New Zealand.

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1932, No. 18.

AN ACT to amend the National Expenditure Adjustment Act, 1932. [*9th December, 1932.* Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the National Expenditure Adjustment Amendment Act, 1932, and shall be read together with and deemed part of the National Expenditure Adjustment Act, 1932 (hereinafter referred to as the principal Act). Short Title.

Amendments of Part III of Principal Act.

2. (1) Section twenty-nine of the principal Act is hereby amended as from the passing thereof by inserting, before the definition of the term "contract" in subsection one, the following definition:— Definition of term "chattels" for purposes of Part III of principal Act.

"'Chattels' has the meaning given thereto by section two of the Chattels Transfer Act, 1924."

(2) Without affecting the meaning of the term "chattels" as defined by section two of the Chattels Transfer Act, 1924, aforesaid, it is hereby expressly declared that a policy for securing a life insurance, endowment, or annuity is not a chattel for the purposes of Part III of the principal Act. Every such policy shall be deemed to be property situated in New Zealand if the premiums in respect thereof are payable in New Zealand or if the interest under any instrument of security granted in respect thereof is payable in New Zealand.

(3) Where before the passing of this Act interest accrued in respect of a period commencing after the thirty-first day of March, nineteen hundred and thirty-two, has been paid under any instrument of security granted over or in respect of any policy for securing a life insurance, endowment, or annuity, in excess of the reduced rate fixed by the principal Act as affected by the foregoing provisions of this section, the amount so paid in excess may, notwithstanding anything to the contrary in subsection two of section thirty-four of the principal Act, be recovered in any

Court of competent jurisdiction by action commenced not later than three months after the passing of this Act, or the amount so recoverable may be credited to the person who paid the same in respect of interest thereafter becoming due if within the time aforesaid he so elects by notice in writing given to the company or other person to whom such payment was made.

Section 30 of principal Act amended to remove ambiguity.

3. Section thirty of the principal Act is hereby amended as from the passing thereof by inserting, after the words "any mortgage debenture or other charge secured" in paragraph (*a*), the word "exclusively".

For purpose of fixing basis of reduction of rent the assignee of lease deemed a party thereto.

4. Where the rent reserved by any contract to which Part III of the principal Act applies has, before or after the passing of this Act, been assigned as security for any debt, the assignee shall be deemed to be a party to such contract for the purpose of making an application to the appropriate Court under subsection two of section thirty-two of the principal Act, but not for any other purpose and not to the exclusion of any other party to such contract.

Special provisions as to reduction of interest payable under company debentures and debenture stock.

5. (1) Notwithstanding anything to the contrary in Part III of the principal Act, the following provisions shall apply, and be deemed at all times since the passing of the principal Act to have applied, with respect to all debentures and debenture stock included within the definition of the term "mortgage" as defined by section twenty-nine of the said Act, namely:—

(*a*) The standard reduction in the rate of interest payable under any such debenture or debenture stock shall be twenty per centum of the rate fixed thereby, irrespective of the date of the contract evidenced by such debenture or debenture stock:

(*b*) Except as provided in the proviso to subsection one of section thirty-six of the principal Act (relating to company debentures issued free of income-tax), the net rate of interest payable under any debenture or debenture stock as aforesaid shall not be reduced below the rate of five per centum per annum, but, subject to this limitation, the rate of interest payable under any such debenture or debenture stock shall be reduced by the standard reduction:

(*c*) Subsection three of section thirty-six of the principal Act (providing for an apportionment of the moneys secured by mortgages that comprise both chattels and land or other property) shall have no application with respect to debentures or debenture stock.

(2) Where before the passing of this Act interest accrued in respect of a period commencing after the thirty-first day of March, nineteen hundred and thirty-two, has been paid under any debenture or debenture stock in excess of the reduced rate fixed in accordance with the foregoing provisions of this section, the amount so paid in excess may, notwithstanding anything to the contrary in subsection two of section thirty-four of the principal Act, be recovered in any Court of competent jurisdiction by action commenced not later than three months after the passing of this Act, or the amount so recoverable may be credited to the company that paid the same in respect of interest thereafter becoming due if within the time aforesaid it so elects by notice in writing given to the person to whom such payment was made.

Governor-General may in special cases vary date fixed by principal Act as the basic date for computation of reductions of interest on mortgages.

6. (1) If in respect of any company or association, whether corporate or unincorporate, whose business consists wholly or substantially of the lending of money on mortgage, the Governor-General is satisfied that the company or association made a general reduction in its interest rate after the first day of January, nineteen hundred and twenty-five, but prior to the first day of January, nineteen hundred and thirty, he may, by Order in Council, vary the provisions of section thirty-two of the principal Act in its application to the mortgage investments of such company or association, or to any specified class or specified classes of such mortgage investments, by substituting for the several references therein to the first day of January, nineteen hundred and thirty (except the first such reference in paragraph (*b*) of subsection one of the said section), references to any earlier date intermediate between that date and the first day of January, nineteen hundred and twenty-five.

(2) Where an Order in Council is issued under this section in respect of the mortgage investments of any company or association, or in respect of any specified class or specified classes of such investments, section

thirty-two of the principal Act, in its application to the mortgage investments of such company or association, or to investments of the specified class or specified classes, shall be read subject to the following additional modifications, namely:—

(*a*) The words "within the period of five years immediately preceding that date" in paragraph (*a*) of subsection one shall be read as referring to the period intervening between the first day of January, nineteen hundred and twenty-five, and the date fixed by the Order in Council (whatever its duration):

(*b*) For the words "five years before the first day of January, nineteen hundred and thirty" in paragraph (*b*) of the same subsection there shall be substituted the words "the first day of January, nineteen hundred and twenty-five":

(*c*) The words "at any time after that date" in the said paragraph (*b*) shall be read as referring to the date fixed by the Order in Council.

(3) Every Order in Council under this section shall come into force on a date to be fixed therein in that behalf, being either before or after the date of such Order, but no such Order in Council shall affect the amount of any interest that became due before the first day of April, nineteen hundred and thirty-two.

(4) Any Order in Council under this section may in like manner be at any time varied or revoked.

Abolishing special protection of ground-rents.

7. Section thirty-seven of the principal Act is hereby repealed.

Amendments of Part IV of Principal Act.

Part IV of principal Act declared to be binding on the Crown.

8. Section forty-four of the principal Act is hereby amended as from the passing thereof by adding thereto the following proviso:—

"Provided that this Part of this Act shall bind the Crown."

Application of Part IV of principal Act to securities issued in lieu of securities to which that Part is applicable.

9. (1) Notwithstanding anything to the contrary in section forty-five of the principal Act, Part IV of that Act shall apply, and shall be deemed at all times since the passing thereof to have applied, to all debentures or other securities (including inscribed stock) heretofore issued or that may hereafter be issued in replacement of any

securities to which the said Part IV was applicable immediately prior to such replacement being effected.

(2) For the purposes of this section the term "replacement" in relation to any securities includes the following transactions:—

(*a*) The issue of a stock certificate in accordance with the provisions of section three of the Finance Act, 1922:

(*b*) The issue of ordinary stock or other securities in exchange for inscribed stock available for the payment of death duties and issued under the authority of section three of the Finance Act, 1925, or the corresponding provisions of any former Act:

(*c*) The issue pursuant to any authority of any securities in lieu of any existing securities, or in lieu of any securities that have been lost or destroyed, without alteration of the terms on which the original securities were issued.

Modifying in certain cases the provisions of principal Act as to application of stamp duty payable on securities issued by local authorities.

10. (1) In this section the expression "creditor local authority" means a local authority whose liability in respect of any loan has been transferred in whole or in part or has otherwise been assumed by or imposed on any other local authority, and the expression "debtor local authority" means a local authority to, on, or by which such liability has been so transferred or imposed or is so borne.

(2) Where any payment has heretofore been made or is hereafter made to a creditor local authority pursuant to subsection one of section forty-seven of the principal Act on account of stamp duty received in respect of any securities the liability for which, in whole or in part, is borne by a debtor local authority, the creditor local authority shall pay to the debtor local authority an amount equal to the amount received by it as aforesaid in respect of stamp duty, in cases where the total liability for the securities is borne by the debtor local authority, and in every other case the creditor local authority shall pay to the debtor local authority a proportion of the amount received by it equal to the proportion that the liability of the debtor local authority in respect of the securities bears to the total liability represented by such securities.

(3) If any dispute arises as to the amount to be paid in any case under this section by a creditor local authority to a debtor local authority it shall be referred to the Audit Office whose decision shall be final.

Amendments of Part V of Principal Act.

Extension of definition of term "investment society" to include individuals.

11. Section fifty-one of the principal Act is hereby amended by adding, after the words "investing borrowed moneys" in paragraph (*b*) of subsection one, the words "(including any person who holds himself out as carrying on the business of accepting moneys on deposit)".

Building societies to furnish quarterly returns as to deposits.

12. (1) Section fifty-three of the principal Act is hereby amended by inserting, after the words "Every investment society" in subsection one, the words "and every building society".

(2) Section fifty-four of the principal Act is hereby amended by inserting, after the words "the investment society", the words "or building society, as the case may be".

(3) Section fifty-six of the principal Act is hereby amended by inserting the words "or building society" after the words "Every investment society" in subsection one, and also after the words "the investment society" in subsection three.

(4) The first statement under section fifty-three of the principal Act to be furnished by any building society shall be prepared on the first day of January, nineteen hundred and thirty-three.

Amendments of Part VI of Principal Act.

As to definition of term "trading company".

13. (1) Section fifty-seven of the principal Act is hereby amended by omitting from the definition of the term "trading company" in subsection one the words "other than", and substituting the words "and whose principal business is not".

(2) If with respect to any company, society, association, firm, or person (being either an investment society within the meaning of Part V of the principal Act or a trading company within the meaning of Part VI of that Act) any question arises as to whether it or he is properly classifiable as a trading company or as an investment society, such question shall be determined by the Minister of Finance, whose decision shall be final.

Miscellaneous.

Governor-General may fix maximum rates of interest payable on deposits with local authorities

14. (1) The Governor-General may from time to time, by Order in Council, fix the maximum rates of interest that may be paid by any local authority, as defined by section two of the Local Bodies' Finance Act, 1921–22, on moneys for the time being deposited with it and accepted under the authority of subsection one of section three of the said Act, or under any other authority whatsoever.

(2) Any such Order in Council may fix different rates with respect to different classes of deposits to be therein defined, or according to the amount of any deposit.

(3) Every such Order in Council shall, according to the tenor thereof, take effect on the date of its publication in the *Gazette*, or on such later date as may be specified therein.

(4) Any such Order in Council may apply to future deposits only or may apply both to such deposits and to deposits existing at the date on which the Order takes effect.

(5) If any local authority pays or offers to pay any interest on moneys deposited or to be deposited with it in excess of the rate or appropriate rate prescribed in accordance with the foregoing provisions of this section, every member of the local authority who consents thereto shall be liable to a penalty as for an offence to which section fifty-nine of the Local Bodies' Loans Act, 1926, is applicable, and the provisions of that section and of sections sixty and sixty-one of the said Act (relating to illegal borrowing) shall with the necessary modifications apply in every such case. Every responsible officer of a local authority who accepts or authorizes any other officer to accept any moneys on deposit, on terms providing for the payment of interest in excess of the prescribed maximum, commits an offence and shall be liable on conviction to a fine of ten pounds.

Penalty for payment of interest in excess of rate fixed by the Governor-General in Council.

15. (1) If any savings-bank, building society, investment society, or trading company pays or offers to pay, or advertises or otherwise represents that it is willing to pay, interest on any moneys deposited with it in excess of the rate or of the appropriate rate fixed by the Governor-General in Council pursuant to Part V or Part VI of the

principal Act, as the case may be, it shall be guilty of an offence and shall be liable for each such offence to a fine of one hundred pounds.

(2) Where an offence against the last preceding subsection is committed by any savings-bank, building society, investment society, or trading company as aforesaid, every trustee, director, or manager, and the principal administrative officer of such savings-bank, society, or company, shall also be guilty of an offence and shall be severally liable to a fine of twenty pounds.