

RESERVE BANK OF NEW ZEALAND AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill makes several amendments to the Reserve Bank of New Zealand Act 1964.

Clause 1 relates to the Short Title.

Clause 2, subclause (1): At present, section 25 (1) of the principal Act refers to the determination by the Minister, after consultation with the Governor of the Bank, of the relationship between New Zealand currency and United Kingdom currency for immediate delivery in London. This subclause substitutes a reference to the par value of the New Zealand dollar in terms of the Articles of Agreement of the International Monetary Fund.

Subclause (2): Section 26 (1) of the principal Act provides for payment by the Bank into the Public Account of a sum equal to the net appreciation of its assets, or payment to the Bank out of the Public Account of a sum equal to the net depreciation of its assets, if an alteration takes place in the relationship between New Zealand currency and United Kingdom currency for immediate delivery in London. This subclause amends section 26 (1) so that it will operate if an alteration takes place in the relative par values, established with the International Monetary Fund, of the New Zealand dollar and any other currency, or in the basic rate of exchange specified by the Minister, under the amendment made by *subclause (5)*, between the New Zealand dollar and any other currency for which no fixed par value is established with the Fund.

Subclause (3) adds to section 26 (1) a proviso to the effect that if in any financial year the net settlement arising from such alterations is less than \$500,000 no such payments shall be made in respect of that year.

Subclause (4) is consequential on the amendment made by *subclause (2)*.

Subclause (5) authorises the Minister, after consultation with the Governor of the Bank, to specify for the purposes of payments under section 26 a basic rate of exchange in respect of a currency for which no fixed par value is established with the International Monetary Fund.

Clause 3 inserts in the principal Act a new section 50A, providing that where pursuant to any regulations made under the principal Act the prior consent of the Minister of Finance is required to the entry into any transaction or the execution of any instrument, and any such transaction or instrument is entered into or executed without his consent, he may at any time thereafter consent to it. Subject to the terms of the consent, the transaction or instrument, and any relationship, rights, or interests arising out of it, will then be as valid and effectual as if the consent had been given at the proper time.

Clause 4: The purpose of this clause is to make the penalties and procedure under section 25 (3) of the principal Act the same as those provided for under sections 51 and 52 of the Act for breaches of the Exchange Control Regulations.

Subclause (1): Under section 25 (3) of the principal Act it is a summary offence, carrying a maximum fine of \$1,000, to be a party to a transaction involving the conversion of New Zealand currency into another currency, or the conversion of another currency into New Zealand currency, at other than the rate of exchange fixed or approved under that section. The effect of the amendment made by this subclause is to make the offence an indictable one under section 52 (1) of the principal Act; but alternative provision for the summary trial of the offence is made under section 52 (3) as amended by *subclause (2)* of this clause.

Subclause (2): The effect of this amendment is that the offence referred to in *subclause (1)* may alternatively be dealt with summarily under sections 6 and 7 of the Summary Proceedings Act 1957, which relate to the summary trial of indictable offences.

Clause 5: Sections 23 (defacing bank notes) and 24 (reproduction or imitation of bank notes) of the principal Act create summary offences punishable by fines. Under section 14 of the Summary Proceedings Act 1957 the time limit for laying informations for those offences is therefore 6 months. The new section inserted by this clause extends that time to 2 years.

Hon. Mr Muldoon

RESERVE BANK OF NEW ZEALAND AMENDMENT

ANALYSIS

Title	3. Consents under regulations
1. Short Title	4. Offences and penalties
2. Exchange rates	5. Time for laying information for certain offences

A BILL INTITULED

An Act to amend the Reserve Bank of New Zealand Act 1964

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 Reserve Bank of New Zealand Amendment Act 1968, and shall be read together with and deemed part of the Reserve Bank of New Zealand Act 1964* (hereinafter referred to as the principal Act).

2. **Exchange rates**—(1) Section 25 of the principal Act is hereby amended by omitting from the proviso to subsection (1) the words “the relationship between New Zealand currency and United Kingdom currency for immediate delivery in London”, and substituting the words “the par value of the New Zealand dollar in terms of the Articles of Agreement of the International Monetary Fund”.

*1964, No. 134
Amendment: 1967, No. 115

(2) Section 26 of the principal Act is hereby amended by omitting from subsection (1) the words “the relationship between New Zealand currency and United Kingdom currency for immediate delivery in London”, and substituting the words “the relative par values, established with the International Monetary Fund, of the New Zealand dollar and any other currency, or in the basic rate of exchange specified by the Minister, under paragraph (aa) of subsection (2) of this section, between the New Zealand dollar and any other currency for which no fixed par value is established with the Fund”.

(3) The said section 26 is hereby further amended by adding to subsection (1) the following proviso:

“Provided that if the net settlement arising from the application of this subsection in any financial year is less than five hundred thousand dollars no such payment shall be made by the Bank or the Minister, as the case may be, in respect of that year.”

(4) The said section 26 is hereby further amended by omitting from paragraph (a) of subsection (2) the words “alterations in the relationship between New Zealand currency and United Kingdom currency for immediate delivery in London”, and substituting the words “such alterations”.

(5) The said section 26 is hereby further amended by inserting in subsection (2), after paragraph (a), the following paragraph:

“(aa) The Minister may from time to time, after consultation with the Governor of the Bank, specify by notice in writing to the Bank a basic rate of exchange between the New Zealand dollar and any other currency for which, at the time of the notice, no fixed par value is established with the International Monetary Fund:”.

3. Consents under regulations—The principal Act is hereby amended by inserting, after section 50, the following section:

“50A. (1) Where pursuant to any regulations made under this Act the prior consent of the Minister is required to the entry into any transaction or the execution of any instrument, and any such transaction or instrument is entered into or executed without such consent having been obtained, the Minister may at any time thereafter, in his discretion, give his consent to the entry into the transaction or the execution of

the instrument, as the case may require; and thereupon, subject to the terms of the consent, the transaction or instrument, and any relationship, rights, or interests created thereby or arising thereunder, shall, if they or any of them would otherwise be invalid by reason of the prior consent of the Minister not having been given, be as valid and effectual as if the Minister's consent had been obtained before the entry into the transaction or the execution of the instrument.

“(2) Any consent pursuant to subsection (1) of this section may be given—

“(a) In respect of such transactions, instruments, or persons or classes of transactions, instruments, or persons as the Minister may determine, or in respect of any specified transaction, instrument, or person:

“(b) Wholly or partly and either unconditionally or subject to such conditions as the Minister thinks fit.”

4. Offences and penalties—(1) Section 25 of the principal Act (as amended by section 7 (1) of the Decimal Currency Act 1964) is hereby further amended by omitting from subsection (3) the words “and is liable on summary conviction to a fine not exceeding one thousand dollars”, and substituting the words “against this Act”.

(2) Part II of the First Schedule to the Summary Proceedings Act 1957 (as amended by section 52 (3) of the principal Act) is hereby further amended by repealing so much thereof as relates to the Reserve Bank of New Zealand Act 1964, and substituting the following words:

“The Reserve Bank of New Zealand Act 1964	25 (3) 51	Offences relating to conversion of currency Offences against regulations.”
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(3) Section 52 of the principal Act is hereby consequentially amended by repealing subsection (3).

5. Time for laying information for certain offences—The principal Act is hereby further amended by inserting, after section 52, the following section:

“52A. Notwithstanding anything in section 14 of the Summary Proceedings Act 1956, any information for an offence against section 23 or section 24 of this Act may be laid within two years from the time when the matter of the information arose.”