

Mr. Mason.

CURRENCY.

ANALYSIS.

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A BILL INTITULED

AN ACT to provide for the Issue and Control of Currency-notes.

Title.

WHEREAS inconvenience and injustice are caused by variation
 5 affected by the amount of money in circulation, and it is
 expedient so to control such amount as to secure as nearly as
 possibly that the value of money shall be kept constant:
 And whereas the capacity of money to purchase exported commodities
 can conveniently be considered as representing its value:

Preamble.

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

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- 1. This Act may be cited as the Currency Act, 1931.
- 2. In this Act, if not inconsistent with the context,—

Short Title.

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“Controlling Authority” means the Controller and Auditor-General:

Interpretation.

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“Export price index number” for a given month means the
 index number for that month computed to show the varia-
 tion from month to month in the average price compounded
 from the prices of exported commodities, as such index
 number has been hitherto computed by the Government
 Statistician and published by him under the heading
 “Export Prices—Index Numbers” in the *Monthly Abstract
 of Statistics*, and may hereafter be so computed and
 published:

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“Standard index number” means the number which is the
 average of all the monthly export price index numbers
 from the month of January, nineteen hundred and twenty-
 three, to the month of December, nineteen hundred and
 twenty-nine, both inclusive.

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Currency-notes
authorized.

3. The Controlling Authority may, subject to the provisions of this Act, issue currency-notes for one pound and for ten shillings, and those notes shall be current in New Zealand in the same manner and to the same extent and as fully as sovereigns and half-sovereigns are current, and shall be legal tender in New Zealand for the payment of any amount. 5

Conditions for
issue and recall.

4. Currency-notes shall be issued and withdrawn in accordance with the following rules :—

(a) When the export price index number for any month is within one unit of the standard index number the total number of currency-notes in issue shall neither be increased nor diminished : 10

(b) When the export price index number for any month is below the standard index number, currency-notes shall be issued so that the amount of the increase shall be five thousand pounds for every unit by which the standard index number shall exceed the export price index number for the time being : 15

(c) When the export price index number for any month is above the standard index number, currency-notes shall be withdrawn from issue so that the amount withdrawn shall be five thousand pounds for every unit by which the export price index number for the time being shall exceed the standard index number. 20

To whom issued.

5. Issues of currency-notes shall be offered in the first instance to banks and the State Advances Superintendent in proportion to the amount of overdrawn current accounts owing to such banks in New Zealand for the time being, and for the purpose of this section the amount of overdrawn current account owing to the State Advances Superintendent shall be considered as ten million pounds. Any quota not taken up by any bank shall be offered to the State Advances Superintendent. 30

Interest thereon.

6. (1) Interest on currency-notes at the rate of one-half of one per centum per annum shall be paid by the respective persons to whom they are issued from the time of issue until repayment or default in repayment ; and upon any default in repayment interest shall be at the rate of ten per centum per annum until repayment. 35

(2) All interest received under this Act shall be paid by the Controlling Authority to such Government Sinking Funds as he thinks fit. 40

Security to be
deposited.

7. (1) Any person to whom currency-notes are issued shall before the issue thereof deposit with the Controlling Authority securities of the Government of New Zealand to the value of twice the amount of the currency-notes issued to that person.

(2) In the case of issue of currency-notes to the State Advances Superintendent, mortgages to the value of three times the value of the currency-notes issued may be deposited instead of the New Zealand Government securities hereinbefore provided for. 45