

Finance Act 1934

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An Act to make Provision with respect to Public Finance and other Matters.

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 Finance Act, 1934.

Part I
Provisions affecting the Reserve Bank of New Zealand

2 This Part to be read with Reserve Bank Act.

This Part of this Act shall be read together with and deemed part of the Reserve Bank of New Zealand Act, 1933 (hereinafter in this Part referred to as the principal Act).

3 Validating the appointment of shareholders' directors of Reserve Bank.

Whereas by subsection three of section twenty-nine of the principal Act it is provided that no person who is not a shareholder for the time being qualified to vote at general meetings of shareholders shall be appointed or elected as a

shareholders' director: And whereas by subsection three of section forty-seven of the principal Act shareholders have no voting-powers except in respect of shares of which they have been registered proprietors for not less than six months: And whereas on the date on which the first appointment of shareholders' directors was made there were no shareholders who had been registered as proprietors of their shares for the aforesaid period of six months, and it is desirable that any doubt that may exist as to the validity of the appointment of such directors should be removed: Be it therefore enacted as follows:—

The several shareholders' directors of the Reserve Bank of New Zealand, appointed by the Governor-General by Order in Council dated the nineteenth day of May, nineteen hundred and thirty-four, shall be deemed to have been validly appointed as such on the said date, and the Board of Directors of the said Bank shall be deemed to have been validly constituted on that date.

4 Any appreciation or depreciation of assets of Reserve Bank, due to any alteration that may hereafter be made in exchange rate while value of local currency not fixed by statute in terms of sterling, to be credited to or borne by Consolidated Fund.

Whereas by section sixteen of the principal Act the Reserve Bank is obliged, within the limits of that section, to give sterling for immediate delivery in London in exchange for notes of the Bank, and to give notes of the Bank in exchange for sterling for immediate delivery in London, the rate of exchange in any such transaction to be fixed by the Bank: And whereas a definite relationship between the currency of New Zealand and sterling has not been fixed by statute: And whereas it is advisable that any depreciation of the assets of the Reserve Bank (expressed in the currency of New Zealand) due to the fixation by statute at any time hereafter of a definite relationship between the currency of New Zealand and sterling or due to any alteration of the rate of exchange theretofore made by the Reserve Bank should be charged against the Consolidated Fund, and that any appreciation of the assets of the Reserve Bank (expressed in the currency of New Zealand) due to such fixation or to any such alteration of the rate of exchange as aforesaid should be credited to the Consolidated Fund: Be it therefore enacted as follows:—

- (1) The Minister of Finance shall, from time to time, without further appropriation than this section, pay to the Reserve Bank, out of the Consolidated Fund, an amount equal to the amount of any depreciation of the assets of the Reserve Bank (expressed in the currency of New Zealand) due to the fixation by statute at any time hereafter of a definite relationship between the currency of New Zealand and sterling, or due to any alteration of the rate of exchange that may theretofore be made by the Reserve Bank.
- (2) The Reserve Bank shall from time to time pay into the Consolidated Fund an amount equal to the amount of any appreciation of the assets of the Reserve Bank (expressed in the currency of New Zealand) due to the fixation by statute at any time hereafter of a definite relationship between the currency of New

Zealand and sterling, or due to any alteration of the rate of exchange that may theretofore be made by the Reserve Bank.

5 Provisional amendment of New Zealand Loans Act, 1932, to become effective if and when Reserve Bank acts as Registrar of Inscribed Stock.

Whereas by section twenty-two of the principal Act it is provided that the Reserve Bank, if and when required by the Minister of Finance so to do, shall keep the New Zealand Register of Inscribed Stock: And whereas the giving effect to this provision will necessitate the modification of certain provisions of the New Zealand Loans Act, 1932, and it is desirable that provision be now made for such modifications: Be it therefore enacted as follows:—

- (1) If the Minister of Finance, pursuant to the authority conferred on him by section twenty-two of the principal Act, requires the Reserve Bank to keep the New Zealand Register of Inscribed Stock, he shall forthwith cause notice of such requirement and of the date on which it is intended to take effect to be published in the *Gazette*.
- (2) On the date on which such requirement takes effect the New Zealand Loans Act, 1932, shall be deemed to be amended as follows:—
 - (a) By omitting from section thirty-four thereof the words “The person for the time being holding the office of Secretary to the Treasury”, and substituting the words “The Reserve Bank of New Zealand”:
 - (b) By repealing section thirty-five thereof:
 - (c) By omitting from section thirty-eight thereof the words “the Registrar”, and substituting the words “an officer of the Reserve Bank of New Zealand purporting to act in the course of his duties as such”:
 - (d) By repealing section fifty-one thereof and substituting the following new section:—

“51

The Registrar shall from time to time furnish to the Treasury certified statements as to the amount of stock inscribed under this Part of this Act, with such other particulars relating thereto as the Treasury may require, and the Audit Office shall for all purposes accept such certified statements as correct.”

6 Section 13 of principal Act amended.

Section thirteen of the principal Act is hereby amended by repealing paragraphs (d), (e), and (h) of subsection one, and substituting the following paragraphs respectively:—

- “(d) Discount, rediscount, buy, and sell bills of exchange, promissory notes, and other documents arising out of *bona fide* commercial transactions (including *bona fide* transactions in relation to the production, marketing, and sale of live-stock and primary products), and bearing two or more good signatures

and maturing either within one hundred and twenty days after the date of the document or not later than ninety days after sight:

- “(e) Discount, rediscount, buy, and sell bills of exchange, promissory notes, and other documents arising out of *bona fide* transactions in relation to the production, marketing, and sale of live - stock and primary products, and bearing two or more good signatures and maturing within six months after the date of their acquisition by the Bank:

“Provided that the Bank shall not at any time acquire any bills or other documents under the authority of this paragraph if by the acquisition of such documents the total value of all documents acquired by the Bank under the authority of this paragraph and then held by it would exceed five per centum of the total value of the assets of the Bank:

- “(h) Buy and sell New Zealand Government securities or securities of the Government of the United Kingdom, but so that the amount of the securities so held with an unexpired currency of more than three months shall not at any time exceed an amount equal to three times the paid-up capital of the Bank and its reserves.”

7 Requirement of two good signatures for certain classes of bills of exchange.

For the purposes of section seventeen and of paragraph (d) of subsection one of section thirteen of the principal Act a bill of exchange payable at any place out of New Zealand shall be deemed to bear two good signatures if it bears one such signature and is the subject of an irrevocable undertaking to accept, given to the Bank by any person, firm, or corporation whose signature to the acceptance of such bill would constitute a good signature.

8 Section 16 of principal Act amended.

Section sixteen of the principal Act is hereby amended by omitting from subsection one and also from subsection two the words “five thousand pounds”, and in each case substituting the words “one thousand pounds”.

9 Section 29 of principal Act amended.

Section twenty-nine of the principal Act is hereby amended by adding to subsection three the following words: “If any shareholders’ director ceases at any time to be a shareholder of the Bank he shall thereupon vacate his office as a director”.

10 Date of first general meeting of shareholders.

Section forty-seven of the principal Act is hereby amended by adding to subsection one the following proviso:—

“Provided that the first ordinary general meeting of shareholders may be held at any time not later than the thirty-first day of July, nineteen hundred and thirty-five.”

11 Directors of Reserve Bank may in any year authorize payment in advance to Consolidated Fund in respect of profits for that year.

If in any financial year the Board of Directors of the Reserve Bank is satisfied that there will be a surplus available for distribution at the end of the year, in accordance with the provisions of section thirty-six of the principal Act, it may, at the request of the Minister of Finance, authorize the payment in advance to the Consolidated Fund of the whole or any part of the amount which, in its opinion, will become payable to the Consolidated Fund in respect of that year pursuant to the said section.

12 Banks Indemnity (Exchange) Act, 1932-33, repealed as on 1st August, 1934.

The Banks Indemnity (Exchange) Act, 1932-33, shall be deemed to be repealed on the first day of August, nineteen hundred and thirty-four (being the date on which the Reserve Bank is entitled to commence business).

Part II

Provisions relating to National Expenditure Adjustment Act, 1932

13 This Part to be read with National Expenditure Adjustment Act.

This Part of this Act shall be read together with and deemed part of the National Expenditure Adjustment Act, 1932 (hereinafter in this Part referred to as the principal Act).

14 Extension of period during which Part III of principal Act (effecting reductions of interest and rent) to continue in operation.

- (1) Section thirty-one of the principal Act is hereby amended by omitting the reference to the first day of April, nineteen hundred and thirty-five, and substituting a reference to the first day of April, nineteen hundred and thirty-seven.
- (2) Section thirty-four of the principal Act is hereby amended by omitting from subsection one the references to the first day of April, nineteen hundred and thirty-five, and in each case substituting a reference to the first day of April, nineteen hundred and thirty-seven.
- (3) Section forty-one of the principal Act is hereby amended by omitting from subsection one the word "three" before the words "consecutive financial years", and substituting the word "five".
- (4) Section five of the Finance Act, 1933, is hereby amended by omitting from subsection four the reference to the thirty-first day of March, nineteen hundred and thirty-five, and substituting a reference to the thirty-first day of March, nineteen hundred and thirty-seven.

15 Conferring on Governor-General in Council permanent authority to fix rates of interest on deposits with savings-banks.

Section fifty of the principal Act is hereby amended by repealing the proviso to subsection one thereof.

16 Extending authority of Governor-General in Council to fix rates of interest on deposits with building or investment societies.

- (1) Section fifty-one of the principal Act is hereby amended by repealing the proviso to subsection one thereof.
- (2) Except as provided in the next succeeding subsection, no Order in Council under section fifty-one of the principal Act shall apply with respect to any period commencing after the thirty-first day of March, nineteen hundred and thirty-seven.
- (3) The limitation of time imposed by the last preceding subsection shall have no application to the provisions of any Order in Council in so far as they fix the maximum rates of interest that may be paid by building societies on savings-bank deposits within the meaning of section thirty-two of the Finance Act, 1932 (No. 2).

17 Extension of period during which Part VI of principal Act (relating to rates of interest on deposits with trading-companies) to continue in operation.

Section fifty-eight of the principal Act is hereby amended by omitting from the proviso to subsection one the reference to the thirty-first day of March, nineteen hundred and thirty-five, and substituting a reference to the thirty-first day of March, nineteen hundred and thirty-seven.

Part III Miscellaneous

18 Repeal.

Section twenty-five of the Finance Act, 1932 (No. 2), is hereby repealed:

Provided that the repeal of the said section shall not affect the validity of anything lawfully done thereunder.

19 Extension of powers conferred by section 60(2) of Finance Act, 1932, with respect to timber-cutting licenses granted over Native land.

The power to extend the duration of timber-cutting licenses, conferred on Maori Land Boards by subsection two of section sixty of the Finance Act, 1932, is hereby extended, as from the passing of that Act, to enable and to have enabled any Maori Land Board to extend the duration of any such license notwithstanding that an order may not have been made under subsection one of that section with respect to the royalty or other consideration payable under

such license, or notwithstanding that application for any concession under that subsection in respect of such royalty or other consideration may not have been made by the licensee.

20 Restrictions imposed on the application by local authorities of capital moneys derived from sale of assets representing loan-moneys or of other capital moneys representing loan-moneys.

- (1) In this section the term “local authority” means any local authority or public body that for the time being is a local authority within the meaning of the Local Government Loans Board Act, 1926, whether by virtue of section two of that Act or of any Order in Council thereunder, or by virtue of the provisions of any other Act.
- (2) This section applies to all moneys received by a local authority after the passing of this Act—
 - (a) From the sale of any assets purchased or constructed out of loan-moneys, whether by the same local authority or any other local authority; and
 - (b) In repayment of any advances made by the same local authority or any other local authority out of loan-moneys; and
 - (c) In any other case if, in the opinion of the Audit Office, such moneys represent a reimbursement of moneys expended by the same local authority or any other local authority out of loan-moneys.
- (3) This section also applies to all moneys received before the passing of this Act by any local authority, and unexpended on the passing of this Act, if this section would be applicable to such moneys in accordance with the provisions of the last preceding subsection if received by the local authority after the passing of this Act.
- (4) Except as provided in the next succeeding subsection, all moneys to which this section applies shall forthwith after the passing of this Act, or immediately on their receipt by a local authority after the passing of this Act, as the case may be, be paid by the local authority into a separate account to be kept at the bank where the local fund is kept.
- (5) Nothing in the last preceding subsection shall apply to any moneys received by a local authority if the liability of the local authority in respect of the loan represented by such moneys (including any loan raised by renewal or conversion of an original loan) has been completely discharged, or to any moneys received by the local authority in excess of its outstanding liability in respect of any such loan.
- (6) Any moneys standing to the credit of the separate account referred to in subsection four hereof may be applied by the local authority in manner following, and not otherwise, that is to say:—
 - (a) In or towards repayment of the appropriate loan; or

- (b) By payment into the sinking fund (if any) of the appropriate loan; or
 - (c) In the case of moneys received in repayment of advances made out of loan-moneys by the same or any other local authority, in the making of similar advances if the power to make such advances is still within the power of the local authority; or
 - (d) For any other lawful purpose that may be approved by the Local Government Loans Board.
- (7) The approval by the Local Government Loans Board of any purpose, pursuant to paragraph (d) of the last preceding subsection, may be given subject to such terms, conditions, and stipulations as it thinks fit.

Repeals.

- (8) Subsection four of section two hundred and thirty-four and subsection five of section two hundred and eighty-nine of the Municipal Corporations Act, 1933, are hereby repealed.