

Hon. Mr. Downie Stewart.

RURAL ADVANCES.

ANALYSIS.

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A BILL INTITULED

AN ACT to establish a Separate Branch of the State Advances Office, with Extended Authority to grant Loans secured on Mortgages of Rural Lands, and having Power to issue Bonds secured on such Mortgages. Title.

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

1. (1.) This Act may be cited as the Rural Advances Act, 1926, and shall be read together with and deemed part of the State Advances Act, 1913 (hereinafter referred to as the principal Act). Short Title and commencement.

(2.) This Act shall come into force on the first day of April, nineteen hundred and twenty-seven.

2. (1.) In addition to the branches of the State Advances Office established by section seventeen of the principal Act there is hereby established a branch to be known as the Rural Advances Branch. Rural Advances Branch of State Advances Office established.

(2.) The business of the Rural Advances Branch shall be to make advances on the security of first mortgages of rural lands in accordance with the special provisions of this Act.

(3.) For the purposes of the business of the Rural Advances Branch, the Governor-General may from time to time appoint an additional member of the State Advances Board as representative of the interests of persons engaged in the production of primary products in New Zealand. Every person so appointed shall hold office during pleasure, and shall be entitled to act as a member of the Board only in relation to applications for advances from the Rural Advances Branch.

Separate account to be kept in Advances Account in respect of Rural Advances Branch.

3. (1.) There shall, in accordance with section twenty-seven of the principal Act, be kept in the Advances Account a separate account to be called the Rural Advances Branch Account, showing with respect to that Branch the several matters referred to in the said section.

(2.) The funds of the Branch shall consist of—

(a.) Moneys borrowed by the Superintendent on the security of bonds issued pursuant to the authority of this Act and secured on the assets of the Branch :

(b.) All interest and other moneys arising from the business of the Branch and properly credited to the separate account.

Business of the Branch.

4. (1.) The business of the Branch shall be to make advances under the special provisions of this Act, on the security of first mortgages of the several classes of lands specified in section thirty-two of the principal Act, exclusive of urban and suburban lands.

(2.) No application for an advance under this Act shall be granted for more than five thousand five hundred pounds, and not more than five thousand five hundred pounds in the aggregate (exclusive of moneys advanced on chattel or other securities under section twenty-two of the State Advances Amendment Act, 1922) shall be granted by the Superintendent to any one borrower under the powers conferred by the principal Act and this Act.

(3.) No advance under this Part of this Act shall be made of an amount exceeding—

(a.) In the case of an advance made on the security of freehold lands, two-thirds of the value of the security :

(b.) In the case of an advance made on the security of leasehold lands, two-thirds of the value of the lessee's interest in the lease.

(4.) Save as provided in the foregoing provisions of this section, every advance made under this Act shall be granted on the same conditions as advances made under Part II of the principal Act.

Funds for purposes of Rural Advances Branch.

5. Without limiting the applicability to the Branch of any other provisions of the principal Act, it is hereby declared that the provisions of section thirty-one thereof (authorizing the temporary transfer of the funds of any one Branch for the use of any other Branch of the Advances Office) shall apply to authorize the transfer of funds to or from the Rural Advances Branch.

Superintendent may issue bonds to provide funds for Branch.

6. (1.) In order to provide additional funds for the business of the Rural Advances Branch of the Advances Office, the Superintendent in his corporate capacity may from time to time, with the approval of the Minister of Finance, issue bonds or stock or other securities which shall constitute a floating charge on all the assets of the Branch, including therein all mortgages for the time being securing loans granted by the Superintendent under this Act.

(2.) All bonds, stock, and other securities issued by the Superintendent in his corporate capacity as aforesaid shall bear interest at such rate as the Minister of Finance prescribes.

(3.) The aggregate amount of bonds, stock, and other securities issued by the Superintendent under this section and for the time being outstanding shall not exceed the capital value of the mortgages for the time being held by the Superintendent as assets of the Rural Advances Branch.

7. (1.) All bonds and other securities issued in New Zealand under the authority conferred by this Act shall be signed and sealed by the Superintendent, and shall be countersigned by the Secretary to the Treasury or by some person authorized in that behalf by the Secretary to the Treasury.
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- (2.) Any bonds and other securities authorized under this Act may be issued in London, and in such case shall be signed by a person authorized in that behalf by the Superintendent, and shall be countersigned by a person authorized in that behalf by the Secretary to the Treasury.
- 10 Any appointment under this subsection to sign or to countersign any bonds or other securities may be of a person by name or as the holder for the time being of a specified office. The signature of any person who signs or countersigns any bonds or other securities pursuant to such authority shall be expressed to be on behalf of the Superintendent or
- 15 the Secretary to the Treasury, as the case may be.
8. This Act shall not be deemed to be an authorizing Act within the meaning of the New Zealand Loans Act, 1908, and securities issued in terms thereof shall not be secured on the public revenues of New Zealand, but shall in all other respects be issued subject to the terms and conditions of the said Act or the New Zealand Inscribed Stock Act, 1917, as the case may require.
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9. (1.) It shall be lawful for a trustee, unless expressly forbidden by the instrument (if any) creating the trust, to invest any trust funds in securities issued under this Act.
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- (2.) Any public moneys within the meaning of the Public Revenues Act, 1926, for the time being available for investment, may be invested in securities issued under this Act.
10. (1.) Any securities issued under this Act may be accepted by the Superintendent in repayment in whole or in part of any loan granted under this Act, and upon the acceptance of any such securities the amount of the loan shall be reduced by the nominal value thereof.
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- (2.) All securities accepted by the Superintendent as aforesaid shall forthwith be cancelled and discharged.
11. The power to make regulations conferred on the Governor-General by section seventy of the principal Act, shall include power to make all such regulations as may be necessary for the purpose of carrying into effect the provisions of this Act.
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Execution of bonds.

Securities issued in terms of this Act not to form part of public debt.

Trust funds may be invested in securities issued under this Act.

Securities issued under this Act to be accepted by Superintendent in repayment of loan.

Regulations.