

1975/193



## THE SUPERANNUATION FUNDS INVESTMENT ORDER 1975

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DENIS BLUNDELL, Governor-General

### ORDER IN COUNCIL

At the Government House at Wellington this 21st day of July 1975

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to the Reserve Bank of New Zealand Act 1964, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following order.

### ORDER

**1. Title and commencement**—(1) This order may be cited as the Superannuation Funds Investment Order 1975.

(2) This order shall come into force on the 1st day of August 1975.

**2. Interpretation**—In this order, unless the context otherwise requires,—

“Amount of the residual assets”, in relation to a superannuation fund and to any time, means an amount calculated as at that time in accordance with the following formula:

$$a - b$$

where—

a is the amount equal to the cost of all assets held by that fund at that time; and

b is the sum of—

(i) The cost of all investments (being investments by way of deposit with the National Provident Fund or by way of deposit in New Zealand with any company to which section 149 of the Land and Income Tax Act 1954 applies) held at that time by that fund, but not including any investments representing any money referred to in paragraph (iii) of this item b; and

- (ii) The cost of all policies, being policies—
  - (A) As defined in section 41 of the Life Insurance Act 1908; and
  - (B) Issued by a company to which section 149 of the Land and Income Tax Act 1954 applies; and
  - (C) Providing benefits for persons under that fund; and
  - (D) The premiums in respect of which are payable in New Zealand—

that are included in the assets of that fund at that time and are currently in force at that time; and

(iii) The amount of the principal sum of any money (not being money invested outside New Zealand) owing at that time by that fund to any other superannuation fund; and

(iv) The amount of the principal sum (not being a principal sum referred to in paragraph (iii) of this item b) owing at that time by that fund under any first mortgage over any land in New Zealand owned by that fund; and

(v) The amount of \$50,000:

“Bank” means the Reserve Bank of New Zealand.

“Cost”, in relation to any asset included in the assets of a superannuation fund and to any time, means—

(a) In the case of an asset (other than an asset to which paragraph (b) or paragraph (c) or paragraph (d) of this definition applies)—

(i) In any case where subparagraph (ii) of this paragraph does not apply, the amount of the consideration for which that asset was acquired by that fund, including the amount of any commission, brokerage, stamp duty, or other expenditure incidental to and related to that acquisition:

(ii) In any case where—

(A) That asset was acquired by that fund without consideration or for a consideration less than the true value of that asset at the time it was so acquired; or

(B) The whole or a part of the consideration for which that asset was acquired by that fund was other than money—

such amount as the Bank determines, in such manner as it thinks fit, as the value of that asset at the time it was so acquired:

(b) In the case of an asset which consists of a policy (as defined in section 41 of the Life Insurance Act 1908) currently in force at that time, the aggregate amount of all premiums theretofore paid by that fund in respect of that policy:

(c) In the case of an asset which consists of a debt, not being—

(i) A public security, or a Housing Corporation security, or a debenture issued by a company, or a bond, or other like security; or

(ii) An asset to which paragraph (d) of this definition applies,—  
the amount of the principal sum of that debt owing to that fund at that time:

(d) In the case of an asset which consists of money (whether in a bank account or otherwise), the amount of that money:

Provided that in any case where the market value at that first-mentioned time of an asset (not being an asset referred to in paragraph (b) or paragraph (d) of this definition, or a public security or a Housing Corporation security) is less than the amount which would, but for this proviso, be the cost of that asset within the meaning of the foregoing provisions of this definition, the cost of that asset shall for the purposes of this definition, be deemed to be an amount equal to that market value:

“Housing Corporation securities” means debentures, stock, or other securities issued by the Housing Corporation of New Zealand pursuant to Part IV of the Housing Corporation Act 1974:

“Housing investment” means any advance secured by way of mortgage for the purchase or erection of any house or other dwelling place in New Zealand used or to be used for private residential purposes; and includes any advance secured as aforesaid over any land purchased for such purposes; and also includes any land purchased for such purposes:

“Land” includes any estate or interest, whether freehold or chattel, in real property:

“Local authority securities” means debentures, stock, or other securities issued by any local authority within the meaning of Part I of the Local Authorities Loans Act 1956, whether by virtue of section 2 of that Act or of any Order in Council thereunder, or by virtue of any other Act:

“New Zealand Government securities” means securities issued pursuant to the New Zealand Loans Act 1953 that are registered in a register kept in New Zealand:

“Public securities” means New Zealand Government securities and local authority securities:

“Superannuation Fund” or “fund” means any superannuation fund or scheme that is a financial institution for the purposes of the Reserve Bank of New Zealand Act 1964.

### 3. Superannuation funds to hold Government and local authority securities—(1) Every superannuation fund shall—

- (a) At all times on and after the commencement of this order until the 31st day of March 1976, hold in its beneficial ownership public securities of a total amount equal to at least 30 percent of the amount of the residual assets of that fund, of which total amount New Zealand Government securities shall comprise at least 20 percent of the amount of residual assets of that fund:
- (b) At all times during the year ending with the 31st day of March 1977, hold in its beneficial ownership public securities of a total amount equal to at least 32 percent of the amount of the residual assets of that fund, of which total amount New Zealand Government securities shall comprise at least 22 percent of the amount of residual assets of that fund:

- (c) At all times during the year ending with the 31st day of March 1978, hold in its beneficial ownership public securities of a total amount equal to at least 34 percent of the amount of the residual assets of that fund, of which total amount New Zealand Government securities shall comprise at least 24 percent of the amount of residual assets of that fund:
- (d) At all times during the year ending with the 31st day of March 1979, hold in its beneficial ownership public securities of a total amount equal to at least 36 percent of the amount of the residual assets of that fund, of which total amount New Zealand Government securities shall comprise at least 26 percent of the amount of residual assets of that fund:
- (e) At all times during the year ending with the 31st day of March 1980, hold in its beneficial ownership public securities of a total amount equal to at least 38 percent of the amount of the residual assets of that fund, of which total amount New Zealand Government securities shall comprise at least 28 percent of the amount of residual assets of that fund:
- (f) At all times after the 31st day of March 1980, hold in its beneficial ownership public securities of a total amount equal to at least 40 percent of the amount of the residual assets of that fund, of which total amount New Zealand Government securities shall comprise at least 30 percent of the amount of residual assets of that fund.

(2) Notwithstanding anything in subclause (1) of this clause, a fund shall be deemed to comply with the requirement to hold New Zealand Government securities if at all times on and after the commencement of this order—

- (a) The fund holds in its beneficial ownership such securities equal to at least 20 percent of the amount of the residual assets of that fund; and
- (b) To the extent necessary to comply with the minimum requirement to hold New Zealand Government securities, has housing investments or holds in its beneficial ownership Housing Corporation securities:

Provided that Housing Corporation securities shall not comprise more than 10 percent of the amount of residual assets of that fund.

(3) A fund which makes any payment to the issuing authority or its agent by way of advance subscription for any future issue of New Zealand Government or Housing Corporation securities or by way of any instalment of the current subscription for New Zealand Government or Housing Corporation securities shall be deemed to hold New Zealand Government or Housing Corporation securities to the extent of that payment.

**4. Returns to the Reserve Bank—**(1) Within 60 days after the 31st day of March in each year (or such other date as may be agreed to by the Bank), every superannuation fund shall send to the Bank at Wellington a statement of its assets and liabilities and income and expenditure account prepared in each case in accordance with generally accepted accounting principles consistently applied for the year ended with that date and a certificate signed by its trustee or manager that it has complied with the provisions of this order.

(2) Every such statement shall include a return in the form specified in the Schedule to this order.

**5. Exemptions**—(1) The Bank may from time to time, by notice in writing to the trustee of any fund, exempt that fund from compliance with any provision of this order, subject to such conditions as the Bank thinks fit.

(2) The Bank, with the consent of the Minister of Finance, may from time to time, by notice in the *Gazette*, exempt any class or classes of fund or funds from compliance either wholly or partially with any provision of this order subject to such conditions as the Bank may require.

(3) Any exemption granted under subclause (1) of this clause may, by notice in writing to the trustee of the fund, be revoked or varied by the Bank from time to time as it thinks fit.

SCHEDULE

RETURN TO BE MADE TO RESERVE BANK BY SUPERANNUATION FUNDS  
SUPERANNUATION FUND RETURN YEAR ENDED .....

Name of Fund .....

Address (To which notices are to be sent) .....

Names of Trustees (in full) .....

Amount of Residual Assets\* as at Balance Date—

A. Cost* of all assets	.....	.....	\$.....
LESS			
B. Cost* of—			
(i) Deposits with National Provident Fund	.....	.....	\$.....
(ii) Deposits with Insurance Companies in New Zealand	.....	.....	\$.....
(iii) Life insurance policies held in New Zealand	.....	.....	\$.....
Amount of—			
(iv) Principal owing in New Zealand to other Superannuation Funds	.....	.....	\$.....
(v) Principal owing by the Fund under first mortgage on land in New Zealand	.....	.....	\$.....
(vi) .....	.....	.....	\$50,000
			<hr/>
			\$.....

Please enter amount of undermentioned assets held at balance date—

	(Nominal)	(Cost)
(i) New Zealand Government securities	\$.....	\$.....
(ii) Housing Corporation securities	\$.....	\$.....
(iii) Housing investments	\$.....	\$.....
(iv) Local authority securities	\$.....	\$.....
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	\$.....	\$.....

\*As defined in the Superannuation Funds Investment Order 1975.

(If securities are registered in the name of a nominee company, please state name .....)

I hereby certify that this return is correct and that the Fund has complied with the provisions of the Superannuation Funds Investment Order 1975.

.....  
(Trustee/Manager)

.....  
[Date]

A. C. McLEOD,  
Acting for Clerk of the Executive Council.

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#### EXPLANATORY NOTE

*This note is not part of the order, but is intended to indicate its general effect.*

This order requires Superannuation Funds that are financial institutions for the purposes of the Reserve Bank of New Zealand Act 1964 to hold Government securities and local authority securities of a total amount specified in clause 3.

The amount of securities to be held is increased by 2 percent per year over the next 5 years. The additional requirement may be satisfied by holdings of securities issued by the Housing Corporation of New Zealand or other housing investments.

Superannuation Funds are required to make annual returns to the Reserve Bank of New Zealand.

The Bank may grant exemptions from compliance with these requirements, subject to such conditions as the Bank thinks fit. Any exemption may be revoked or varied at any time.

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Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 24 July 1975.

This order is administered in the Reserve Bank of New Zealand.