, and in order to enable the same to be done the following provisions shall apply, notwithstanding anything to the contrary contained in "The New Zealand Bank Act, 1861," or any other Act, or in the deed of settlement of the Bank :—

Provisions for redemption of guaranteed stock by issue of new capital stock.

- 30 (a.) The Bank is hereby empowered to create and issue further capital stock to the extent of one million pounds sterling, having a currency not exceeding ten years from the nineteenth day of July, one thousand nine hundred and four, and carrying a dividend at a rate not exceeding *four* pounds per centum per annum, payable half-yearly.
- 35 (b.) Such stock may be issued in the form of or so as to be represented by stock certificates or warrants to bearer, of such amounts as the Directors may determine, with dividend coupons attached, and such stock shall be negotiable and transferable by delivery of the certificates or warrants representing the same.
- 40 (c.) Such certificates or warrants shall be countersigned by the Controller and Auditor-General or by an Audit officer appointed for that purpose by the Controller and Auditor-General :
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Provided that the fact that any Audit officer countersigns shall be conclusive evidence of his authority so to do.

- (d.) The holders of such certificates or warrants shall have the option of exchanging the same for registered stock, which shall be transferable in such amounts and subject to such regulations as the Directors may prescribe.
- (e.) There shall be no limit to the amount of such stock which any person may subscribe for or hold : 5
 Provided that the total face-value of all stock issued under this section shall not exceed one million pounds sterling.
- (f.) The holder of any such stock shall not as such holder be entitled to take part in or vote in respect thereof at any meeting of the proprietors of the Bank. 10
- (g.) The holder of any such stock, or certificates, or warrants shall not be concerned to see or inquire whether or to what extent the powers conferred by this Act have been previously exercised, or are intended to be exercised, and all stock, or certificates, or warrants created or issued under this Act, or purporting so to be, shall, so far as concerns the holder and his security, be deemed to have been lawfully created and issued within the powers conferred by this Act. 15 20
- Guarantee. (h.) For the purpose of guaranteeing the full and due payment of the principal and dividends of such stock the same shall be a charge upon, and, in the event of default in payment by the Bank, shall be payable out of the Consolidated Fund of the Colony of New Zealand without further appropriation than this Act. 25
- Stock redeemed to be cancelled. 12. All stock redeemed under the provisions of section *eleven* hereof shall be delivered by the Bank to the Colonial Treasurer for cancellation. 30
- Security for repayment of moneys advanced under guarantee. 13. (1.) All moneys paid out of the Consolidated Fund under the aforesaid guarantee shall be deemed to be moneys advanced by the Crown to the Bank. 35
 (2.) All the assets and real and personal property of the Bank shall be deemed to be and shall be security for the repayment of all such advances, together with interest thereon at the rate of four pounds per centum per annum. 40
- Procedure on default. 14. If default is made by the Bank in the payment to the Crown of any such advances or interest, the Colonial Treasurer may at any time thereafter appoint a Receiver, who shall thereupon have and exercise all the powers and authorities which might be exercised by a liquidator appointed by the Supreme Court under "The Companies Act, 1882," without the necessity of applying to the said Court for such appointment or for any such powers : 45
 Provided always that the proceeds of such liquidation shall be applied by such Receiver,—
 First in payment of moneys due to the Crown in respect of liabilities or payments other than payments made under the aforesaid guarantee,
 Next in payment or satisfaction of the claims of all other creditors of the Bank, and 50
 Thereafter in repayment of all moneys paid by the Crown under the aforesaid guarantee, with interest thereon as aforesaid.

OTHER PROVISIONS AS TO THE BANK.

15. (1.) Section eleven of "The Bank of New Zealand and Banking Act, 1895," is hereby repealed, and in lieu thereof it is hereby provided that, so long as any liability on the part of the colony continues to subsist in respect of debentures issued by the Assets Board under "The Bank of New Zealand and Banking Act, 1895," or this Act, the balance of the net profits of the Bank for the year ending on the thirty-first day of March, one thousand nine hundred and four, and for each subsequent year ending on the thirty-first day of March, shall, after providing for the amount of dividends payable in each such year on the guaranteed stock and the stock issued pursuant to section *eleven* hereof respectively, be applied in manner following, that is to say,—

In the first place, in paying a fixed cumulative sum of fifty thousand pounds, which shall be transferred and paid to the Assets Board, if then in existence, or, if not, then shall be held by the Bank in trust for the redemption of the debentures of that Board;

In the next place, in paying to the proprietors of the preference shares and the ordinary shares a dividend at a rate not exceeding *five* pounds per centum per annum on the amounts for the time being paid up in respect of such shares, subject, however, in the case of the preference shares, to the provisions for priority contained in paragraph (*d*) of section *ten* hereof;

And the residue, if any, of such balance shall be paid and applied in the same manner as in the case of the above-mentioned fifty thousand pounds.

(2.) Section twenty-six of "The Bank of New Zealand and Banking Act, 1895," is hereby modified so as to accord with this section.

16. Subsection one of section forty-nine of "The Bank of New Zealand and Banking Act, 1895," shall continue in operation so long as any liability on the part of the colony subsists under this Act or His Majesty is the holder of the preference shares, and the limitation of time imposed by that section is hereby extended accordingly.

17. Clause seventy-seven of the deed of settlement of the Bank is hereby amended by substituting December and June for February and August as the respective months for holding the half-yearly and annual general meetings of shareholders of the Bank:

Provided that this section shall not come into operation until after the next half-yearly general meeting, to be held in February, one thousand nine hundred and four.

18. Notwithstanding anything to the contrary in "The Bank of New Zealand and Banking Act, 1895," or any other Act, the provisions of "The Bank of New Zealand and Banking Act Amendment Act, 1898," with respect to the constitution of the Board of Directors of the Bank, and the mode of appointing and electing the Directors, shall continue until other provision is made by Act.

19. (1.) From and after the passing of this Act, the election of Chairman of Directors shall be held in the month of April in every year, and section eleven of "The Bank of New Zealand and Banking Act Amendment Act, 1898," is hereby amended accordingly.

Repeal.
Appropriation of net profits.

Section 49, (1), of Act of 1895 extended.

Dates of half-yearly and annual meetings altered.

Constitution of Board of Directors.

Election of Chairman.

(2.) The Chairman in office on the passing of this Act shall hold office until the first election of a Chairman under this Act.

Voting at election
of Directors.

20. (1.) From and after the coming into operation of section *seventeen* hereof, at every election of a member of the Board of Directors by the shareholders the votes shall be given by voting-papers, which the officer conducting the election shall forward to the shareholders by post, and the shareholders shall return to him by post in sealed envelopes. 5

(2.) The Directors, with the approval of the Governor in Council, may make such by-laws as they think fit for the conduct of such elections, the extension of the period of notice prescribed by the deed of settlement to be given by candidates for election, and otherwise relating to such elections, and all such by-laws shall continue in force until altered by the shareholders in general or special meeting. 10

(3.) Section fourteen of "The Bank of New Zealand and Banking Act Amendment Act, 1898" (relating to voting at meetings of shareholders), shall not apply to the election of members of the Board of Directors of the Bank. 15

Premiums to be
paid to Reserve
Fund.

21. All sums of money received by way of premium upon the sale of shares reissued pursuant to section *eight* hereof, or of stock issued pursuant to section *eleven* hereof, shall, after payment of the expenses of any such sale, be paid to the Reserve Fund of the Bank. 20

THE ASSETS REALISATION BOARD.

Valuation of assets
and liabilities to be
made.

22. Not later than the first day of January, one thousand nine hundred and four, and again between the months of October and December, one thousand nine hundred and eight, and also at such other times as the Board of Directors of the Bank or the Colonial Treasurer thinks fit, the Chief Auditor shall cause the properties then vested in the Assets Board to be valued, and the actual deficiency between such value and the amount of the outstanding debentures of the Assets Board, with the interest due or accruing due thereon, to be ascertained. 25

If no deficiency,
Governor may
dissolve Assets
Board.

23. If on making any such valuation, and the confirmation thereof by the Valuer-General, it is found that the assets of the Assets Board are sufficient to meet the outstanding liabilities of that Board, the Governor may by Order in Council declare that the Assets Board shall, from a date to be named in the Order, cease to exist, and thereupon the following provisions shall apply:— 40

Procedure thereon

(a.) All officers and members of the Assets Board appointed or reappointed after the passing of this Act and then in office shall cease to hold office, and this condition shall be deemed to be a term of any such appointment or re-appointment. 45

(b.) The assets and liabilities of that Board shall, by force of this Act, pass to, vest in, and devolve upon the Bank, without any instrument of transfer, conveyance, or other assurance, and without payment of stamp duty, and the Bank shall thereupon redeem all the outstanding debentures of the Assets Board and deliver them to the Colonial Treasurer for cancellation. 55

(c.) A certificate in writing, under the seal of the Bank and the hands of three members of the Board of Directors thereof, certifying that any particular asset therein specified has passed to and become vested in the Bank in terms of this section, shall be sufficient evidence of the fact; and the certificate shall be registerable as a deed within the meaning of "The Deeds Registration Act, 1868," and as an instrument within the meaning of "The Land Transfer Act, 1885," and shall be exempt from stamp duty.

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10 24. With respect to such of the now existing debentures of the Assets Board as are outstanding at maturity, the following provisions shall apply:—

Redemption of existing debentures.

(a.) The moneys available by statute for their redemption shall be applied for that purpose.

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(b.) For the purpose of redeeming the residue of the outstanding debentures fresh debentures may be created and issued by the Assets Board for a sum not exceeding, in all, the face value of such residue, having a currency not exceeding five years, and bearing interest at a rate not exceeding three pounds ten shillings per centum per annum, payable half-yearly.

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(c.) Such fresh debentures shall be countersigned in the manner specified in paragraph (c) of section *eleven* hereof, but in other respects shall be in such form as the Assets Board thinks fit.

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25. All debentures redeemed under the provisions of the *last preceding* section hereof shall be delivered by the Assets Board to the Colonial Treasurer for cancellation.

Colonial Treasurer to cancel redeemed debentures.

30 26. The provisions of subsection (g) of section *eleven* hereof, and (except in so far as is otherwise specially provided by this Act) all the provisions of "The Bank of New Zealand and Banking Act, 1895," relating to the debentures of the Assets Board created and issued thereunder (including the charge on the Consolidated Fund) shall, *mutatis mutandis*, extend and apply to the debentures created and issued by that Board under the foregoing provisions of this Act.

Act of 1895 to apply to debentures issued under this Act.

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40 27. (1.) For the purpose of facilitating the redemption of debentures issued by the Assets Board and held by the Bank, the Assets Board shall, at the request of the Bank, transfer to the Bank any mortgages held by that Board as security for unpaid balances of purchase-money of assets sold by that Board, or any contracts or securities held by that Board in respect of any such unpaid balances, upon the terms of the Bank delivering up to that Board for cancellation debentures of that Board to the full amount of such unpaid balances with accruing interest and other moneys payable in respect thereof.

Bank may require Assets Board to exchange mortgages, &c., for debentures.

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(2.) All such transfers shall be exempt from stamp duty.

REPEAL.

50 28. 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," "The Bank of New Zealand and Banking Act Amendment Act, 1898," 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.