



ANALYSIS

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1974, No. 45

An Act to encourage saving for farm ownership

[31 August 1974]

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 and application—This Act may be cited as the Farm Ownership Savings Act 1974.

2. Interpretation—(1) In this Act, unless the context otherwise requires,—

“Authorised savings institution” means—

(a) The Post Office Savings Bank referred to in Part VII of the Post Office Act 1959:

(b) A trustee savings bank established under the Trustee Savings Banks Act 1948:

(c) A building society which is an approved society under section 57A of the Building Societies Act 1965:

“Corporation” means the Rural Banking and Finance Corporation of New Zealand:

“Depositor” means any individual or, in the case of a joint Account, any 2 individuals for whose benefit a Farm Ownership Account has been opened and maintained:

“Farm”, in relation to any depositor, means any area of agricultural, pastoral or horticultural land suitable, in the opinion of the Corporation, as an agricultural, pastoral, or horticultural holding for the depositor:

“Farm Ownership Account” means a savings account under that name with an authorised savings institution:

“Home Ownership Account” means a Home Ownership Account as defined in subsection (1) of section 2 of the Home Ownership Savings Act 1974:

“Minister” means the Minister of Finance:

“Purchase grant” means a grant payable under section 7 of this Act:

“Qualifying date”, in relation to the Farm Ownership Account of any depositor, means the date on which the balance of the Account (including interest) reaches \$250 or if, by reason of withdrawals from the Account, the balance reaches \$250 more than once, the latest date on which the balance reaches \$250:

“Qualifying year”, in relation to the Farm Ownership Account of any depositor, means a period of 12 months ending on any anniversary of the qualifying date in respect of that Account:

“Terminating date”, in relation to any depositor, means the date of payment of a purchase grant to the depositor:

(2) For the purposes of this Act, a farm may be acquired by a depositor—

- (a) By the purchase of an estate in fee simple in a farm;
or
- (b) By the purchase of a leasehold estate in a farm for a remaining term (including any rights of renewal) of not less than 21 years.

3. Eligible savings—(1) Subject to this section, for the purposes of this Act the amount of the eligible savings, in relation to the Farm Ownership Account of any depositor, at any date shall be—

- (a) Where that date is the qualifying date, \$250:
- (b) Where that date is during any qualifying year, the lesser of—
 - (i) The balance of the Account at that date:
 - (ii) The sum of the amount of the eligible savings on the day immediately preceding the first day of that qualifying year and \$3,000 (or such other amount as the Governor-General may, from time to time, by Order in Council declare).

(2) Notwithstanding anything in subsection (1) of this section, in no case shall the amount of the eligible savings, in relation to the Farm Ownership Account of any depositor, exceed \$30,250 or such other amount as the Governor-General may, from time to time, by Order in Council declare.

(3) For the purposes of calculating the amount of the eligible savings, in relation to the Farm Ownership Account of any depositor at any date, interest payable on money in the Account, other than accumulated interest up to and including the qualifying date, shall not be taken into consideration.

(4) Where any amount is withdrawn from the Farm Ownership Account of any depositor at any date the amount of the eligible savings in the Account at that date and at all earlier dates shall be reduced by the amount of the withdrawal so far as the amount of the eligible savings extends:

Provided that the amount of the eligible savings shall not be reduced to the extent that, before the amount of the withdrawal is taken into consideration, the balance of the Account at that date exceeds the amount of the eligible savings at that date.

(5) Where a depositor withdraws the whole or any part of the balance in his Farm Ownership Account to be used as a deposit under a conditional agreement to acquire a farm, and the agreement fails to become binding and the depositor pays all or part of the amount withdrawn into that Account as soon as practicable, the amount of the withdrawal, to the extent that it has been paid into the Account, shall be deemed not to have been withdrawn for the purposes of calculating the amount of the eligible savings of the depositor.

4. Notice of conditions—The terms and conditions upon which applications for purchase grants will be considered, purchase grants allowed and paid, and balances in Home Ownership Accounts transferred to Farm Ownership Accounts shall be in accordance with regulations made under this Act or, in default of any such regulations and so far as any such regulations do not extend, in accordance with the written directions of the Minister.

5. Persons eligible to open Accounts—No person shall be entitled to open a Farm Ownership Account without the prior written consent of the Corporation, which shall not be given unless it is satisfied that the person seeking to open an Account has attained the age of 15 years and—

- (a) Is a pupil at a secondary school in New Zealand who has, in writing, notified the Corporation that he intends to become a farmer in New Zealand; or
- (b) Is undertaking, at any university or other similar institution in New Zealand or elsewhere, a course of study which, in the opinion of the Corporation, will be of material assistance in enabling him to become an efficient farmer; or
- (c) Is exclusively or principally engaged or employed in the farming industry in New Zealand or in any associated industry servicing the farming industry in New Zealand.

6. Persons ineligible to receive grants—(1) In this section the expression “substantial interest in land” means a beneficial estate (at law or in equity) in any land in New Zealand or elsewhere of a value and nature from time to time determined, for the purposes of this Act, by the Corporation.

(2) Notwithstanding anything in this Act, no depositor shall be eligible for a purchase grant where, in the opinion of the Corporation, at the time when payment of the grant is sought, the depositor or, in the case of a joint Farm Ownership Account, either of the depositors—

- (a) Is not a New Zealand citizen; or
- (b) Solely or jointly or in common with any other person holds or has held a substantial interest in land in New Zealand or elsewhere; or
- (c) Solely or jointly with any other person has or has had at any time a controlling interest in any limited

liability company or in any other body corporate which at that time held any substantial interest in land in New Zealand or elsewhere; or

- (d) Solely or jointly with any other person has received a purchase grant; or
- (e) Is the spouse of any person to whom paragraph (b) or paragraph (c) or paragraph (d) of this subsection would apply if that person were a depositor; or
- (f) Has not, since the opening of his Farm Ownership Account, had substantial practical farming experience.

7. Purchase grants—(1) Subject to this Act, where the Corporation is satisfied that the grant is to be used by a depositor in the acquisition of a farm in New Zealand, there shall, to the extent to which the Corporation is satisfied that the eligible savings of the depositor are to be used by the depositor in the acquisition of the farm, be paid by the Corporation to the depositor—

- (a) Where the terminating date is not less than 5 years but less than 6 years from the qualifying date, a purchase grant equal to 25 percent of the depositor's eligible savings:
- (b) Where the terminating date is not less than 6 years but less than 7 years from the qualifying date, a purchase grant equal to 30 percent of the depositor's eligible savings:
- (c) Where the terminating date is not less than 7 years but less than 8 years from the qualifying date, a purchase grant equal to 35 percent of the depositor's eligible savings:
- (d) Where the terminating date is not less than 8 years but less than 9 years from the qualifying date, a purchase grant equal to 40 percent of the depositor's eligible savings:
- (e) Where the terminating date is not less than 9 years but less than 10 years from the qualifying date, a purchase grant equal to 45 percent of the depositor's eligible savings:
- (f) Where the terminating date is on or after the tenth anniversary of the qualifying date, a purchase grant equal to 50 percent of the depositor's eligible savings.

(2) Notwithstanding anything in subsection (1) of this section, the percentages specified in any paragraph of that subsection may, from time to time, be varied by the Governor-General by Order in Council.

(3) No purchase grant shall be paid to any depositor in respect of any eligible savings withdrawn by him from his Farm Ownership Account earlier than 5 years after the qualifying date.

(4) Where a depositor dies before the depositor has been paid a purchase grant, the personal representatives of the depositor may, to provide a farm for the widow or widower or any dependant of the depositor, apply for a purchase grant and the Corporation may deal with the application in the same manner, with any necessary modifications, as if the depositor had made the application.

(5) No depositor shall be paid more than one purchase grant or, subject to section 10 of this Act, have a purchase grant calculated by reference to eligible savings in more than one Farm Ownership Account.

8. Preservation of rights—Where, by reason of an Order in Council made pursuant to subparagraph (ii) of paragraph (b) of subsection (1) or subsection (2) of section 3 or subsection (2) of section 7 of this Act, the purchase grants payable to depositors are reduced, in so far as those purchase grants are calculated by reference to the eligible savings of a depositor at the date the Order in Council comes into force, those purchase grants shall be calculated as if the Order in Council had not been made.

9. Disposition of farm within 5 years of payment of purchase grant—(1) No depositor shall dispose of, part possession with, let, or sublet the whole or any part of a farm in respect of the acquisition of which a purchase grant has been paid within 5 years of the date of payment of that grant except with the prior written consent of the Corporation, which may be given subject to such conditions as it thinks fit.

(2) Where any depositor fails to comply with any of the provisions of subsection (1) of this section or with any condition imposed by the Corporation under that subsection, the depositor shall be liable to repay to the Corporation the purchase grant received by the depositor.

(3) In order to secure compliance with the foregoing provisions of this section, the Corporation may, in respect of the amount of any purchase grant, declare that amount to be a charge on the land concerned, and execute and register the charge under the Statutory Land Charges Act 1928.

(4) No fee shall be payable under any Act in respect of the registration of any document required for the purpose of registering or releasing (whether wholly or in part) any charge created under subsection (3) of this section.

10. Aggregation of grants—The purchase grant payable under this Act may be aggregated when 2 depositors who have separate Farm Ownership Accounts amalgamate their eligible savings for the purpose of acquiring a farm for their joint occupation.

11. Joint Accounts—Where 2 depositors have a joint Farm Ownership Account and the Corporation is satisfied that by reason of circumstances which have arisen since the Account was opened it is impracticable for the depositors to acquire a farm for their joint occupation, it may in its discretion allow all or part of the money deposited in the Account to be transferred into a separate Farm Ownership Account in the name of either depositor and to treat the money so transferred as deposited in the separate Account as at the date or dates it considers equitable for the purpose of calculating the eligible savings of either depositor.

12. Transferability—(1) Subject to this Act, balances in a Home Ownership Account may be transferred to a Farm Ownership Account.

(2) No balances in a Farm Ownership Account with any authorised savings institution may be transferred to a Farm Ownership Account with any other authorised savings institution:

Provided that where a depositor has a Farm Ownership Account with an authorised savings institution which has a limited area of operation, and the depositor changes his place of residence to a place outside that limited area, the balance in his Farm Ownership Account may, subject to such conditions as the Corporation may specify, either generally or in any particular case, be transferred to another authorised savings institution whose area of operation includes that new place of residence.

(3) Any transfer of a Farm Ownership Account of any depositor from one authorised savings institution to another authorised savings institution pursuant to the proviso to subsection (2) of this section shall not affect the calculation of the eligible savings or the rights of the depositor.

13. Payment to Corporation—The Minister may from time to time, without further appropriation than this section, pay from the Consolidated Revenue Account to the Corporation any amount required for the payment of purchase grants allowable under this Act and for the costs of administration and other proper disbursements.

14. Exemption from income tax—All purchase grants shall be exempt from income tax.

15. Information to be supplied to Minister or Corporation—Notwithstanding anything in any other Act, every authorised savings institution shall furnish to the Minister or to the Corporation such information and particulars in relation to Farm Ownership Accounts opened with the institution as the Minister may from time to time require to be furnished:

Provided that nothing in this section shall authorise the Minister to require any authorised savings institution to furnish any information which, in accordance with accepted banking practice, a banker is not obliged to disclose without the consent of the depositor concerned, unless that consent has been obtained.

16. Offences and penalties—(1) Every person commits an offence against this Act who—

(a) Makes any statement knowing it to be false in any material particular or otherwise wilfully misleads or attempts to mislead the Corporation or any officer of the Corporation or any other person in relation to any application for a purchase grant for himself or any other person:

(b) Being a person to whom a purchase grant has been paid under this Act—

(i) Fails, within a reasonable time after being required to do so, to supply in writing to the Corporation any information requested by the Corporation for the purpose of ascertaining whether or not the terms and conditions under which the purchase grant was paid have been fulfilled or whether

or not any event has taken place by reason of which the purchase grant or any part thereof is repayable:

Provided that no person shall be required to supply any information tending to incriminate himself; or

(ii) Supplies any information knowing it to be false in any material particular.

(2) Any person who commits an offence under subsection (1) of this section is liable on summary conviction—

(a) To imprisonment for a term not exceeding 6 months or to a fine not exceeding \$1,000; and

(b) To repay in full to the Corporation any purchase grant wrongfully obtained.

17. Regulations—(1) The Governor-General may from time to time, by Order in Council, make regulations in regard to any matter or for any purpose for which regulations are prescribed or contemplated by this Act or may be necessary for giving full effect to the provisions of this Act and for the due administration thereof.

(2) Without limiting the general power to make regulations conferred by subsection (1) of this section, regulations may be made under that subsection—

(a) Prescribing the mode of making application for purchase grants:

(b) Prescribing the procedure for payment of purchase grants:

(c) Prescribing offences in respect of the contravention of or non-compliance with any regulations made under this Act or any term or condition given pursuant to any such regulations, and prescribing penalties on summary conviction not exceeding \$200 in respect of any such offences.

18. Consequential amendment—Section 22 of the Trustee Savings Banks Act 1948 is hereby amended by inserting in subsection (2) (as substituted by section 9 (1) of the Trustee Savings Banks Amendment Act 1972), after paragraph (a), the following paragraph:

“(aa) \$60,000 in respect of any one Farm Ownership Account (as defined in subsection (1) of section 2 of the Farm Ownership Savings Act 1974:”

This Act is administered by the Rural Banking and Finance Corporation of New Zealand.