

Hon. Mr. Anderson.

COMPANIES EMPOWERING.

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A BILL INTITLED

AN ACT to amend the Companies Act, 1908, by authorizing Companies to issue Labour Shares to Persons in their Service. Title.

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

1. This Act may be cited as the Companies Empowering Act, 1923, and shall be read together with and deemed part of the Companies Act, 1908 (hereinafter referred to as the principal Act). Short Title.

2. Notwithstanding anything to the contrary in the principal Act, any company incorporated thereunder (whether registered before or after the passing of this Act) may, if authorized so to do by its memorandum or articles of association, issue special shares (in this Act referred to as labour shares) to persons for the time being employed in the service of the company. Any company may issue labour shares if empowered so to do by memorandum or articles of association.

3. With respect to labour shares issued as aforesaid, the following special provisions shall apply:— Special conditions attaching to labour shares.

(a.) They shall have no nominal value, and shall not form part of the capital of the company.

(b.) They shall be numbered consecutively, commencing with the number one.

(c.) They shall not be transferable, save in accordance with the provisions (if any) in that behalf of the regulations of the company.

(d.) They shall entitle the holders thereof to attend and vote at meetings of shareholders, and to share in the profits of the company, or in its assets in the event of its being wound up, to such extent and in such manner as may be determined by the regulations of the company.

(e.) Save as may be expressly provided herein or by the regulations of the company, the holders of labour shares shall have and enjoy all the privileges of other shareholders.

New.

Articles of Association to specify proportion of profits to be distributed.

3A. (1.) The memorandum or articles of association of any company issuing labour shares shall specify the proportion, not being in any case less than one-half, of the net profits of each year allocated in accordance with the regulations of the company to the holders of labour shares, that should be distributed by way of dividend to the holders of such shares : 5

Provided always that by resolution of the holders of labour shares (each such holder being entitled for this purpose to exercise one vote for each labour share held by him) the said proportion may be reduced in any year to such extent as the resolution may provide. 10

(2.) For the purposes of this section, net profits shall be deemed to be the profit upon which income-tax is assessable. 15

Arbitration Court to certify that scheme is favourable to workers.

3B. (1.) No scheme or alteration thereof for the issue of labour shares by any company shall be valid unless and until the Court of Arbitration under the Industrial Conciliation and Arbitration Act, on application by the company, and after taking steps to ascertain the views of the company and the workers employed thereby, certifies that the scheme would on the whole be as favourable to the general body of the workers as their previous conditions of employment. 20

(2.) If at any time complaint is made to the Court by or on behalf of the company or the workers that the provisions of the scheme are no longer as favourable to the workers as the conditions of employment of other workers in the industry and locality, or that the provisions of the scheme are being violated, or that the scheme is not being fairly administered, or that the scheme is proving detrimental to the business of the company, or that satisfactory reasons exist for revoking the certificate, the Court shall examine into the complaint, and, if satisfied that good cause exists for such complaint, may, on such terms and conditions as it thinks fit, revoke the certificate. 25

(3.) All labour shares issued by the company shall thereupon be deemed to have been surrendered, and there shall be payable to all the holders of labour shares the value of those shares computed in accordance with the regulations of the company. 30

Surrendered labour shares.

4. (1.) If the holder of any labour shares ceases to be employed in the service of the company, he shall be deemed to have surrendered his shares, and in such case there shall be payable to him out of the assets of the company the value of those shares, as at the date of surrender, computed in accordance with the regulations of the company. 35

(2.) Save as provided herein, no shareholder shall be entitled to receive any payment from the company in respect of the surrender of any labour shares. 40

(3.) Any labour shares surrendered as aforesaid may be reissued by the company in the same manner as if they had not been previously issued. 45

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5. In the event of the death of the holder of any labour shares, there shall be payable to his personal representatives, out of the assets of the company, the value of those shares as at the date of his death, computed in accordance with the regulations of the company.

On death of shareholder payment to be made to personal representative.

5 6. (1.) A company having issued labour shares shall cause to be entered in its register of members from time to time—

Entries in register.

(a.) Full particulars as to all labour shares issued by it, with the names and addresses of the persons to whom such shares have been issued :

10 (b.) Particulars as to all labour shares surrendered to the company, and of the amounts paid by the company to the shareholders on such surrender :

(c.) Any other consideration given by the company in respect of any surrender of labour shares as aforesaid :

15 (d.) Particulars as to the amounts paid by the company in respect of labour shares to the personal representatives of a deceased shareholder.

(2.) A copy or abstract of such particulars shall, in each year, be forwarded to the Registrar of Companies, with the annual summary required to be forwarded pursuant to section one hundred and one of the principal Act.

20 7. Nothing in section ninety-seven of the principal Act, or in subsection two of section one hundred and sixty-eight or in section one hundred and sixty-nine thereof, shall apply with respect to labour shares issued pursuant to this Act, or to the holders of such shares.

Certain provisions of principal Act not applicable to labour shares.