

NEW ZEALAND LOANS AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill amends the New Zealand Loans Act 1953 to provide for the issue of registered Treasury bills as announced in the Budget.

Clause 1 relates to the Short Title.

Clause 2 inserts a new section 3A in the principal Act authorising the issue in New Zealand of securities, to be known as registered Treasury bills, in such amounts, at such price, and on such conditions as to their form, issue, and payment as may be prescribed by the Minister, who will have the right to limit subscriptions and decline to accept applications on any issue. Part III of the principal Act (which provides for the registration and transfer of Government stock with the Reserve Bank) will apply, so far as it is applicable, to such bills as if they were stock, except that the minimum amount transferable will be \$5,000 or a multiple of \$5,000.

Clause 3: The effect of the amendment made by *subclause (1)* is that money received from the issue of registered Treasury bills under the new section 3A will be paid into the Loans Redemption Account.

Subclause (2) provides for the transfer from the Consolidated Revenue Account (as a charge to interest in that account) to the Loans Redemption Account of sums required to meet the difference between the issue price and the maturity value, or earlier redemption value, of registered Treasury bills. The Minister may also authorise the transfer from the National Development Loans Account to the Loans Redemption Account of sums required for the purposes of that account, with a consequent extension, to that extent, of the borrowing powers conferred by section 11 of the principal Act.

Clause 4: The effect of the amendment made by *subclause (1)* is that money received into the Loans Redemption Account from the issue of registered Treasury bills, plus money transferred from the Consolidated Revenue Account and the National Development Loans Account under *clause 3 (2)*, is to be applied in payment of such sums as are required to be paid on the maturity or earlier redemption of such securities as the Minister may determine.

Under *subclause (2)* the Minister may from time to time authorise the transfer from the Loans Redemption Account to the National Development Loans Account of any money not required for the purposes of the Loans Redemption Account.

Clause 5 makes consequential amendments to the principal Act.

Hon. Mr Muldoon

NEW ZEALAND LOANS AMENDMENT

ANALYSIS

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A BILL INTITULED

An Act to amend the New Zealand Loans Act 1953

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

1. **Short Title**—This Act may be cited as the New Zealand Loans Amendment Act 1969, and shall be read together with and deemed part of the New Zealand Loans Act 1953* (hereinafter referred to as the principal Act).
- 10 2. **Registered Treasury bills**—The principal Act is hereby amended by inserting, after section 3, the following section:
“3A. (1) Without limiting any power to borrow money under this Act or any other Act, the Minister may from time to time borrow money by the issue in New Zealand of 15 securities to be known as registered Treasury bills.

*1957 Reprint, Vol. 11, p. 193

Amendments: 1962, No. 89; 1967, No. 103; 1968, No. 97

“(2) The Minister may from time to time prescribe in respect of registered Treasury bills the minimum amounts in which they may be issued, their issue price, the mode and conditions of payment of the money payable under them, and such other conditions relating to their form, issue, or repayment as he thinks fit. 5

“(3) Without limiting the generality of subsection (2) of this section, and notwithstanding anything in any enactment, the Minister may at any time in his discretion, if he considers it desirable to limit subscriptions to any issue of registered Treasury bills,— 10

“(a) Limit the amount of the issue:

“(b) Decline to accept the whole or any part of any application for any registered Treasury bill.

“(4) Registered Treasury bills shall be registered under Part III of this Act as if they were stock, and the provisions of that Part, except sections 22, 23, 27, and 29, shall apply accordingly, so far as they are applicable and with all necessary modifications: 15

“Provided that the minimum amount of any registered Treasury bill that may be transferred pursuant to section 30 of this Act shall be \$5,000 or a multiple of \$5,000.

“(5) Subject to subsections (2) to (4) of this section, the provisions of paragraphs (j) and (k) of subsection (1) of section 9 of the Reserve Bank of New Zealand Act 1964, so far as they relate to the issue and management of loans and the keeping of registers of stock on behalf of the Government of New Zealand, shall apply with respect to registered Treasury bills as if they were stock.” 25

3. Money payable into Loans Redemption Account— 30

(1) Section 57 of the principal Act is hereby amended by inserting, after paragraph (b), the following paragraph:

“(bb) All money received from any issue of registered Treasury bills under section 3A of this Act:”.

(2) The said section 57 is hereby further amended by adding the following as subsections (2) and (3): 35

“(2) There shall from time to time, without further authority than this section, be transferred from the Consolidated Revenue Account, as a charge to interest in that account, to the Loans Redemption Account such sums as may be required to meet the difference between— 40

“(a) The issue price of registered Treasury bills; and

“(b) Their maturity value or, as the case may require, the amount payable on their earlier redemption.

“(3) Notwithstanding anything in this Act, the Minister may from time to time authorise the transfer from the National Development Loans Account to the Loans Redemption Account of such sums as may be required for the purposes of the last-mentioned account, including the purposes of the repayment or earlier redemption of registered Treasury bills. Where in any financial year money is so transferred pursuant to this subsection, the authority of the Minister to borrow money under section 11 of this Act shall in that year be deemed to be extended by the amount so transferred.”

4. Application of money in Loans Redemption Account—

(1) Section 58 of the principal Act is hereby amended by inserting, after paragraph (b), the following paragraph:

“(bb) In respect of money received from the issue of registered Treasury bills under section 3A of this Act and money transferred to the Loans Redemption Account under subsection (2) or subsection (3) of section 57 of this Act, in payment of such sums as may be required to be paid on the maturity or earlier redemption of such securities as the Minister may determine.”

(2) The said section 58 is hereby further amended by adding the following as subsection (2):

“(2) The Minister may from time to time authorise the transfer from the Loans Redemption Account to the National Development Loans Account of any money not required for the purposes of the Loans Redemption Account; and any money so transferred shall be deemed to be money borrowed by the Minister under section 11 of this Act.”

5. Consequential amendments—(1) Section 8 of the principal Act (which was substituted by section 2 of the New Zealand Loans Amendment Act 1962) is hereby amended by omitting from subsection (1) the words “and Treasury bills”.

(2) Section 9 of the principal Act is hereby amended by repealing subsection (2).

(3) Section 67 of the principal Act is hereby amended by repealing subsection (2).