

COMPANIES EMPOWERING AMENDMENT BILL.

EXPLANATORY MEMORANDUM.

By the Companies Empowering Act, 1924, provision is made for the issue by companies registered under the Companies Act, 1908, of what are known in the Empowering Act as "labour shares." The so-called "labour shares" have no nominal value, and they are not part of the company's capital. Whatever benefits they confer on their holders are voluntarily conferred by the company's memorandum or articles of association. These benefits may be a defined share in the assets of the company, or a voice in its management, or both such advantages.

The objects of the present Bill are (1) to enable a company to issue labour shares without the necessity of altering its memorandum of association, and (2) to repeal section 4 of the Act, which requires the Court of Arbitration to inquire into the merits of any scheme for the issue of labour shares. The issue of labour shares is not an alternative to any other benefits that the workers may be entitled to claim, but is something over and above any other rights. The reference to the Court can therefore serve no useful purpose, and the only effect of the section now proposed to be repealed is to tend to discourage companies from taking steps towards the issue of "labour shares" to their employees.

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,
9th October, 1931.*

Hon. Mr. Hamilton.

COMPANIES EMPOWERING AMENDMENT.

ANALYSIS.

Title.
1. Short Title.

2. Companies may issue labour shares without express authority in memorandum of association.
3. Repeal.

A BILL INTITLED

AN ACT to amend the Companies Empowering Act, 1924. Title.

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

- 5 1. This Act may be cited as the Companies Empowering Amendment Act, 1931, and shall be read together with and deemed part of the Companies Empowering Act, 1924 (hereinafter referred to as the principal Act). Short Title.
- 10 2. Section two of the principal Act is hereby amended— Companies may issue labour shares without express authority in memorandum of association.
- (a) By omitting the words "if authorized so to do by its memorandum of association", and substituting the words "unless expressly prohibited from so doing by its memorandum of association":
- 15 (b) By omitting all words after the words "the service of the company".
3. Section four of the principal Act is hereby repealed. Repeal.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1931.