

[AS REPORTED FROM THE COMMITTEE OF THE WHOLE]

*House of Representatives, 8 September 1971.*

Words struck out by the Committee are shown in italics within bold round brackets; words inserted are shown in roman underlined with a double rule.

*Hon. Mr Muldoon*

## BANK OF NEW ZEALAND

### ANALYSIS

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### A BILL INTITULED

**An Act to make provision with respect to the share capital of the Bank of New Zealand**

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

**1. Short Title and commencement**—(1) This Act may be cited as the Bank of New Zealand Act 1971.

(2) This Act shall be deemed to have come into force on  
10 the ~~(31st day of March 1971)~~ 1st day of April 1971.

**2. Interpretation**—In this Act, unless the context otherwise requires,—

“Bank” means the Bank of New Zealand constituted a body corporate under the New Zealand Bank Act  
15 1861:

“Deed of settlement” means the deed of settlement of the Bank referred to in the New Zealand Bank Act 1861, as the deed now stands altered and amended:

No. 4—2

Price 5c

“Directors” means the Board of Directors of the Bank:  
 “Minister” means the Minister of Finance.

**3. Reconstruction of share capital—**(1) As from the commencement of this Act, but subject to sections 5 and 6 of this Act, the share capital of the Bank shall be \$12,656,250, made up as follows: 5

(a) 11,250,000 ordinary shares of \$1 each, credited as fully paid, on which there shall be no further liability whatever:

(b) 1,406,250 long-term mortgage shares of \$1 each, credited as fully paid, on which there shall be no further liability whatever. 10

(2) With respect to the long-term mortgage shares, the following provisions shall apply:

(a) The holders of them shall be entitled to a fixed dividend on the amount for the time being paid up on them, at the rate of 7 percent per annum or at such higher or lower rate as the Directors, with the approval of the Minister, may from time to time determine: 15

(b) The dividend shall be payable half-yearly, and a proportionate amount only shall be paid in respect of any capital paid up during the currency of any half-year. 20

(3) Subject to the provisions of this Act, both the ordinary shares and the long-term mortgage shares shall rank equally in all respects and have the same rights and privileges annexed thereto. 25

(4) In the month of December in each year, the Directors may pay on the respective classes of shares in the Bank’s capital such interim dividend on account of the next forthcoming dividend as in their judgment the position of the Bank justifies. 30

(5) All dividends payable in respect of the shares in the capital of the Bank from time to time held by Her Majesty shall be paid into the Public Account. 35

**4. Cancellation and reissue of shares—**(1) As from the commencement of this Act,—

(a) The 3,750,000 ordinary shares of \$2 each, registered in the name of Her Majesty, shall be deemed to have been cancelled and replaced by the issue to Her Majesty of 7,500,000 fully-paid ordinary shares of \$1 each in the capital of the Bank: 40

- 5 (b) The 500,000 preference A shares of \$2 each, and the 1,375,000 preference B shares of \$2 each, registered in the name of Her Majesty, shall be deemed to have been cancelled and replaced by the issue to Her Majesty of 3,750,000 fully-paid ordinary shares of \$1 each in the capital of the Bank:
- 10 (c) The 234,375 long-term mortgage C shares of \$2 each, and the 468,750 long-term mortgage D shares of \$2 each, registered in the name of Her Majesty, shall be deemed to have been cancelled and replaced by the issue to Her Majesty of 1,406,250 fully-paid long-term mortgage shares of \$1 each in the capital of the Bank:
- 15 (d) The 234,375 unissued long-term mortgage C shares of \$2 each, and the 468,750 unissued long-term mortgage D shares of \$2 each, which, before the commencement of this Act, formed part of the Bank's authorised share capital, shall be deemed to have been cancelled.
- 20 (2) Section 13 of the Bank of New Zealand Act 1945 shall extend and apply to the shares deemed by this section to have been issued to Her Majesty, as if they had been vested in Her Majesty by that Act.

**5. Cancellation of long-term mortgage share capital—**

- 25 (1) The Minister, by writing signed by him and addressed to the Bank, may direct that the long-term mortgage share capital be cancelled.
- (2) A direction under subsection (1) of this section shall not take effect until—
- 30 (a) All debentures or debenture stock issued pursuant to section 19 of the Bank of New Zealand Act 1926 have been redeemed; or
- (b) Funds sufficient for their redemption have been deposited with the Public Trustee.
- 35 (3) Subject to subsection (2) of this section, on the giving of any such direction it shall be the duty of the Directors to give effect to it as soon as funds can be made available.

(4) In the event of such cancellation, the holders of the share capital so cancelled shall be entitled to be paid, in such instalments as the Directors may determine, the par value of their respective holdings of such capital, with interest until payment at a rate per annum equivalent to the then current dividend rate payable in respect of the shares so cancelled computed from the 1st day of April preceding the cancellation, less any interim dividend paid between that date and the date of cancellation, and together with any dividend in respect of the preceding year which, but for the cancellation, would have been payable to the holders and which, at the date of the cancellation, may not have been paid. 5 10

(5) Repayment of capital to the holders of shares so cancelled shall be made not later than 5 years after the date of the cancellation, and any holder may recover as a debt any sum so payable to him. 15

**6. Increase of capital**—Notwithstanding anything to the contrary in any previous enactment or in the deed of settlement, it shall be lawful for the Directors, with the approval of the Minister in each case, to increase the share capital of the Bank from time to time by such sum, to be divided into shares of such amount, to be issued to Her Majesty on such terms and conditions and with such rights and privileges annexed thereto, as the Directors shall resolve. 20 25

**7. Repeals and savings**—(1) The enactments specified in the Schedule to this Act are hereby repealed.

(2) Except as provided in subsection (2) of section 4 of this Act, nothing in this Act shall derogate from the provisions of sections 13 and 14 of the Bank of New Zealand Act 1945. 30

**8. Deed of settlement amended**—The deed of settlement shall be deemed to be amended in all respects so as to make it conform to the provisions of this Act.

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SCHEDULE

Section 7 (1)

ENACTMENTS REPEALED

- 1894, No. 2—The Bank of New Zealand Share Guarantee Act 1894:  
Sections 3 to 11.
- 1894, No. 5—The Bank of New Zealand Share Guarantee Act 1894  
Amendment Act 1894.
- 1895, No. 17—The Bank of New Zealand and Banking Act 1895:  
Sections 3 to 10 and 12 to 14.
- 1898, No. 9—The Bank of New Zealand and Banking Act Amendment  
Act 1898: Sections 12, 16, and 21.
- 1903, No. 83—The Bank of New Zealand Act 1903: Sections 3 to 9  
and 11 to 16.
- 1904, No. 2—The Bank of New Zealand Act 1904: Sections 2 to 5.
- 1913, No. 29—The Bank of New Zealand Act 1913: Section 14, and  
subsection (1) of section 15.
- 1920, No. 58—The Bank of New Zealand Act 1920: Sections 7 to 12.
- 1926, No. 55—The Bank of New Zealand Act 1926: Sections 4, 5,  
10 to 13, and 15.