

House of Representatives, 24th October, 1927.

Right Hon. Mr. Coates.

RURAL INTERMEDIATE CREDIT.

ANALYSIS.

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A BILL INTITULED

Title.	<p>AN ACT to provide Facilities for affording Financial Assistance by the making of Loans, for terms not exceeding five years, to Farmers and other Persons engaged in Primary Production.</p> <p>BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—</p>	5
Short Title and commencement.	<p>1. This Act may be cited as the Rural Intermediate Credit Act, 1927, and shall come into force on the first day of January, nineteen hundred and twenty-eight.</p>	10
Interpretation.	<p>2. In this Act, unless the context otherwise requires,—</p> <p>“ Association ” means a co-operative rural intermediate credit association established under and for the purposes of this Act, and incorporated under the Companies Act, 1908 :</p> <p>“ Board ” means the Rural Intermediate Credit Board established under this Act :</p> <p style="text-align: center;"><i>New.</i></p> <p>“ Commissioner ” means the Commissioner of Rural Intermediate Credit :</p> <p>“ Co-operative society ” or “ society ” means a co-operative company (not being an association established primarily for the purposes of this Act) incorporated under the Companies Act, 1908, and having for its principal object the production or sale of staple agricultural or pastoral products, including live-stock, and including also goods manufactured from any such products :</p> <p>“ Debentures ” includes bonds or other like securities, and also includes inscribed stock :</p> <p style="text-align: center;"><i>New.</i></p> <p>“ District Board ” means a Rural Intermediate Credit Board appointed for any district, in accordance with the provisions of this Act :</p> <p>“ Minister ” means the Minister of Finance :</p> <p>“ Registrar ” means the Registrar of Companies under the Companies Act, 1908 :</p> <p style="text-align: center;"><i>New.</i></p> <p>“ State Loan Department ” means :—</p> <p style="padding-left: 2em;">(a) The Public Trust Office :</p> <p style="padding-left: 2em;">(b) The State Advances Office :</p>	15 15 30 35
Cf. 1909, No. 15, s. 2		

New.

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- (c) The Government Insurance Department :
- (d) The State Fire Insurance Office :
- (e) The Native Trust Office :
- (f) Any Maori Land Board :
- (g) The Public Service Superannuation Board.

PART I.

RURAL INTERMEDIATE CREDIT BOARD.

Constitution and Procedure of Board.

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3. (1) For the purposes of this Act there is hereby established a Board to be known as the Rural Intermediate Credit Board.

Rural Intermediate Credit Board established.

New.

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(1A) The Board shall be a body corporate with perpetual succession and a common seal, and shall be capable of holding real and personal property and of doing and suffering all that bodies corporate may do and suffer.

(2) The Board shall consist of five members, of whom the Public Trustee by virtue of his office shall be one.

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(3) The remaining members, of whom at least one shall have had practical experience of farming, shall be appointed by the Governor-General, by Warrant, and shall hold office during pleasure.

(4) The powers hereinafter conferred on the Board shall not be affected by any vacancy in the membership thereof.

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4. The Public Trustee shall be the principal executive member of the Board, and in his capacity as such shall be called the Commissioner of Rural Intermediate Credit.

Public Trustee to be the principal executive member of the Board.

New.

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4A. (1) The Governor-General may from time to time, by Warrant, appoint a suitable person to be the Deputy Commissioner of Rural Intermediate Credit.

Provision for appointment of Deputy Commissioner.

(2) The Deputy Commissioner shall, under the control of the Commissioner, perform such duties in relation to this Act as he is called upon to perform under this Act or by the Commissioner.

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(3) On the occurrence from any cause of a vacancy in the office of Commissioner (whether by reason of death, resignation, or otherwise) and in case of the absence of the Commissioner (from whatever cause arising), and so long as such vacancy or absence continues, the Deputy Commissioner shall have and may exercise all the powers, duties, and functions of the Commissioner.

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(4) The fact of the Deputy Commissioner exercising any power, duty, or function as aforesaid shall be conclusive evidence of his authority so to do, and no person shall be concerned to inquire whether the occasion has arisen requiring or authorizing him so to do.

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4B. (1) The Commissioner may, by writing under his hand in that behalf, authorize any officer of the Board (including any person employed in the service of any Department of State and engaged in connection with the business of the Board) to make any oath or declaration required to be made by the Commissioner under the rules of any Court, or otherwise, or verify any account and give personal attendance in lieu of the Commissioner so acting.

Commissioner may act through officers of the Board.

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New.

(2) The Commissioner may authorize, in writing, any officer of the Board as aforesaid to execute transfers and assurances of real or personal property, sign any documents to be filed in any Court requiring the Commissioner's signature, or give consents, or sign any other documents or instruments requiring the signature of the Commissioner. 5

(3) Such officer shall sign his personal name, adding the words "acting under the authority of the Commissioner of Rural Intermediate Credit pursuant to Section *four*B of the Rural Intermediate Credit Act, 1927." 10

(4) Any authority given under this section may be general or may apply to any particular case or particular cases.

(5) Any such transfer, assurance, consent, document, or instrument executed as aforesaid by an officer so authorized shall have the same effect as if the same were duly signed by the Commissioner. 15

(6) No person shall be concerned to inquire whether such officer is duly authorized, and such officer's signature shall be judicially taken notice of without further proof.

Contracts of Board.

5. (1) Any contract which if made between private persons must be by deed shall, if made by the Board, be in writing under the seal of the Board. 20

(2) Any contract which if made between private persons must be in writing signed by the parties to be charged therewith shall, if made by the Board, be either under the seal of the Board or signed by ~~two~~ *the Commissioner and one other member* of the Board on behalf of and by direction of the Board. 25

(3) Any contract which if made between private persons may be made verbally without writing may be similarly made by or on behalf of the Board by ~~any two members~~ *the Commissioner and one other member* acting by direction of the Board. 30

First meeting of Board

6. The first meeting of the Board shall be held at a time and place to be appointed in that behalf by the Minister.

Election of Chairman.

7. (1) The members of the Board shall at their first meeting, and thereafter from time to time in accordance with their rules, elect one of their number to be Chairman. 35

(2) In the absence of the Chairman from any meeting of the Board the members present shall appoint one of their number to be the Chairman for the purposes of that meeting.

(3) Three members, *of whom the Commissioner or Deputy Commissioner shall be one*, shall form a quorum at any meeting of the Board. 40

(4) At any meeting of the Board the Chairman shall have a deliberative vote, and in the case of an equality of votes shall also have a casting-vote. The decision of a majority of the members present at any meeting of the Board shall be the decision of the Board.

Deputies of members.

8. (1) In the absence from any meeting of the Board of any member, being an officer of the Government service (*other than the Commissioner*), any officer of his Department having authority to act in his place during his absence from office may attend such meeting in his stead, and while so attending shall be deemed to be a member of the Board. 45

(2) Save as provided in the *last preceding* subsection, the Governor-General may from time to time, by Warrant, appoint any person to act for any member of the Board at any meeting thereof, in the event of his absence therefrom, from whatever cause arising. 50

(3) The fact that any person attends and acts as a member of the Board shall be conclusive proof of his authority so to do.

5 9. The Board shall at all times cause proper minute-books to be kept in which shall be entered a full and faithful record of all the proceedings at each meeting, with proper details of the business transacted thereat.

Minutes of proceedings to be kept.

10 10. Except as specially provided herein, the Board shall determine its own procedure, and for that purpose may make such rules as it thinks fit.

Rules of procedure.

10 11. (1) The Board may appoint such Supervisors, Inspectors, and other officers as it deems necessary for the efficient carrying-out of its functions under this Act.

Officers of Board.

15 (2) With the consent of the Public Service Commissioner or other proper authority, the Board may utilize the services of any Department of State in the collection and payment of moneys, the issue and registration of securities, or otherwise for the purpose of carrying out its duties under this Act, and shall in respect of such services pay to the appropriate fund or account, on demand, the reasonable cost thereof.

20 12. (1) For the purpose of enabling it to carry out its functions under this Act the Board may define districts, with such names and boundaries as it thinks fit, and in respect of ~~any~~ each such district ~~may~~ shall appoint a ~~Local Advisory Committee~~ District Board consisting of not more than five members to be known as the [Name of district] District Rural Intermediate Credit Board (hereinafter in this Act referred to as the District Board).

District Boards.

Struck out.

30 (2) An Advisory Committee shall advise upon matters submitted to it by the Board, and may, on behalf of the Board, perform such functions within the powers of the Board as may from time to time be conferred on it by the Board.

New.

35 (2A) In addition to any powers expressly conferred on it by this Act, every District Board shall advise upon matters submitted to it by the Rural Intermediate Credit Board, and may, on behalf of that Board, perform within its district such of the functions of the Board as the Board may from time to time authorize.

(3) For every district under this section the Board shall appoint an officer to be known as the District Intermediate Credit Supervisor.

40 13. (1) The principal business of the Board shall be to make advances to persons engaged in farming operations; and also to make advances to associations established for the purposes of this Act, in order to enable such associations to render financial assistance to their members in accordance with the provisions of this Act.

Functions of the Board.

45 (2) In addition to such business the Board may, for purposes and within limits hereinafter defined by this Act or by regulations under this Act, make advances to co-operative societies, and carry on the business of discounting promissory notes and other bills of exchange.

Funds of the Board.

50 14. (1) For the purpose of assisting the Board in the fulfilment of its functions, the Minister may, without further appropriation than this Act, and on such terms and conditions as he thinks fit, advance to the Board out of the Ordinary Revenue Account of the Consolidated Fund

Minister of Finance may make advances to Board not exceeding aggregate of £360,000.

such amounts as he from time to time determines. The amounts advanced under this section and for the time being outstanding shall not exceed in the aggregate the sum of ~~two hundred and fifty thousand~~ *three hundred and sixty thousand* pounds.

(2) Every advance made under this section shall be for such term, not exceeding ~~less than twenty~~ years, as may be mutually agreed on between the Board and the Minister. 5

(3) Every such advance shall be free of interest for the period of *ten* years immediately succeeding the date on which the first such advance is made. After the expiration of the said period of *ten* years, interest shall be payable half-yearly at a *such* rate ~~not exceeding five per centum per annum~~ as the Minister of Finance shall from time to time determine. 10

Application of moneys advanced to Board under last preceding section.

15. (1) One ~~moiety~~ *third* of the amount of every advance made to the Board under the *last preceding* section shall be credited by the Board to a Redemption Fund, to be called the Rural Credit Redemption Fund, which shall be invested in Government securities, and shall not be applied to any purpose other than the redemption ~~at maturity~~ of debentures issued by the Board as hereinafter provided. 15

(2) ~~The other moiety~~ *The remaining two-thirds* of every such advance shall be used by the Board in carrying on its business under this Act. 20

Struck out.

(3) All interest or other moneys derived by the Board from moneys advanced to it as aforesaid shall be available for the expenses of the Board in carrying on its business. 25

New.

(3A) In respect of the interest received from investments of the Redemption Fund, the following provisions shall apply :—

(a) An amount received in any year, equal to the amount of interest payable to the Consolidated Fund for that year pursuant to subsection *three* of the *last preceding* section in respect of amounts credited to the Redemption Fund, may be applied in carrying on the business of the Board : 30

(b) The balance (if any) shall be credited to the Redemption Fund.

(4) In lieu of paying to the Board in cash any part of an advance required to be invested in Government securities in terms of this section, the Minister may issue to the Board in the first place such Government securities for a like amount as he thinks fit. 35

Minister of Finance may make advances to Board to provide for preliminary expenses of associations established under this Act.

16. (1) In addition to the advances which the Minister is authorized to make to the Board under the foregoing provisions of this Act, the Minister may from time to time, without further appropriation than this section, advance to the Board out of the Ordinary Revenue Account of the Consolidated Fund such sum or sums as he thinks fit, not exceeding in the aggregate the sum of *five thousand* pounds. 40

(2) Moneys advanced to the Board under this section may be applied by the Board, by way of loan, towards the preliminary expenses of the establishment of associations under this Act. 45

(3) Not more than *twenty-five* pounds shall be advanced to any one association under this section, and no such moneys shall be advanced after the expiration of *one* year from the registration of the association under the Companies Act, 1908. 50

(4) Every loan made to an association under this section shall be repayable at such time as the Board determines, being not later than *ten* years after the registration of the association.

(5) No interest shall be payable by an association on any loan made under this section in respect of the period for which such loan is made. If default is made by an association in repayment on or before the due date, interest at ~~the rate of~~ *a rate to be fixed by the Board, being not less* than five per centum per annum shall be payable to the Board as from the due date until repayment.

(6) No interest shall be payable by the Board in respect of any moneys advanced to it by the Minister in terms of this section.

17. In addition to the moneys hereinbefore provided for, the Minister may, without further appropriation than this section, pay to the Board by way of grant such sum, not exceeding *ten thousand* pounds, as may be required by the Board for expenditure for general administrative purposes, including the rental and equipment of necessary offices and other premises *or for any other purpose for which the Board is empowered by this Act to expend moneys.*

Grant to Board from Consolidated Fund towards expenses of administration.

Debentures issued by Board.

18. (1) For the purpose of providing further funds for carrying on its business under this Act, the Board may from time to time, with the prior consent in writing of the Minister, issue debentures for such amount as it thinks fit, but so that the total amount borrowed by the Board under this section and for the time being outstanding shall not exceed the aggregate of the amounts following, namely :—

Board may issue debentures to provide capital for carrying on its business.

(a) The amount received from the Consolidated Fund by way of loan under section *fourteen* hereof, and not repaid, ~~exclusive of amounts invested or required to be invested in Government securities and credited to the Redemption Fund :~~

(b) The value of all mortgages, bills of sale, bills of exchange, and other securities the property of the Board and held by it in the course of its business :
or the sum of five million pounds, whichever amount is the less.

Struck out.

(c) Moneys (including investments) held by the Board in its Redemption Fund created as hereinafter provided.

(2) All debentures issued by the Board under this section shall constitute a floating charge on all the assets of the Board, and shall have priority according to the date of their issue :

Provided that where debentures are issued in one or more series, all debentures of a series shall rank equally with each other.

New.

(2A) All debentures issued by the Board under this section shall constitute a floating charge on all the assets of the Board, and the security created by such charge shall be available *pari passu* for all holders of such debentures without priority or preference among themselves, and without regard to the respective dates on which those debentures were issued.

19. (1) Debentures issued by the Board in terms of this Act ~~may be issued in different series,~~ and shall be redeemable at par at such time or times as may be specified therein, being not less than *six* months nor more than *five* years from the date of issue.

Terms of debentures and conditions attaching thereto.

(2) No such debenture shall provide for payment of interest on the amount thereof at a rate exceeding *six* per centum per annum.

(3) Every such debenture shall be in the prescribed form, and shall be for an amount of *ten* pounds or some multiple of *ten* pounds.

New.

Authority for Council to borrow moneys pending issue or sale of debentures.

19B. Pending the raising of any moneys by the issue of debentures under the foregoing provisions of this Act, the Board may, by way of the hypothecation or mortgage of such debentures or on bank overdraft or otherwise howsoever, borrow any sum or sums of money, not exceeding in the aggregate the full amount authorized to be borrowed by the issue of debentures. All moneys borrowed under this section shall be a first charge upon and shall be repaid out of the loan when raised. 5 10

Execution of debentures.

20. (1) All debentures issued *in New Zealand* under the authority conferred by this Act shall be issued under the seal of the Board, and shall be signed by ~~two~~ *one* members thereof (other than the Commissioner) acting on behalf of and by direction of the Board, and shall be countersigned by the Public Trustee or by some officer of the Public Trust Office authorized in that behalf by the Public Trustee. 15

(2) Before countersigning any debentures under this section it shall be the duty of the Public Trustee or other officer of the Public Trust Office as aforesaid to satisfy himself that the limits prescribed by section *eighteen* hereof will not be exceeded by the issue of such debentures. 20

New.

Issue of debentures in London.

20A. Any debentures authorized under this Act may, with the prior consent of the Minister of Finance, be issued in London, and in such case shall be signed by a person authorized in that behalf by the Board, and shall be countersigned by a person authorized in that behalf by the Public Trustee. Any appointment under this section to sign or to countersign any debentures 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 debentures pursuant to such authority shall be expressed to be on behalf of the Board. 25 30

Inscribed stock.

21. Any debentures issued under this Act may be converted into inscribed stock, and any such stock may be converted into debentures, at the option of the holder, on application being made in the prescribed form and on payment to the Board of the prescribed fees. 35

Exemption from stamp duty.

22. No stamp duty shall be payable in respect of the issue of any debentures or stock under this Act.

Public Trustee to be custodian of securities.

23. All mortgages or other securities held by the Board and taken into account in determining the value of debentures that may be at any time issued by the Board under this Act shall be deposited by the Board with the Public Trustee and shall be retained by him. 40

Board may be required to accept debentures in repayment of any loan made by it.

24. (1) Any debentures issued by the Board under this Act shall, on tender thereof by the holder, be accepted by the Board in repayment, to the extent of the nominal value thereof, of any loan granted by the Board under this Act. 45

(2) All debentures so accepted by the Board shall forthwith be cancelled and discharged.

Redemption of debentures.

25. (1) The Board may at any time in its discretion apply any moneys in the Rural Intermediate Credit Account in the purchase at or below their nominal value of any debentures issued by it. 50

(2) All debentures so purchased by the Board shall forthwith be cancelled and discharged.

26. (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 debentures issued by the Board under this Act.

Trust funds and public moneys may be invested in debentures issued by Board.

(2) Any public moneys within the meaning of the Public Revenues Act, 1926, for the time being available for investment may be invested in debentures issued by the Board under this Act.

New.

10 (3) Any moneys under the control of a State Loan Department may be invested in debentures issued under this Act.

(4) Any moneys available for investment by the trustees of a savings-bank or by the governing authority of an institution pursuant to section thirty-three or section thirty-eight of the Savings-banks Act, 15 1908, may be invested in debentures issued under this Act.

26A. For the purposes of paragraph (h) of section seventy-eight of the Land and Income Tax Act, 1923, the Board shall be deemed to be a public authority within the meaning of that Act.

Income derived by person not resident in New Zealand from debentures issued under this Act to be exempt from taxation.

Rights of Debenture-holders.

20 27. (1) The holder of any debenture issued by the Board under this Act may, by petition in a summary way, apply to a Judge of the Supreme Court for the appointment of a receiver in either of the cases following, namely:—

As to appointment of receiver.

25 (a) If the Board makes default in repayment of any part of the principal moneys secured by the debenture, or in payment of any interest on such principal moneys, in accordance with the terms of the debenture:

30 (b) If the audited balance-sheet accounts for any year discloses a loss on the Board's operations exceeding *twenty-five* per centum of the total amount raised by the Board by the issue of debentures.

35 (2) On any such petition as aforesaid, the Judge may, if satisfied of the truth of the matters alleged in the petition, appoint a receiver of the whole or such defined portion of the assets of the Board as he thinks fit, with such powers in relation thereto as may be defined in the order.

(3) Every receiver shall, before entering on his office, give such security for the faithful execution thereof as the Judge directs.

40 28. (1) If any debenture issued by the Board under this section is defaced by accident, the Board may, on production of the debenture, cancel the same and issue a new debenture in lieu thereof.

Accidental defacement of debentures.

(2) The new debenture so issued shall be in the same terms in all respects as the cancelled debenture, and shall for all purposes be deemed to be the same debenture.

45 29. (1) On the loss or destruction of any debenture issued by the Board under this Act at any time while it remains unpaid, the Board may, on receiving proof of such loss or destruction and on receiving indemnity to its satisfaction against the claims of all persons deriving title under such debenture, issue a new debenture in lieu thereof.

Authority for issue of new debentures to replace lost or destroyed debentures.

50 (2) The new debenture so issued shall be in the same terms in all respects as the debenture in lieu of which it is issued, and shall for all purposes be deemed to be the same debenture.

Rural Intermediate Credit Account.

Establishment of
Rural Intermediate
Credit Account.

30. (1) All moneys received by the Board shall be paid into a separate account in the name of the Board, to be kept at a bank to be approved in that behalf by the Minister. Such account is hereinafter referred to as the Rural Intermediate Credit Account. 5

(2) All moneys withdrawn from the Rural Intermediate Credit Account shall be withdrawn only by cheque signed by the Commissioner or his deputy ~~and by one other member of the Board and countersigned by an officer of the Board authorized in that behalf by the Board.~~

Application of
moneys in Rural
Intermediate Credit
Account.

31. (1) There shall from time to time, as required, be paid out of 10 the Rural Intermediate Credit Account—

(a) All moneys required by the Board for the purpose of carrying on its business under this Act :

(b) The cost and expenses incurred by the Board with respect to the issue of debentures under this Act : 15

(c) Interest on moneys borrowed by the Board on debentures, or on moneys advanced to the Board out of the Consolidated Fund :

(d) All moneys required for the repayment of advances made to the Board, or the redemption of debentures issued by the Board : 20

(e) The salaries of officers and servants of the Board (including any honorarium payable, with the approval of the Minister, to the Commissioner) :

(f) The payment of travelling-allowances and other fees to 25 members, *officers, and servants* of the Board in respect of the business of the Board :

(g) The payment of expenses in relation to the functions of ~~Local Advisory Committees~~ *District Boards appointed by the Board pursuant to section twelve hereof, including the payment of* 30 *travelling-allowances and other fees to the members of any such District Board :*

(h) Moneys required by this Act or by virtue of a decision of the Board to be paid into any ~~sinking fund or~~ reserve fund or account : 35

New.

(hh) The rental and equipment of necessary offices and other premises, and the provision of office appliances, and other accessories which the Board may deem necessary for the efficient carrying-on of its business under this Act : 40

(i) Any other moneys lawfully expended by the Board in carrying out its functions under this Act.

Temporary
investment of
surplus funds.

(2) Any moneys in the Rural Intermediate Credit Account may, until required by the Board for the purposes of this Act, be temporarily invested in ~~any securities in which for the time being trust funds may be lawfully invested, and all interest received in respect of any such investment shall be paid into that account~~ *Government securities, or* 45

New.

may be deposited with the Public Trustee for investment in the Common Fund of the Public Trust Office, or may be deposited with any bank 50 carrying on business in New Zealand.

32. (1) The accounts of the Board shall be subject to audit in the same manner in all respects as if the moneys of the Board were public moneys within the meaning of the Public Revenues Act, 1926 :

Audit of Board's accounts.

5 Provided that such audit shall be conducted at intervals not exceeding six months.

(2) The Controller and Auditor-General shall forthwith, after the completion of any audit under this section, furnish a report thereon to the Minister.

33. (1) The Board shall, within thirty days after the close of each financial year ending on the ~~thirty-first~~ *thirtieth* day of ~~March~~ *June*, cause to be prepared a Profit and Loss Account and balance-sheet, setting out the true financial position of the Board as at the end of the year, and shall transmit the same duly audited to the Minister.

Accounts to be kept and reports to be furnished by Board.

15 (2) The accounts and balance-sheet, with the report of the Audit Office thereon, shall be laid before Parliament within fourteen days after the receipt thereof by the Minister, if Parliament is then in session, and if not, then within fourteen days after the commencement of the next ensuing session.

34. (1) The net profits derived by the Board in any year shall be dealt with as follows :—

Application of profits.

Struck out.

(a) One half thereof shall be placed to the credit of a fund to be called the Rural Intermediate Credit Reserve Fund :

25 (b) The other half shall be placed to the credit of a fund to be called the Rural Intermediate Credit Redemption Fund.

(2) The Rural Intermediate Credit Reserve Fund shall be available for any of the liabilities of the Board.

30 (3) The Rural Intermediate Credit Redemption Fund may be used by the Board in repayment of any moneys advanced to it as hereinbefore provided from the Consolidated Fund, or in the redemption at maturity of any debentures issued by the Board.

New.

35 (aa) One-half thereof shall be transferred to the Rural Intermediate Credit Redemption Fund provided for in section *fifteen* hereof :

(bb) The other half shall be transferred to a reserve to be called the Rural Intermediate Credit Reserve.

40 (2A) Any moneys credited to the Rural Intermediate Credit Reserve may, in the discretion of the Board, be invested wholly or partly in Government securities or be used for the general purposes of the Board.

(3A) Any moneys credited to the reserve may be applied in reduction of any net loss as disclosed in the accounts for any year, but the reserve shall not be otherwise diminished.

PART II.

45 CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS.

Incorporation.

50 35. (1) Any twenty or more persons engaged in farming operations may, by subscribing their names to a memorandum of association in the form in the Schedule hereto, and otherwise complying with the requirements of the Companies Act, 1908, as modified by this Act, in respect of registration, form an incorporated company with limited

Incorporation under Companies Act of co-operative rural intermediate credit associations.

liability, under the name of "The [*Distinctive name of association*] Co-operative Rural Intermediate Credit Association, Limited."

(2) Each subscriber to the memorandum of association shall subscribe for at least *twenty-five* shares, and his subscription shall be deemed to be an application for allotment to him of the number of shares set opposite his signature in the memorandum of association. Every subscriber to the memorandum of association shall, as and when required by the Board so to do (being not later than *one* year after the incorporation of the association and before the grant to the subscriber of a loan under this Act), pay in cash not less than *twenty* per centum of the value of the shares subscribed for by him.

(3) It shall not be necessary in the memorandum of association or in the articles to state the amount of capital with which the association proposes to be registered.

(4) In every association incorporated under this section each share shall be *one* pound in amount, and the liability of a shareholder in respect of any share shall be limited to *one* pound.

(5) No association shall be registered under this section except with the consent of the Board.

First directors of association.

36. The articles shall name *four* of the signatories to the memorandum of association to be the first directors. The District Intermediate Credit Supervisor appointed by the Board for the district in which the registered office of the association is situated shall, by virtue of his office, be and continue to be a director of the association, anything to the contrary in the articles notwithstanding.

Registration of association.

37. (1) The memorandum and articles of association shall be delivered to the Registrar, who shall retain and register the same.

(2) A statutory declaration by the District Intermediate Credit Supervisor to the effect that the requirements of the Companies Act, 1908, or of this Act in respect of registration and of matters precedent or incidental thereto, have been complied with shall be produced to the Registrar, who may accept the same as sufficient evidence of such compliance. Every such statutory declaration shall be exempt from stamp duty.

(3) On the incorporation of any association under this Part of this Act the Registrar shall cause a notice thereof to be published in the *Gazette*.

(4) No fees shall be charged by the Registrar in respect of any matter or thing arising out of the requirements of this section.

(5) The Registrar shall keep as part of the Register of Companies under the Companies Act, 1908, but in a separate list, a register of all associations registered under this Part of this Act.

Proceedings subsequent to Incorporation.

Appointment of directors by association.

38. (1) Notwithstanding anything in section eighty-seven of the Companies Act, 1908, the statutory meeting of an association incorporated under this Act may be held forthwith after publication by the Registrar in the *Gazette* of the notice of incorporation, and such meeting may be summoned by the Commissioner or by the District Intermediate Credit Supervisor.

(2) At the statutory meeting the members present shall elect *four* of their number to be directors, to hold office in accordance with the articles.

(3) In addition to the directors provided for under the *last preceding* subsection, the Board may from time to time appoint a member of the association as a director, to hold office as such during its pleasure.

(4) Nothing in this section shall limit the operation of section 5 *thirty-six* hereof (constituting the District Intermediate Credit Supervisor a director of the association).

39. The directors elected or appointed as provided in the *last preceding* section shall as soon as practicable elect one of their number to be the chairman of directors, and another director to be the 10 deputy of the chairman.

Chairman and deputy chairman of directors.

40. (1) The directors may appoint a suitable person, whether a director or not, to be the secretary and treasurer of the association, or may appoint one such person as secretary and another such person as treasurer :

Appointment of secretary and treasurer.

15 Provided that not more than one person shall be paid any salary or other remuneration in respect of the duties of the secretary and the treasurer.

(2) The secretary of the association shall forthwith send written notice to the Commissioner of all appointments made pursuant to this 20 or the *last preceding* section, and of all subsequent appointments that may thereafter be made.

41. Except as provided in the *last preceding* section, no director of an association shall be entitled to receive any payment from the association other than a refund of travelling-expenses actually and 25 reasonably incurred by him in attending meetings of the directors, or otherwise in attending to the business of the association.

Expenses of directors.

42. (1) The Board may from time to time prepare and promulgate model regulations and by-laws applicable to all associations incorporated under this Act.

Uniform regulations for incorporated associations.

30 (2) Every such association, when required by the Board so to do, shall, by resolution, adopt such regulations or by-laws, with such variations (if any) as may be approved by the Board, having regard in any particular case to the special circumstances of the association.

Objects of Associations.

35 43. The principal object of an association incorporated under this Act shall be to procure loans for its shareholders from the Board, or from any bank or other approved financial institution, on the security of mortgages or other charges on land or chattels, or on approved personal security, for any of the following purposes, namely :—

Objects of associations incorporated under this Act.

40 (a) The clearing, fencing, draining, and general improvement of land in the occupation of the applicant :

(b) The erection of buildings on any such land :

(c) The purchase of implements, stock, seeds, plants, trees, and other things required in respect of the occupation and use 45 of any land :

(d) The payment of any mortgage, debt, or other liability of the applicant incurred in relation to farming operations :

(e) Any other purpose in relation to farming operations that may be approved by the Board.

50 44. Except as otherwise hereinafter specially provided, no loan shall be granted under this Part of this Act for a period less than six months or more than *exceeding five years*.

Term of loans.

Limiting the amount of loans that may be granted to members of association.

Applications for loans by persons other than shareholders of an association.

Procedure on application for loans under this Part.

45. No person shall be entitled to receive under the provisions of this Part of this Act any loan or loans so that the amount for the time being outstanding in respect thereof shall exceed *one thousand* pounds, or *ten* times the amount of the nominal value of his shares in the association, whichever is the less. 5

46. (1) If application for a loan is made to an association by any person who is not a member of the association, such application shall be deemed to include an application for shares in the association of a nominal value equal to *ten* per centum of the amount of the loan, but not less in any case than *twenty-five* shares. 10

(2) Before any such application is approved the applicant shall be required to pay to the association in respect of his shares an amount not less than *twenty* per centum of the nominal value thereof.

47. (1) Applications for loans from any association under this Part of this Act shall be in writing in the prescribed form, addressed to the secretary of the association. 15

(2) On receipt of any such application the directors shall proceed to consider the same, and if the application is approved shall apply to the Board to advance to the association the amount required to enable it to comply with the application : 20

Provided that where the application is for a loan for a term not exceeding *six* months, the association may, with the approval of the Board, arrange with any bank carrying on business in New Zealand, or with any other approved financial institution, for a loan to the association to enable it to grant the application : 25

Provided further that where the application is for a longer term than *six* months the association, with the approval of the Board, may make temporary arrangements with any such bank or financial institution as aforesaid, and may defer application for an advance from the Board so long as satisfactory arrangements can be made with such bank or financial institution. 30

(3) The association shall not grant any application for a loan under this Part of this Act except on such security and subject to such terms and conditions as the Board may approve.

(4) All advances made by a bank or other financial institution to an association for the purposes of this Part of this Act shall be secured by a bill of exchange given by the association and endorsed by the Board, and by such other security (if any) as the bank or other institution aforesaid may require. 35

(5) All advances made by the Board to an association for the purposes for this Part of this Act shall be secured by a bill of exchange given by the association to the Board, and by such other security (if any) as the Board may require. 40

(6) Without limiting the foregoing provisions of this section, the Board, or any bank or other financial institution as aforesaid, may require an association to assign or hypothecate, as security for any advance made to it as aforesaid, any securities given or to be given to the association by any of its shareholders in respect of loans under this Part of this Act. 45

(7) All securities given to an association by a shareholder therein in respect of any loan granted under this section shall be held on behalf of the Board by the District Intermediate Credit Supervisor. *delivered* 50

New.

to the District Intermediate Credit Supervisor and forwarded by him to the Commissioner or to such officer as he shall direct. 55

(8) Save as provided in this section, an association shall have no power to borrow money or to create any charge or encumbrance on its assets.

5 (9) The interest payable on any loan granted by an association to a shareholder therein, as provided in this section, shall not exceed *seven* per centum per annum.

10 48. (1) Subject to the provisions of section forty-four hereof as to the term of any loan, the principal moneys comprised in any loan made by an association under this Part of this Act ~~shall be repayable~~ *may be repaid by instalments* at such time or times and in such manner as may be mutually agreed on, with the approval, *given either generally or specifically*, of the Board. ~~Where any such moneys are made repayable by instalments the following provisions shall apply:—~~

Repayment of loans.

Struck out.

- 15 (a) At the end of the first year not more than *ninety* per centum thereof shall remain unpaid :
- (b) At the end of the second year not more than *seventy-five* per centum thereof shall remain unpaid :
- 20 (c) At the end of the third year not more than *fifty-five* per centum thereof shall remain unpaid :
- (d) At the end of the fourth year not more than *thirty* per centum thereof shall remain unpaid.

25 (2) All moneys received by an association in repayment of any loan shall be forthwith applied in reduction of the indebtedness of the association incurred in respect of the moneys out of which such loan was granted.

49. (1) The paid-up capital of any association shall be invested by the association, and shall be so invested only in Government securities or in securities approved by the Board.

Application of paid-up capital of association.

30 (2) The income derived from such investments shall be available to meet the current expenditure of the association.

50. Any profits derived by an association in carrying out its objects under this Act may be applied as follows:—

Application of profits.

35 (a) Firstly, in accumulating a reserve of such amount as the Board may approve or require, to be invested in the same manner as the paid-up capital of the association :

(b) Secondly, in payment of dividends to the shareholders, not exceeding in any case *seven* per centum of the paid-up capital :

40 Provided that no such dividend shall be paid by an association until any loan made by the Board to that association towards the preliminary expenses incidental to its incorporation has been repaid.

General.

45 51. (1) When any shareholder of an association has repaid to the association the full amount of his loan, with interest and other charges (if any) thereon, he shall be entitled to surrender his shares and to receive from the association out of its assets such amount as, with the approval of the Board, is agreed upon between the association and the shareholder by way of consideration for such surrender, and upon the

50 acceptance of such surrender by the association the shareholder shall cease to be a member of the association :

On repayment of loan shareholder may surrender his shares in association.

Provided that no surrender of shares shall be accepted under this section so as to reduce the number of shareholders remaining in the association below *twenty*.

(2) All shares surrendered pursuant to this section shall be forthwith cancelled by the association.

Transfer of shares.

52. No shares in an association under this Part of this Act shall be assigned or transferred except with the precedent approval of the Board.

5

Association not to issue share-certificate in respect of shares.

53. No share-certificate shall be made or issued in respect of any shares in an association under this Part of this Act.

Exemption from license fees.

54. Every association under this Part of this Act shall be exempt from all license fees payable by companies under the Companies Act, 1908.

10

New.

PART IIA.

ADVANCES TO FARMERS WITHOUT INTERVENTION OF ASSOCIATION.

Farmers may apply to District Boards for loans under this Part.

54A. Any person engaged in farming operations on his own account, whether a member of an association under Part II of this Act or not, may apply to the District Rural Intermediate Credit Board of the district in which the applicant carries on farming operations for a loan under this Part of this Act, for any of the following purposes, namely,—

15

(a) The clearing, fencing, draining, and general improvement of land in the occupation of the applicant:

20

(b) The erection of buildings on any such land:

(c) The purchase of implements, stock, seeds, plants, trees, and other things required in respect of the occupation and use of any land:

(d) The payment of any mortgage, debt, or other liability of the applicant incurred in relation to farming operations:

25

(e) Any other purpose in relation to farming operations that may be approved by the Board.

Form of applications for loans.

54B. (1) Application for a loan under this Part of this Act shall be in writing in the prescribed form.

30

(2) On receipt of any such application the District Board shall proceed to consider the same, and, subject to any directions that the District Board may from time to time receive from the Board, shall determine whether or not the loan shall be granted, and, if so, shall also determine on what terms and conditions, subject to the provisions of this Act, the loan shall be granted.

35

Funds of Board.

54C. (1) The amount of any loan granted by the District Board as aforesaid shall be paid out of moneys advanced to the District Board for the purpose out of the Rural Intermediate Credit Account.

(2) For the purpose of enabling the District Boards to make loans under this Part of this Act the Board shall from time to time pay to each such District Board, out of the Rural Intermediate Credit Account, such amounts as it thinks fit.

40

(3) All moneys so paid to any District Board shall be paid into a separate account to be kept in the name of the District Board at a branch of the bank at which the Rural Intermediate Credit Account is for the time being kept. Such account shall be operated on in manner approved by the Board and not otherwise.

45

Maximum amount of loan that may be granted under this Part.

54D. No person shall be entitled to receive under the provisions of this Part of this Act any loan or loans so that the aggregate amount for the time being outstanding in respect thereof, together with the amount of any loan or loans outstanding under Part II hereof, shall exceed *one thousand pounds*.

50

New.

54E. (1) All loans made by the District Board under this Part of this Act shall be made on behalf of the Board, and shall be secured by a mortgage of chattels with or without such other security as the District Board may require.

Security for loans under this Part.

(2) In addition to the security required by the *last preceding* subsection every loan granted under this Part of this Act shall be collaterally secured by an instrument of guarantee, signed by one or more sureties approved by the District Board, whereby such sureties undertake to answer for the default of the borrower in respect of the repayment of the loan or of any interest thereon, to such extent as may be therein specified, being not less in any case than *twenty* per centum of the amount of the loan originally granted. Any company may, notwithstanding anything to the contrary in its memorandum or articles of association, guarantee the repayment of any loan granted under this Part of this Act or the payment of interest on any such loan.

(3) All securities under this section shall be taken in the name of the Board, and the District Board shall for all purposes of this Part act as the agent of the Board.

(4) The interest payable on any loan granted under this Part of this Act shall not exceed *seven* per centum per annum.

54F. (1) Every loan granted under this Part of this Act shall be repayable on demand and shall be repaid within *five* years after the date of the grant thereof.

(2) Subject to the *last preceding* subsection the amount of any loan may be repaid by instalments at such time or times and in such manner as may be mutually agreed on between the District Board and the borrower.

(3) Without limiting the right of the District Board to demand the repayment of any loan at any time, that Board, not later than the thirty-first day of March in any year, shall inform the borrower of the amount required to be repaid on or before the *next succeeding* thirtieth day of June.

54G. Subject to any directions of the Board in that behalf, all moneys received by any District Board in repayment of loans under this Part of this Act, or as interest in respect of any such loan, shall be paid into the District Board's account, and shall be available for further loans to be granted under this Part of this Act.

Moneys repaid to Board to be available for further loans.

54H. (1) Every District Board established for the purposes of this Part of this Act shall, within thirty days after the close of each year ending on the thirtieth day of June, cause to be prepared a Profit and Loss Account and balance-sheet, setting out the true financial position of the District Board as at the end of the year, and shall transmit the same duly audited to the Board.

Accounts to be kept by Boards.

(2) The Board shall include in its accounts a statement of the accounts of every District Board.

PART III.

LOANS TO CO-OPERATIVE SOCIETIES.

55. (1) This Part of this Act applies only in respect of co-operative societies, as hereinbefore defined, with a subscribed capital of not less than *two thousand five hundred* pounds, and having not less than *thirty* members.

Application of this Part.

(2) If any question arises as to whether any society is a co-operative society within the meaning and for the purposes of this Part of this Act, it shall be determined by the Board, whose decision shall be final.

Board to compile a register of co-operative societies to which this Part of this Act is applicable.

56. (1) Subject to the restrictions imposed by the *last preceding* section, the Board shall compile a register of co-operative societies to which this Part of this Act is applicable. 5

(2) The name of any co-operative society shall not be entered in the register except on the application of such society. Every such application shall be in writing in the prescribed form under the seal of the society, and shall furnish such particulars as to the assets and liabilities of the society and such other particulars as the Board may require. 10

(3) The Board may in its absolute discretion register or refuse to register any society, and may at any time remove from the register the name of any such society.

Board may advance money to co-operative societies on security of produce or live-stock.

57. (1) On application in the prescribed form by any co-operative society registered by the Board under the *last preceding* section, the Board may, on the security of any live-stock or produce the property of the society, with such collateral personal security as the Board may require, advance to the society by way of loan an amount not exceeding *eighty* per centum of the fair market value of the live-stock or produce upon which such loan is secured. 15 20

(2) Every loan under this section shall be for a term not less than *six* months and not more than *three* years. The rate of interest charged on any such loan shall not exceed by more than *one* per centum the rate of interest payable by the Board in respect of its then last issue of debentures under the foregoing provisions of this Act. 25

Societies to furnish periodical reports to Board.

58. (1) Every co-operative society indebted to the Board or to any bank or other financial institution in respect of any loan granted under this Part of this Act shall, as and when required by the Board and at least once in every three months, furnish to the Board in the prescribed form a return showing, with such particulars as the Board may require, the financial position of the society as at a date to be specified in that behalf by the Board. 30

(2) Every such return shall be signed by at least two of the directors of the society, and shall be certified as correct by the secretary and the treasurer. 35

PART IV.

MISCELLANEOUS.

Struck out.

Exemption from stamp duties.

59. All declarations, transfers, assignments, or other instruments executed for the purposes of this Act shall be exempt from stamp duty. 40

New.

Exemptions from stamp duty.

59A. (1) All declarations under the Justices of the Peace Act, 1927, and all declarations of trust, transfers, assignments, or other like instruments executed for the purpose of complying with any requirements of the Board in relation to an advance made by the Board under this Act shall be exempt from stamp duty. 45

(2) Nothing in this section shall be construed to exempt from stamp duty any bill of exchange, promissory note, or receipt.

60. (1) Any Supervisor or Inspector appointed by the Board shall at all reasonable times have full and free access to all lands, buildings, places, books, and documents being the property of or in the possession of any association or co-operative society indebted to the Board in respect of a loan under this Act for the purpose of inspecting the same, and for that purpose may make extracts from or copies of any such books or documents.

Books of associations and co-operative societies to be open for inspection by officers of Board.

(2) Every person who obstructs any such officer in the exercise of his powers under this section commits an offence and is liable on summary conviction to a fine of *fifty* pounds.

61. The District Intermediate Credit Supervisor, whenever required so to do by the Board, being not less frequently than once in any year, shall furnish to the Board a full report of the operations of every association in his district and of every co-operative society carrying on business in his district, in so far as such operations relate to the business of the society with the Board.

Annual report by District Intermediate Credit Supervisor.

62. (1) The Board shall forthwith after the close of each financial year ending on the thirtieth day of June cause to be prepared and furnished to the Minister a full report of its operations during that year, including a report of the operations of every association established under this Act and of co-operative societies registered as provided in this Act.

Annual report as to operations of Board.

(2) The report of the Board shall be laid before Parliament, with its accounts and balance-sheet, as required by section *thirty-three* hereof.

63. (1) The Governor-General may from time to time, by Order in Council, make regulations for all or any of the following purposes:—

Regulations.

(a) The management of the affairs of the Board and of *District Boards and* associations established under this Act, and of co-operative societies in relation to this Act:

(b) The conditions to be observed and the methods to be adopted by the Board in relation to the issue, sale, and redemption of debentures under this Act:

(c) The forms of and conditions relating to any such debentures:

(d) The forms of registers to be kept with respect to such debentures:

(e) The form of application and the fees to be paid to the Board in respect of the conversion of debentures into inscribed stock, or the conversion of inscribed stock into debentures:

(f) The forms of accounts to be kept for the purposes of this Act by the Board, or by any *District Board* or by any association or co-operative society:

(g) The registration of co-operative societies for the purposes of Part *III* of this Act:

(h) The exclusion of any provisions of the Companies Act, 1908, or any amendment of that Act, from operation in relation to any association incorporated for the purposes of this Act:

(i) The conditions on which loans may be granted by the Board in accordance with this Act to *any person* or to any association or co-operative society, including provisions with respect to,—

(i) The storage in approved warehouses and under approved conditions of products securing any such loan, and the release of any such products from time to time for purposes of sale:

(ii) The marketing of any products securing any loan as aforesaid in such manner and at such times as may, in the opinion of the Board, best promote the respective interests of the Board and the owner, and conserve the public welfare :

(j) The limitation and definition of the powers of the Board to carry on the business of discounting bills of exchange :

New.

(jj) Prescribing the maximum legal charges that may be made for the preparation of securities or otherwise in respect of any business of the Board under this Act, and generally with respect to the conduct of the legal business of the Board :

(k) Generally such other matters as may be necessary or desirable in order to give full effect to the purposes of this Act.

(2) A copy of all regulations made for the purposes of this Act shall be laid before Parliament by the Minister within fourteen days after the making thereof if Parliament is then in session, and if not, then within fourteen days after the commencement of the next ensuing session.

64. The Rural Credit Associations Act, 1922, is hereby repealed.

Repeal.

Schedule.

SCHEDULE.

FORM OF MEMORANDUM OF A CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATION.

MEMORANDUM of Association of the Co-operative Rural Intermediate Credit Association, Limited :—

(1) The name of the Association is the Co-operative Rural Intermediate Credit Association, Limited.

(2) The object for which the Association is established is to carry on all such business as is authorized by the Rural Intermediate Credit Act, 1927; and to exercise all powers conferred by that Act.

(3) The liability of the shareholders is limited as provided by the said Act.

(4) The provisional directors are

(5) The name of the acting secretary-treasurer is

We, the undersigned, being persons engaged in farming operations, are desirous of being formed into a Co-operative Rural Intermediate Credit Association in pursuance of the said Act and of this Memorandum of Association, and we agree to take the number of shares (not less than twenty-five each) in the capital of the association set opposite our respective names.

Names of Subscribers.	Description and Addresses of Subscribers.	Signatures.	Number of Shares taken by each.	Signatures of Attesting Witnesses.	Description of Attesting Witnesses.	Residences of Attesting Witnesses.

Dated this day of , 19 .