

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,
29th April, 1932.*

Right Hon. Mr. Forbes.

NATIONAL EXPENDITURE ADJUSTMENT.

ANALYSIS.

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A BILL INTITULED

- AN ACT to make Provision, firstly, for the Further Title.
Adjustment of Public Expenditure by the Reduc-
tion of Rates of Salaries, Wages, Pensions and
5 Allowances; secondly, for the Making of Commensurate Reductions in Rates of Interest and Rents; thirdly, for the Imposition of a Special Stamp Duty on Receipts of Income derived from Securities issued by the Government of New Zealand or by Local or
10 Public Authorities; fourthly, for determining the Rates of Interest that may be paid on Deposits by any Savings-bank or Building Society; and lastly, for determining the Conditions on which Trading-companies may accept Moneys on Deposit.
- 15 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 National Expenditure Short Title.
Adjustment Act, 1932.
- 20 2. This Act is divided into Parts, as follows:— Division into Parts.
- PART I.—Public Expenditure Adjustment.
- PART II.—Reduction of Pensions and Allowances payable out of Consolidated Fund.
- 25 PART III.—Reduction of Interest, Rent, and other Fixed Charges.
- PART IV.—Stamp Duty on Receipts of Interest from Government and Local Bodies Securities.
- 30 PART V.—Rates of Interest on Deposits payable by Savings-banks and Building or Investment Societies.
- PART VI.—Trading-companies Deposits.

PART I.

PUBLIC EXPENDITURE ADJUSTMENT.

- 35 3. (1) Save as provided by the *next succeeding* sub-
section, the term "salary" means, for the purposes of
this Part of this Act, the salary, wages, allowances, fees,
commission, and every other emolument, whether in one
sum or several sums, and whether paid in money or not,
40 received by any person to whom this Part of this Act
applies.
- "Salary" defined.

- (2) The term "salary" does not include—
- (a) Travelling-expenses or travelling-allowances, or any fee, commission, or other emolument which the Minister of Finance declares not to be salary; or 5

(b) Any superannuation or other retiring-allowance.

(3) The value of any benefits which for the purposes of this Part of this Act are by virtue of the foregoing provisions of this section included in the term "salary" shall be determined in the manner prescribed by section one hundred and fifteen of the Public Service Superannuation Act, 1927, so far as that section is applicable, and in all other cases shall be determined in manner prescribed by the Minister of Finance. 10

Application of
this Part.

4. (1) Save as provided in the *next succeeding* section, this Part of this Act shall apply to— 15

- (a) All Ministers of the Crown :
- (b) The Speaker and Chairman of Committees of the Legislative Council, and the Speaker and Chairman of Committees of the House of Representatives : 20
- (c) Members of the Legislative Council or House of Representatives :
- (d) The Clerk and Clerk-Assistant of the Legislative Council, and the Clerk and Clerk-Assistant of the House of Representatives : 25
- (e) The High Commissioner for New Zealand :
- (f) The Controller and Auditor-General :
- (g) The Public Service Commissioner and the Assistant Commissioners, or any Acting Assistant Commissioner : 30
- (h) All persons employed in the Public Service within the meaning of Part I of the Public Service Superannuation Act, 1927 (whether permanently so employed or not) : 35
- (i) All persons employed in the Education Service within the meaning of Part IV of the Public Service Superannuation Act, 1927 (whether permanently so employed or not) :
- (j) Members of the Government Railways Board and all employees of the Government Railways Department : 40

(k) Any other person in receipt of remuneration from public moneys within the meaning of the Public Revenues Act, 1926, or who is or may be remunerated from grants made from public moneys, to whom this Part of this Act may be applied by the Minister of Finance, not being a person exempted from the operation of this Part of this Act by the *next succeeding* section.

(2) If the Minister of Finance is satisfied that the terms of any agreement or arrangement hereafter entered into between the Government Railways Board and any society or association of employees of the Second Division of the Government Railways Department would effect a reduction of expenditure in respect of the salaries of those employees not less than the reduction that would be effected therein by this Part of this Act, he may, by order in writing, exclude the members of such society or association from the operation of the said Part. Any such order may at any time be revoked or cancelled, and thereupon the members of the society or association shall again become subject to this Part of this Act, save that in any such case, in computing the reduction to be made from the rate of remuneration of any such member, all reductions effected pursuant to the terms of any agreement or arrangement as aforesaid shall be taken into account.

5. Nothing in this Part of this Act shall apply to—

Exemptions.

(a) Members of the New Zealand Naval Forces:

(b) Any person employed by the Government or by any other authority for a specific limited term of office pursuant to a contract made out of New Zealand.

6. The rates of salaries and honoraria payable to Ministers of the Crown and to members of Parliament prescribed by the Civil List Act, 1920, as reduced by section four of the Public Expenditure Adjustment Act, 1921-22, and by section five of the Finance Act, 1931, shall, as from the first day of April, nineteen hundred and thirty-two, be further reduced in manner following:—

Reduction of salaries of Ministers of Crown and members of Parliament.

(a) In the case of Ministers of the Crown, by an amount equal to *fifteen* per centum of the rates theretofore payable:

- (b) In the case of the Speaker of the House of Representatives, by an amount equal to *twelve and one-half* per centum of the rate theretofore payable:
- (c) In the case of the Speaker of the Legislative Council, the Chairman of Committees of the Legislative Council, and the Chairman of Committees of the House of Representatives, by an amount equal to *ten* per centum of the rates theretofore payable: 5
- (d) In the case of all other members of Parliament, by an amount equal to *ten* per centum of the rates theretofore payable. 10

Reduction of salaries of other persons to whom this Part applies.

7. (1) The rates of salary of all other persons to whom this Part of this Act applies (whether such rates are computed on an annual, monthly, weekly, daily, hourly, or other basis) shall, as from the first day of April, nineteen hundred and thirty-two, be reduced in manner following, that is to say:— 15

- (a) Where the rate of salary as at the thirty-first day of March, nineteen hundred and thirty-two, did not exceed two hundred and twenty-five pounds per annum, or its equivalent, the rate of reduction shall be *five* per centum thereof: 20
- (b) Where the rate of salary as at the said thirty-first day of March, nineteen hundred and thirty-two, exceeded two hundred and twenty-five pounds per annum, or its equivalent, but did not exceed seven hundred and twenty pounds per annum, or its equivalent, the rate of reduction shall be *ten* per centum thereof: 25
- (c) Where the rate of salary as at the said thirty-first day of March, nineteen hundred and thirty-two, exceeded seven hundred and twenty pounds per annum, or its equivalent, the rate of reduction shall be *twelve and one-half* per centum thereof: 30

Provided that the reductions effected pursuant to the foregoing provisions of this section shall not so operate as to reduce the rate of salary of any person below the reduced rate of salary of any other person in the same service who on the thirty-first day of March, nineteen hundred and thirty-two, was in receipt of a lower salary than such first-mentioned person. 35

(2) Where any person is the holder of two or more offices to which this Part of this Act applies, the rate of reduction shall be the rate appropriate to the aggregate of the salaries received by him as at the thirty-first day
5 March, nineteen hundred and thirty-two.

(3) Where the emoluments received or receivable by any person in respect of an office to which this Part of this Act applies are, in the opinion of the Minister of Finance, not calculable at an annual rate, the rate of
10 reduction of such emoluments by the operation of this Part of this Act shall be *ten* per centum thereof.

(4) Where any salary is computed otherwise than on an annual basis, the annual equivalent of such salary shall be computed in accordance with regulations made
15 under this Part of this Act.

(5) Where in any case rates of payment for overtime are fixed by reference to the rates of payment for time other than overtime, the last-mentioned rates shall, as from the first day of April, nineteen hundred and
20 thirty-two, be deemed to be the rates as reduced in accordance with this Part of this Act.

(6) Where for the purposes of this Part of this Act the salary of any person includes any benefits the value of which is not paid in money, the amount by which his
25 salary is reduced shall be wholly deducted from that part of his salary which is payable in money.

8. (1) Where pursuant to any Act or other authority grants are made from the Consolidated Fund or other public moneys to any Education Board, or to the governing
30 body of any secondary school or of any University college or other institution, and such grants are available for the payment of salaries by such Education Board or governing body, then, notwithstanding anything to the contrary in any Act or other such authority, the amount
35 of such grants shall be reduced by an amount equivalent to the reduction to be effected pursuant to this Part of this Act in the amount of the salaries payable by such Board or governing authority. Where any such grant is only partly available for payment of salaries directly
40 or indirectly, the Minister of Finance shall determine the portion of such grant that shall be deemed for the purposes of this section to be available for payment of salaries, and the amount of such portion shall be reduced accordingly.

Reduced grants to Education Boards and to governing bodies of University colleges, and to local authorities, &c.

(2) The rates of all grants or subsidies payable out of the Consolidated Fund or other public moneys to any local authority pursuant to section seventy-two of the Municipal Corporations Act, 1920, or to Hospital Boards under the Hospitals and Charitable Institutions Act, 1926, or to Fire Boards under the Fire Brigades Act, 1926, or to the Rotorua Borough Council pursuant to section six of the Rotorua Borough Act, 1922, as those rates were severally reduced by subsection two of section seven of the Finance Act, 1931, shall, as from the first day of April, nineteen hundred and thirty-two, be further reduced by *ten* per centum of the rates theretofore in force. 5 10

Saving of
rights of
contributors to
Superannuation
Funds.

9. (1) Every person whose rate of salary is reduced by this Part of this Act and who is a contributor to the Public Service Superannuation Fund, or the Teachers' Superannuation Fund, or the Government Railways Superannuation Fund, may, by notice in writing to the Secretary of the Board charged with the administration of that Superannuation Fund, given on or before the thirtieth day of September, nineteen hundred and thirty-two, elect to continue to contribute to the fund as if his salary had not been so reduced; and every person so electing and contributing shall be entitled on retirement to a retiring-allowance (if any) of the same amount as that to which he would have been entitled if his salary had not been reduced by this Part of this Act: 15 20 25

Provided that in the case of any such person who at the thirty-first day of March, nineteen hundred and thirty-two, is, pursuant to an election made by him under section eight of the Finance Act, 1931, contributing to any such fund on the basis of a higher rate of salary than that actually being received by him on that date, such person may elect, pursuant to this section, to continue to contribute to such fund on the basis of such higher rate, or to contribute on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two, and on retirement his retiring-allowance (if any) shall be calculated accordingly. 30 35

(2) Where a contributor does not make an election pursuant to this section, or makes an election pursuant to the proviso to the *last preceding* subsection to contribute on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two, the amount of 40

contributions deducted (whether before or after the passing of this Act) from his salary in respect of the difference between the rate on the basis of which he contributes as from the first day of April, nineteen hundred and thirty-two, and any higher rate on the basis of which he had theretofore been contributing to any of the aforesaid superannuation funds, shall be held by the Superannuation Board for the credit of the contributor, and shall be payable to him on his retirement in addition to his retiring-allowance (if any), or, in the event of his death without having received payment under this subsection, shall be payable, without election, to the person entitled to receive or to elect to receive a refund of the amount of the deceased contributor's contributions.

10. (1) Every Stipendiary Magistrate to whom Part III of the Public Service Superannuation Act, 1927, applies, and whose salary is reduced by this Part of this Act, may by notice in writing to the Minister of Finance, given on or before the thirtieth day of September, nineteen hundred and thirty-two, make an election as follows:—

Saving of rights of Stipendiary Magistrates to retiring-allowances.

(a) In the case of a Stipendiary Magistrate who made an election under section nine of the Finance Act, 1931, he may make an election under this section to have deductions made on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-one, or on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two:

(b) In the case of any other Stipendiary Magistrate, he may make an election under this section to have deductions made on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two.

(2) Every Stipendiary Magistrate who makes an election under this section shall be entitled on retirement to a retiring-allowance (if any) computed on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-one, or at the thirty-first day of March, nineteen hundred and thirty-two, as the case may be.

(3) Where a Stipendiary Magistrate does not make any election under the foregoing provisions of this section, or makes an election thereunder to have deductions

made on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two, he shall on retirement be entitled to receive from the Consolidated Fund, in addition to his retiring-allowance (if any), the amount deducted from his salary in respect of the difference 5 between the rate on the basis of which deductions are made as from the first day of April, nineteen hundred and thirty-two, and any higher rate on the basis of which deductions have theretofore been made.

Saving of rights of certain other persons with respect to compensation for loss of office or retiring-allowances.

11. Every person (not being a person to whom either 10 of the *two last preceding* sections relates) whose rate of remuneration is reduced by this Part of this Act and who is entitled on retirement to compensation for loss of office or to a retiring-allowance computed with reference to the rate of his remuneration shall, on retirement after the 15 passing of this Act, be entitled to the same compensation or to the same rate of retiring-allowance as if this Act had not been passed.

Statutory scales, &c., of salaries to be subject to this Part.

12. (1) The provisions of this Part of this Act as to rates of honoraria or salary shall apply notwithstanding anything in any Act or in any regulations or scale of salaries to the contrary; and the rates of honoraria and salaries as fixed pursuant to this Part of this Act shall continue in force until lawfully altered. 20

(2) All rates of salaries and wages which by any Act 25 or by any scheme of classification are appropriate to any position or office shall be deemed to be reduced by the amount of any reduction effected by this Part of this Act in the rate of remuneration of any person holding such position or office, or, in the case of positions and offices 30 vacant on the first day of April, nineteen hundred and thirty-two, that would have been effected if any person had been holding such position or office on that date.

Regulations.

13. (1) The Governor-General may from time to time 35 make all such regulations as may be deemed necessary for the purpose of carrying this Part of this Act into effect. In particular, but without limiting the authority conferred by this section, any such regulations may provide for the adjustment of anomalies or for the relief of cases of hardship, or may fix the actual amount by which any 40 rates of salaries shall be reduced where a reduction to the extent prescribed by this Part of this Act would result in any fraction of a penny being payable.

(2) Such regulations shall be sufficient authority for the payment of any moneys certified in manner prescribed by those regulations to be payable in accordance therewith.

5 **14.** (1) The Governor-General may from time to time, by Order in Council, apply this Part of this Act to all persons employed in the Cook Islands Public Service and to all persons employed in the Samoan Public Service, whether permanently so employed or not, or to such persons or classes of persons so employed as are specified
10 in such order, or to all persons so employed other than persons or classes of persons specified in such order.

Application of this Part to Cook Islands and Samoan Public Services.

(2) Every such Order in Council shall have effect according to its tenor from a date specified therein, being not earlier than the first day of April, nineteen hundred
15 and thirty-two, and may from time to time be amended or may at any time be revoked.

15. If any question arises as to the application of this Part of this Act to any office or position, or as to the reduction pursuant to this Part of this Act of the
20 expenditure of any public moneys, it shall be determined by the Minister of Finance.

Questions in dispute to be settled by Minister of Finance.

PART II.

REDUCTION OF PENSIONS AND ALLOWANCES PAYABLE OUT OF CONSOLIDATED FUND.

25 *Old-age Pensions.*

16. The Pensions Act, 1926, is hereby amended in respect of old-age pensions, as follows:—

Amendment of Pensions Act, 1926, in relation to old-age pensions.

(a) By omitting from subsection one of section nine
30 the words "forty-five pounds ten shillings" and substituting the words "forty pounds nineteen shillings":

(b) By omitting from paragraph (a) of the same subsection the words "fifty-two pounds" and substituting the words "thirty-nine pounds":

35 (c) By omitting from the proviso to paragraph (b) of subsection one of section thirteen the words "one hundred and forty-three pounds" and substituting the words "one hundred and twenty-one pounds":

40 (d) By repealing section sixteen, as set out in section thirty-seven of the Finance Act, 1930 (No. 2).

Widows' Pensions.

Amendment of
Pensions Act,
1926, in relation
to widows'
pensions.

17. The Pensions Act, 1926, is hereby amended in respect of widows' pensions, as follows:—

- (a) By omitting from subsection one of section twenty-one the word "ten" wherever it occurs and in each case substituting the word "nine"; and by omitting from the same subsection the words "four pounds" and substituting the words "three pounds twelve shillings": 5
- (b) By omitting from subsection two of section twenty-one the words "two pounds" and substituting the words "one pound fourteen shillings"; by omitting from the same subsection the word "ten" after the words "together with", and substituting the word "nine"; and also by omitting from the same subsection the words "five pounds ten shillings" and substituting the words "four pounds seven shillings". 10 15 20

Miners' Pensions.

Amendment of
law relating to
miners'
pensions.

18. (1) Subsection four of section thirty-six of the Finance Act, 1929 (relating to miners' pensions), is hereby amended as follows:—

- (a) By omitting from paragraph (a) the words "twenty-five shillings" and substituting the words "twenty-two shillings and sixpence": 25
- (b) By omitting from paragraph (b) the words "twenty-five shillings" and substituting the words "twenty-two shillings and sixpence"; and by omitting from the same paragraph the words "ten shillings" wherever they occur, and in each case substituting the words "nine shillings": 30
- (c) By omitting from paragraph (c) the words "twenty-five shillings" and substituting the words "twenty-two shillings and sixpence"; and by omitting from the same paragraph the words "ten shillings" and substituting the words "nine shillings". 35 40

(2) Subsection five of the said section thirty-six is hereby amended by omitting the words "four pounds five shillings" and substituting the words "three pounds sixteen shillings and sixpence".

19. (1) The Pensions Act, 1926, is hereby amended in respect of pensions to miners' widows by omitting from subsection one of section thirty-five the words "during widowhood" and substituting the words "for the period of two years immediately following her husband's death"; and also by omitting from the same subsection the words "seventeen shillings and sixpence" and substituting the words "fifteen shillings and ninepence".

Amendment of Pensions Act, 1926, in relation to pensions to miners' widows.

(2) Notwithstanding anything contained in the said section thirty-five, as amended by the *last preceding* subsection, every pension granted thereunder more than eighteen months before the passing of this Act shall, unless sooner determined, continue to be payable until the expiration of six months from the date of the passing of this Act, but the rate of such pension shall be reduced in accordance with this section.

South African War Pensions.

20. The Pensions Act, 1926, is hereby amended in respect of South African War pensions by omitting from subsection one of section forty-five the words "ninety-seven pounds ten shillings" and substituting the words "seventy-nine pounds nineteen shillings".

Amendment of Pensions Act, 1926, in relation to South African War pensions.

General Amendments of Pensions Act, 1926.

21. Section two of the Pensions Act, 1926, is hereby amended by omitting from paragraph (b) of the definition of the term "income" the words "sick-allowance or"; and by repealing paragraphs (g) and (h) of the same definition.

Definition of "income" amended for purposes of Pensions Act, 1926.

22. (1) No person in receipt of a pension under the Pensions Act, 1926, other than an old-age pension, shall, after the passing of this Act, be eligible to be granted or to continue to receive a pension under the War Pensions Act, 1915:

Restriction of right to receive two or more pensions.

Provided that any person who at the passing of this Act is in receipt of a pension under the War Pensions Act, 1915, and any other pension as aforesaid may continue to receive the larger of such pensions and shall relinquish the other.

(2) Section eighty-four of the Pensions Act, 1926, is hereby amended by repealing the provisos thereto.

National Provident Fund.

Consequential
amendments of
National
Provident Fund
Act, 1926.

Repeals.

23. (1) Section thirty-six of the National Provident Fund Act, 1926, is hereby amended by repealing the proviso thereto.

(2) Section sixty-seven of the National Provident Fund Act, 1926, and subsection eleven of section twenty-six of the Finance Act, 1927 (No. 2), are hereby repealed. 5

War Pensions.

Reducing rate
of certain
war pensions.

24. (1) The rate of every pension (other than an economic pension) payable under the War Pensions Act, 1915, or any Act amending the same, to any dependant within the meaning of that Act (not being the widow or a child or the widowed mother of a deceased member of the Forces), or to the guardian of any child of a deceased member of the Forces, shall, as from the first day of April, nineteen hundred and thirty-two, be reduced by an amount equal to *seventeen and one-half* per centum of the rate at which such pension was payable on the thirty-first day of March, nineteen hundred and thirty-two. 15

(2) The War Pensions Amendment Act, 1923, is hereby amended in respect of economic pensions to disabled soldiers and their dependants as follows:— 20

(a) By omitting from subsection one of section three the words "thirty shillings" and substituting the words "twenty-one shillings": 25

(b) By omitting from paragraph (a) and from paragraph (b) of subsection one of section five the words "ten shillings", and in each case substituting the words "eight shillings"; and by omitting from paragraph (b) of the same subsection the words "two shillings and sixpence" and substituting the words "two shillings": 30

(c) By omitting from subsection two of section five the words "fifteen shillings" and substituting the words "twelve shillings": 35

(d) By omitting from paragraph (a) of section six the words "twenty shillings" and substituting the words "sixteen shillings"; and by omitting from the same paragraph the words "two pounds ten shillings" and substituting the words "two pounds six shillings": 40

- 5 (e) By omitting from paragraph (b) of section six the words "twenty shillings" and substituting the words "sixteen shillings; and by omitting from the same paragraph the words "thirty-five shillings" and substituting the words "thirty-one shillings".

Family Allowances.

- 10 25. (1) Section three of the Family Allowances Act, 1926, as amended by section seventeen of the Finance Act, 1931 (No. 2), is hereby further amended by omitting the words "three pounds twelve shillings" and substituting the words "three pounds five shillings".

Section 3 of Family Allowances Act, 1926, amended.

- (2) Section seventeen of the Finance Act, 1931 (No. 2), is hereby consequentially repealed.

Consequential repeal.

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PART III.

REDUCTION OF INTEREST, RENT, AND OTHER FIXED CHARGES.

- 20 26. The purpose of this Part of this Act is to effect reductions in rates of interest payable by mortgagors and in rents and certain other fixed charges, commensurate with the reductions in salaries and wages made by or pursuant to Parts I and II of the Finance Act, 1931, and by Part I of this Act.

Purpose of this Part.

- 25 27. This Part of this Act shall bind the Crown.

28. (1) In this Part of this Act, unless the context otherwise requires,—

This Part to bind the Crown.

- 30 "Contract" includes every binding agreement, whether in writing or not, whereby any person undertakes to pay any interest or rent :

Interpretation.

- 35 "Mortgage" means any deed, memorandum of mortgage, instrument, or agreement whereby security for the payment of moneys or for the performance of any contract is granted over land or chattels or any interest therein respectively; and includes—

- 40 (a) Any debenture or debenture stock heretofore issued by any company carrying on business in New Zealand, or by any incorporated society or other body corporate, not being a debenture or other security of a class to which Part IV of this Act applies; or

- (b) Any instrument of security granted over or in respect of any policy for securing a life insurance, endowment, or annuity; or

(c) Any agreement for the sale or purchase of land; or

(d) Any customary hire-purchase agreement within the meaning of section fifty-seven of the Chattels Transfer Act, 1924.

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(2) For the purposes of this Part of this Act an agreement for the sale and purchase of land shall be deemed to be a mortgage of such land, and a customary hire-purchase agreement in respect of any chattel shall be deemed to be a mortgage of such chattel, in each such case to secure payment of the unpaid purchase-money and interest thereon and the fulfilment of the conditions set forth in the agreement.

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(3) For the purposes of this Part of this Act any sum paid or payable under any contract to which this Part of this Act applies by way of premium, or bonus, or other like payment, shall be deemed to be interest or rent as the case may require, accruing from day to day throughout the term of the contract.

15

(4) The Governor-General may at any time, by Order in Council published in the *Gazette*, exclude from the operation of this Part of this Act any specified class or specified classes of mortgages or other contracts.

20

Limitation of application of this Part.

29. Nothing in this Part of this Act shall apply with respect to—

25

(a) The rate of interest payable under any mortgage (not being a mortgage for a fixed term, whether expired or unexpired) securing the repayment of any principal moneys that are repayable on demand; or

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(b) The rate of interest or rent payable pursuant to a contract entered into after the first day of April, nineteen hundred and thirty-two; or

(c) The rent payable under any lease or license of Crown lands or of other lands administered by a Land Board, if such rent is fixed by reference to the capital value of the lands comprised in the lease or license and does not exceed five per centum of such capital value.

35

Reduction of rates of interest and of rents.

30. Subject to the provisions of this Part of this Act, rates of interest payable under mortgages of property situated in New Zealand and rents payable in respect of land or of any interest in land or in respect of any building or part of a building so situated, payable under contracts in force at the passing of this Act, shall be

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reduced as provided in this Part of this Act, and the rates as so reduced shall not be increased, except by leave of a competent Court, at any time before the first day of April, nineteen hundred and *thirty-five*.

5 **31.** (1) The standard reduction of rates of interest and of rent payable under any contract to which this Part of this Act applies shall be ascertained as follows:—

Standard rate
of reduction of
interest and
rent.

10 (a) In the case of a contract entered into on the first day of January, nineteen hundred and thirty, or within the period of five years immediately preceding that date, the standard reduction shall be *twenty* per centum of the rate prescribed by the contract:

15 (b) In the case of a contract entered into at any time earlier than five years before the first day of January, nineteen hundred and thirty, or at any time after that date, the standard reduction shall be *twenty* per centum of the rate (to be determined in accordance with the *next*

20 *succeeding* subsection) that would have been fixed by the contract if it had been entered into on the said first day of January, nineteen hundred and thirty.

(2) Where for the purposes of this Part of this Act it is necessary to fix the rate of interest or rent that would have been payable under any contract if such contract had been entered into on the first day of January, nineteen hundred and thirty, such rate may, failing agreement by the parties, be fixed by arbitration if the parties agree to submit the matter to arbitration. If such rate is not fixed by agreement of the parties or by arbitration as aforesaid, it shall, on application by motion

30 by either of the parties, be fixed by the Supreme Court if the annual amount of interest or rent payable in accordance with the terms of the contract exceeds three hundred pounds, and in all other cases shall be fixed by a Stipendiary Magistrate.

(3) If the rate of interest or rent as at the thirty-first day of March, nineteen hundred and *thirty-two*, payable under any contract to which this Part of this Act applies, does not exceed the residue of the rate in respect of which the standard reduction has been computed, after such standard reduction has been made, no reduction of interest or rent shall require to be made under this Part

45 of this Act.

(4) If the rate of interest or rent as at the thirty-first day of March, nineteen hundred and *thirty-two*, payable under any contract to which this Part of this Act applies, exceeds the residue of the rate in respect of which the standard reduction has been computed, after such standard reduction has been made, the reduction required to be made under this Part of this Act, shall be the difference between such rate and the residue aforesaid, but not exceeding in any case a reduction of *twenty* per centum of the rate as at the thirty-first day of March; nineteen hundred and *thirty-two*.

Penal rates
and net rates
of interest
and rent reduced
in accordance
with this Part.

32. Where by any contract provision is made for the payment of a penal rate of interest or of rent, or for a reduced rate of interest or rent in consideration of prompt payment or for other consideration, both such penal rate and such net rate shall, subject to the provisions of section *thirty-five* hereof, be reducible and reduced in accordance with the foregoing provisions of this Part of this Act.

Reduced rates
of interest and
rent to come
into force on
1st April, 1932.

33. (1) All interest and rent to which this Part of this Act applies that accrue on or after the first day of April, nineteen hundred and *thirty-two*, and before the first day of April, nineteen hundred and *thirty-five*, shall, if the rates thereof require to be reduced by this Part of this Act, be payable at the reduced rates determined in accordance with the foregoing provisions of this Part of this Act. On the expiration of the period aforesaid the rates of interest and rent in force immediately prior to the said first day of April, nineteen hundred and *thirty-two*, shall, if the contract then remains in force, be revived and shall begin to accrue on the said first day of April, nineteen hundred and *thirty-five*.

(2) Where before or after the passing of this Act any interest or rent accrued in respect of a period commencing after the thirty-first day of March, nineteen hundred and *thirty-two*, is paid at a rate in excess of the reduced rate fixed in accordance with this Part of this Act the amount so paid in excess may be recovered in any Court of competent jurisdiction by action commenced not later than three months after the date of payment or three months after the passing of this Act, whichever is the later, or the amount so recoverable may be credited to the person who paid the same, in respect of interest or rent thereafter becoming due, if within the time aforesaid he

so elects by notice in writing given to the person to whom such payment was made.

(3) For the purposes of this Part of this Act all interest and rent shall be deemed to accrue from day to 5 day.

34. In the case of a customary hire-purchase agreement or in any other case where the rate of interest payable in terms of any contract is not specified therein, the parties to the contract shall determine, for the 10 purposes of this Part of this Act, what part of the moneys payable in terms of the contract shall be deemed to be principal moneys and what part thereof shall be deemed to be interest, and, in default of agreement by 15 the parties as to the said matters, any Stipendiary Magistrate, on application made by any party to the contract, shall determine what shall be deemed, for the purposes of this Part of this Act, to be the rate of interest payable under the contract.

Special provisions where rate of interest not specified in contract.

35. (1) Notwithstanding anything in the foregoing 20 provisions of this Part of this Act, the net rate of interest payable under any mortgage of chattels shall not be reduced by the operation of this Part of this Act below the rate of *six and one-half* per centum per annum, and the net rate of interest payable under any other 25 mortgage shall not be so reduced below the rate of *five* per centum per annum. Where by any mortgage provision is made for a penal rate of interest or for a reduced rate of interest in consideration of prompt payment or other consideration, the gross rate shall not 30 be reduced by the operation of this Part of this Act so that the margin between such gross rate and the net rate is less than one-half of one per centum per annum or is less than the margin between the original gross rate and the original net rate, whichever of such margins 35 is the less.

Limitations of foregoing provisions in respect of interest.

(2) Where a mortgage comprises both chattels and land or other property, an apportionment of the moneys secured thereby shall, if necessary for the purposes of this section, be made by agreement between the parties thereto, and 40 in default of agreement may be made by a Stipendiary Magistrate on application in that behalf by any of the parties thereto.

Right to apply
to Court for
relief.

36. (1) If any mortgagee or landlord, or other person entitled under any contract to receive any interest or rent, is aggrieved by the operation of this Part of this Act, he may apply to any Court of competent jurisdiction for relief, on any of the following grounds :— 5

(a) On the ground that the rate of interest or of rent payable under the contract is fair, taking into consideration the nature of the security or the premises, as the case may be :

(b) On the ground that adequate concessions have already been granted to the mortgagor or tenant, either voluntarily or under the provisions of the Mortgagors Relief Act, 1931 : 10

(c) On the ground that the reduction of the rates of interest or of rent in accordance with this Part of this Act would be a cause of undue hardship to the person entitled to receive such interest or rent, as the case may be. 15

(2) On the hearing of any application under this section the Court may make such order as in the circumstances it thinks just and equitable, taking into consideration the economic position of New Zealand as well as the conditions of the parties. 20

(3) In any case where the total annual amount payable under the contract as interest or as rent exceeds three hundred pounds, applications for relief under this section shall be made to the Supreme Court, and in all other cases such applications shall be made to a Stipendiary Magistrate. 25

Powers of
Court under
Mortgagors
Relief Acts
not affected
by this Part.

37. Nothing in the foregoing provisions of this Part of this Act shall be construed to limit the powers to grant relief to mortgagors and tenants conferred on the Supreme Court or on any Magistrate by the Mortgagors Relief Act, 1931. 30

Provision for
the reduction
of dividends on
cumulative
preference
shares.

38. (1) The rate of dividend payable by any company registered under the Companies Act, 1908, on any cumulative preference shares heretofore issued by it is hereby reduced by *twenty* per centum thereof for the period of three consecutive financial years of such company, the first such year being the financial year that commences in the calendar year nineteen hundred and thirty-two : 35 40

Provided that this subsection shall not operate to reduce the rate of the dividend on any cumulative preference share below the rate of *five* per centum per annum of the nominal value of such share.

5 (2) The holders of not less in the aggregate than *fifteen* per centum of the cumulative preference shares heretofore issued by any company as aforesaid, or, where there are two or more classes of such shares, the holders of not less in the aggregate than *fifteen* per centum of the issued
10 shares of any such class, may apply to the Supreme Court for relief from the operation of this section.

(3) An application under the *last preceding* subsection may be made on behalf of the shareholders entitled to make the application by such one or more of their number
15 as they may appoint in writing for the purpose.

(4) On any such application, the Court, after hearing the applicant, the company, and any other persons who apply to the Court to be heard and who appear to the Court to be interested in the application, may make such
20 order as in the circumstances it thinks just and equitable, taking into consideration the economic position of New Zealand as well as the conditions of the parties.

(5) Any order made by the Court granting relief from the operation of this section shall apply to all the shares
25 of the class represented by the applicant.

39. (1) The Supreme Court, on application in that behalf by any trustee, or by any beneficiary under any will or settlement, may by order modify the provisions of such will or settlement in so far as they provide either
30 directly or indirectly for payment out of the proceeds of interest or rent of any annuity or other periodical payment, if in any such case the Court is satisfied that, by reason of the operation of the foregoing provisions of this Part of this Act, the terms of the will or settlement cannot
35 be complied with, or cannot be complied with without causing undue hardship to any beneficiary or beneficiaries under such will or settlement.

(2) Any such order may provide for the reduction of the rate of any annuity or other periodical payment as
40 aforesaid, or may authorize the trustee or trustees to make such provision in relation to the trust estate as may be necessary for payment being made at the rate provided for in the will or settlement or at any reduced rate fixed by the order of the Court.

Supreme Court may authorize reduction of annuities or other periodical payments derived from proceeds of rent or interest.

(3) The powers conferred on the Court by the foregoing provisions of this section shall extend to authorize the Court to modify any order heretofore made by it under Part II of the Family Protection Act, 1908.

Regulations.

40. The Governor-General may from time to time, by Order in Council, make all such regulations as may be deemed necessary for the purpose of giving full effect to the provisions of this Part of this Act. 5

PART IV.

STAMP DUTY ON RECEIPTS OF INTEREST FROM GOVERNMENT AND LOCAL BODIES SECURITIES. 10

This Part to be read with Stamp Duties Act, 1923. Application of this Part.

41. This Part of this Act shall be read together with and deemed part of the Stamp Duties Act, 1923.

42. (1) Except as provided in the *next succeeding* subsection, this Part of this Act shall apply with respect to the following classes of securities, namely :—

(a) Debentures or other securities heretofore issued by the Government of New Zealand (including inscribed stock) :

(b) Debentures or other securities heretofore issued by the State Advances Superintendent or by the Rural Intermediate Credit Board :

(c) Debentures or other securities heretofore issued by any local authority in New Zealand.

(2) Nothing in this Part of this Act shall apply to the following classes of securities, namely :— 25

(a) Treasury bills :

(b) Post Office Investment Certificates :

(c) Debentures or other securities in which are invested any moneys belonging to the Public Service Superannuation Fund, or the Teachers' Superannuation Fund, or the Government Railways Superannuation Fund, or the National Provident Fund :

(d) Securities held by the Treasury or the State Advances Superintendent, or held in respect of investments of moneys belonging to the Post Office Account :

(e) Any debentures or other securities which for the time being are subject to the provisions of Part III of this Act : 40

(f) Any other securities of a class or classes that may be exempted from the operation of this Part of this Act by the Governor-General by Order in Council.

5 (3) For the purposes of this Part of this Act the term
"local authority" includes all local authorities and public
bodies which for the time being are local authorities
within the meaning of the Local Government Loans
Board Act, 1926, whether by virtue of section two of
10 that Act or of any Order in Council thereunder or by
virtue of the provisions of any other Act.

15 **43.** (1) Every interest coupon or interest warrant
issued in respect of any security to which this Part of
this Act applies and presented for payment in New
Zealand not earlier than *seven* days after the passing of
this Act shall be chargeable with stamp duty under
the Stamp Duties Act, 1923, at the rate of *threepence*
for every *two* shillings and *sixpence* or fractional part
thereof included in the amount of such coupon or
20 warrant:

Stamp duty in
respect of
interest derived
from securities
to which this
Part applies.

25 Provided that where, in accordance with regulations
made for the purposes of this Part of this Act, the
holder of any interest coupons or interest warrants in
respect of the same loan presents the same simultaneously
for payment, the stamp duty chargeable in accordance
with this section shall be assessed on the total amount
of interest comprised in such coupons or warrants.

30 (2) If any payment in respect of a security to which
this Part of this Act applies consists partly of principal
and partly of interest, stamp duty in accordance with
this section shall be payable only on so much of such
payment as consists of interest. If in any such case the
amount or rate of interest is not specified, the payment
shall be apportioned between principal and interest in
35 accordance with regulations made under this Part of this
Act.

40 (3) Where interest on any such security is paid in
New Zealand otherwise than on presentation of an
interest coupon or interest warrant, stamp duty shall be
chargeable at the rate prescribed by the *last preceding*
subsection on the amount of such interest. If any
interest payable in New Zealand is in fact paid out of
New Zealand otherwise than pursuant to an express
contractual right to have such interest so paid, stamp

duty at the rate prescribed by this section shall be payable on or before collection in New Zealand of the amount so paid out of New Zealand.

(4) Where interest is paid by any local authority on moneys deposited with such local authority, stamp duty shall be chargeable at the rate prescribed by subsection *one* hereof on the amount of such interest. 5

(5) All stamp duty payable in accordance with this section shall, unless the Minister of Stamp Duties otherwise agrees, be denoted by an adhesive stamp or adhesive stamps which shall be affixed and cancelled by the holder of the coupon or warrant at or before presentation of the same for payment, or, in cases where interest is paid otherwise than on presentation of a coupon or warrant, shall be affixed to the receipt for such interest. The duty of twopence prescribed for receipts by section one hundred and seventy-seven of the Stamp Duties Act, 1923, shall not be payable on any coupons, warrants, or receipts on which duty is paid under this Part of this Act. 10 15

(6) Notwithstanding anything in the foregoing provisions of this section, where the ownership of any securities has been transferred within the period of six months ending on the fourteenth day of March, nineteen hundred and thirty-two, or where within such period a contract for the transfer of any securities has been entered into, the Commissioner of Stamp Duties may, on application, refund the whole or any portion of the stamp duty paid under this Part of this Act in respect of the interest payable for any period prior to the transfer of such securities, but no such refund shall be made unless the Commissioner is satisfied that the applicant is unable for any reason to recover the amount of the duty from a former owner of the securities. The amount of any refund allowed under this subsection may, by direction of the Minister of Finance, be recovered from the seller of the securities as a debt due by him to the Crown. 20 25 30 35

(7) If the Minister of Finance is satisfied with respect to any person who has paid any stamp duty as aforesaid that the annual income of that person from all sources, whether in New Zealand or elsewhere, does not exceed one hundred pounds, exclusive of the amount of such stamp duty, he may, without further appropriation than this section, refund to such person the amount of such stamp duty. Where the amount refunded under this 40

subsection is in respect of interest derived from securities issued by any local authority the amount thereof shall be deductible from any moneys thereafter payable out of the Public Account to such local authority.

5 (8) The amount paid by any person as stamp duty in any year pursuant to this section in respect of interest included in his assessable income shall be deductible by way of special exemption under the Land and Income Tax Act, 1923, from the assessable income of such person
10 for that year.

44. The net amount received by way of stamp duty under this Part of this Act on account of income from securities issued by local authorities (including deposits with such local authorities) after the deduction of an
15 amount equal to *five* per centum thereof in respect of administrative expenses, shall, on application by the local authority by which such securities were issued and without further appropriation than this section, be paid to such local authority and, if such local authority is a
20 rating authority, shall be applied by it in reduction of rates.

Local authorities to receive net duty on interest from their securities after deduction of administrative expenses.

45. This Part of this Act shall apply with respect to interest that becomes due at any time not earlier than *seven* days after the passing of this Act and not
25 later than the thirty-first day of March, nineteen hundred and thirty-five.

Duration of this Part.

46. The Governor-General may from time to time, by
30 Order in Council, make all such regulations as may be deemed necessary for the purpose of giving full effect to the provisions of this Part of this Act.

Regulations.

PART V.

RATES OF INTEREST ON DEPOSITS PAYABLE BY SAVINGS-BANKS AND BUILDING OR INVESTMENT SOCIETIES.

47. (1) The Governor-General may from time to
35 time, by Order in Council, fix the maximum rates of interest that may be paid by the trustees of any savings-bank on moneys for the time being deposited with such bank: Provided that no such Order in Council shall apply with respect to any period com-
40 mencing after the thirty-first day of March, nineteen hundred and thirty-five.

Governor-General may fix maximum rates of interest payable on deposits with savings-banks.

(2) Any such Order may fix different rates with respect to different classes of deposits to be therein defined, or according to the amount of any deposit.

(3) Every such Order shall, according to the tenor thereof, take effect on the date of its publication in the *Gazette* or on such later date as may be specified therein. 5

(4) Any such Order may apply to future deposits only or may apply both to such deposits and to deposits existing at the date of such notice.

(5) Sections twenty-one and twenty-three of the Savings-banks Act, 1908, shall be read subject to the provisions of this section. 10

As to rates of interest payable by building or investment societies.

48. (1) The Governor-General may from time to time, by Order in Council, fix the maximum rates of interest that may be paid— 15

(a) By any building society on moneys for the time being deposited with such society pursuant to section ten of the Building Societies Act, 1908 ; or

(b) By any investment society, being any company, society, or association, whether incorporated or not, formed for the purpose of investing borrowed moneys, and not being a trading-company within the meaning of Part VI of this Act: 20 25

Provided that no Order in Council under this section shall apply with respect to any period commencing after the *thirty-first* day of March, nineteen hundred and *thirty-five*.

(2) Any such Order may fix different rates with respect to different classes of deposits to be therein defined or according to the amount of any deposit. 30

(3) Every such Order shall, according to the tenor thereof, take effect on the date of its publication in the *Gazette* or on such later date as may be specified therein. 35

(4) Any such Order may apply to future deposits only or may apply both to such deposits and to deposits existing at the date of such notice.

Section 44 of Building Societies Act, 1908, amended.

49. Section forty-four of the Building Societies Act, 1908, is hereby amended by adding to subsection one the following paragraph:— 40

“(d) The rate or the several rates of interest payable on deposits held by the society; and the total amount in respect of which each such rate is payable.” 45

50. (1) Every investment society shall on the first day of each of the months of January, April, July, and October in each year prepare a statement showing—

Investment societies to furnish returns as to deposits, &c.

5 (a) The total amount of money borrowed by the society during the three months then last past and the total amount repaid to lenders during that period:

(b) The total amount as at the end of the previous day borrowed at any time and not then repaid:

10 (c) The rate or the several rates of interest payable on deposits held by the society; and the total amount in respect of which each such rate is payable.

(2) The first such statement as aforesaid shall be prepared on the first day of July, nineteen hundred and thirty-two.

First statement.

51. Every such statement shall be in such form as may from time to time be required by the Minister of Finance, and shall be certified by the auditors of the investment society or by an auditor nominated for the purpose by the Controller and Auditor-General.

Form and verification of statements.

52. (1) Every such statement shall, within twenty-one days after the day on which it is required to be prepared, be transmitted to the Minister of Finance.

Copy of statement to be supplied to Minister of Finance.

25 (2) In addition to the quarterly statements to be furnished as aforesaid, every investment society shall, within one month after the close of its financial year, furnish to the Minister of Finance a certified statement of its assets and liabilities as at the end of such year, showing separately particulars of the deposits held as at that date, with such other information in relation thereto as the Minister of Finance may require.

30 53. (1) Every investment society that fails to prepare any such statement and to transmit the same, duly certified, to the Minister of Finance within the time limited in that behalf, and every person who knowing any such statement to be false in any particular certifies the same, commits an offence, and is liable on summary conviction to a fine of *one hundred* pounds.

Offences and legal proceedings.

40 (2) Notwithstanding anything to the contrary in the Justices of the Peace Act, 1927, proceedings in respect of any such offence as aforesaid may be taken at any time within two years from the time when the offence is alleged to have been committed.

(3) In any proceedings under this section for failure to prepare and transmit any statement the burden of proof that such statement was duly prepared and transmitted shall be on the investment society or person charged with the offence.

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PART VI.

TRADING-COMPANIES DEPOSITS.

Interpretation.

54. (1) In this Part of this Act, unless the context otherwise requires,—

“Contract of deposit” means any contract or agreement, written or verbal, express or implied, relating to the receipt of money by a borrower upon the terms that the same shall be repaid either at a fixed date, or by instalments, or at call, and bearing interest until repayment at an agreed rate, except that no contract or agreement shall be a contract of deposit for the purposes of this Part of this Act if—

(a) Such contract or agreement is expressed in a mortgage or other instrument by way of security; or

(b) Such contract or agreement is expressed in debentures issued in a series by an incorporated company; or

(c) If the money was received in the course of a mercantile current account:

“Trading-company” means any person, firm, or company engaged in any profession or in any trade or business other than the acceptance of moneys on deposit and the investment of such moneys.

(2) The Governor-General may from time to time, by Order in Council, exempt from the operation of this Part of this Act any trading-company of a class specified in such Order in Council.

55. (1) The Governor-General may from time to time, by Order in Council, fix the maximum rates of interest that may be paid by any trading-company on moneys for the time being deposited with it:

Governor-General may fix maximum rates of interest payable by trading-companies on deposits held by them.

40

Provided that no such Order in Council shall apply with respect to any period commencing after the thirty-first day of March, nineteen hundred and thirty-five.

(2) Any such Order may relate to any specified trading-company, or to all such companies, and may fix different rates of interest with respect to different classes of deposits to be therein defined, or according to the amount of any deposit.

(3) Every such Order shall, according to the tenor thereof, take effect on the date of its publication in the *Gazette* or on such later date as may be specified therein.

(4) Any such Order may apply to future deposits only or may apply both to such deposits and to deposits existing at the date of the notice.

56. (1) Every trading-company borrowing moneys under a contract of deposit shall on the first day of each of the months of January, April, July, and October in each year prepare a statement showing—

Trading-companies accepting deposits to prepare quarterly statements thereof.

(a) The total amount of money so borrowed during the three months then last past and the total amount repaid to lenders during that period:

(b) The total amount as at the end of the previous day so borrowed at any time and not then repaid:

(c) The rate or the several rates of interest payable on deposits held by the company; and the total amount in respect of which each such rate is payable.

(2) The first such statement as aforesaid shall be prepared on the first day of July, nineteen hundred and thirty-two.

First statement.

57. Every such statement shall be in such form as may from time to time be required by the Minister of Finance, and shall be certified by the auditors of the company or by an auditor nominated for the purpose by the Controller and Auditor-General.

Form and verification of statements.

58. (1) Every such statement shall, within twenty-one days after the day on which it is required to be prepared, be transmitted to the Minister of Finance.

Copy of statement to be supplied to Minister of Finance.

(2) In addition to the quarterly statements to be furnished as aforesaid, every trading-company that is required to furnish such statements shall, within one month after the close of its financial year, furnish to the Minister of Finance a certified statement of its assets

and liabilities as at the end of such year showing separately particulars of the deposits held as at that date, with such other information in relation thereto as the Minister of Finance may require.

Offences and
legal
proceedings.

59. (1) Every trading-company that fails to prepare any such statement and to transmit the same, duly certified, to the Minister of Finance within the time limited in that behalf, and every person who knowing any such statement to be false in any particular certifies the same, commits an offence, and is liable on summary conviction to a fine of *one hundred pounds*. 10

(2) Notwithstanding anything to the contrary in the Justices of the Peace Act, 1927, proceedings in respect of any such offence as aforesaid may be taken at any time within two years from the time when the offence is alleged to have been committed. 15

(3) In any proceedings under this section for failure to prepare and transmit any statement the burden of proof that such statement was duly prepared and transmitted shall be on the trading-company or person charged with the offence. 20

Restricted
application of
this Part.

60. Nothing in this Part of this Act shall apply to—

(a) Any bank carrying on business under the Banking Act, 1908 : or

(b) The Post Office Savings-bank : or

(c) Any savings-bank within the meaning of the Saving-banks Act, 1908 : or

(d) Any local authority or public body. 25