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1974, No. 3

An Act to establish the Rural Banking and Finance Corporation of New Zealand and to define its functions, powers, and duties [1 April 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—This Act may be cited as the Rural Banking and Finance Corporation Act 1974.

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

“Approved securities” means—

(a) The bonds, stock, debentures, funds, or other securities of the Government of New Zealand; or

(b) Any other securities that are for the time being approved by the Minister for the purposes of this Act:

“Associate director” means an associate director of the Corporation appointed under section 7 of this Act:

“Chairman” means the Chairman of the Corporation appointed under section 3 of this Act:

“Corporation” or “Rural Banking and Finance Corporation” means the Rural Banking and Finance Corporation of New Zealand established by section 3 of this Act:

“Director” means a director of the Corporation appointed under section 3 of this Act; and includes the Chairman:

“Fish” includes every description of fish and of molluscs, crustaceans, echinoderms, and other shellfish; and also includes their young, fry, or spawn:

“General manager” means the general manager of the Corporation appointed in accordance with section 12 of this Act:

“General Reserve Fund” or “Fund” means the General Reserve Fund of the Corporation established under section 27 of this Act:

“Land” includes any interest in land:

“Minister” means the Minister of Finance:

“Primary industry” includes—

(a) Any business or industry of an agricultural, horticultural, or pastoral nature, or relating to silviculture or to the keeping of bees, poultry, or livestock; and

(b) Any business or industry relating to the farming of fish; and

(c) Any other business or industry that is for the time being approved by the Minister as a primary industry for the purposes of this Act:

“Primary producer” means any person who, either directly or through any agent, trustee, or employee, is engaged in any primary industry; but does not include any person who is engaged in any primary industry solely as the employee of any other person:

“Property” includes real and personal property, and any estate or interest in any real or personal property, and any debt, and any thing in action, and any licence or authority, and any other right or interest:

“Related service industry” means any business or industry that—

(a) Has as one of its principal objects the provision of services for any primary industry or for any primary producers; and

(b) Is for the time being approved by the Minister as a service industry for the purposes of this Act:

“Security instrument” means—

(a) Any mortgage, instrument of charge, instrument by way of security, debenture, or bond, or any other instrument of any nature whatsoever creating or recording, or intended to create or record, any charge over any property, or creating or recording, or intended to create or record, any debt or thing in action; or

(b) Any document whereby any person undertakes, or purports to undertake, to pay or repay, either presently or in the future, and whether

- absolutely or contingently or conditionally or unconditionally, any sum of money to any other person:
- “State Advances Corporation” means the State Advances Corporation of New Zealand referred to in section 3 of the State Advances Corporation Act 1965:
- “Service provider” means any person who, either directly or through any agent, trustee, or employee is engaged in any related service industry; but does not include any person who is engaged in any related service industry solely as the employee of any other person.

PART I

THE RURAL BANKING AND FINANCE CORPORATION OF NEW ZEALAND

3. Establishment of Corporation—(1) There is hereby established the Rural Banking and Finance Corporation of New Zealand.

(2) The Corporation consists of—

(a) A Chairman; and

(b) Four other directors—

who shall from time to time be appointed by the Minister.

(3) Of the 4 directors referred to in paragraph (b) of subsection (2) of this section, 2 shall be appointed by the Minister after consultation by him with the Federated Farmers of New Zealand Incorporated.

(4) The Corporation is a body corporate with perpetual succession and a common seal, and is capable of acquiring, holding, and disposing of real and personal property, and of suing and being sued, and of doing and suffering all other acts and things that bodies corporate may do and suffer.

(5) The powers of the Corporation shall not be affected by any vacancy in its membership.

4. Offices of Corporation—(1) The principal office of the Corporation shall be in New Zealand.

(2) The Corporation may establish branch offices and agencies at such places as it thinks fit within or beyond New Zealand.

5. Terms of office of directors—(1) Except as otherwise provided in this Act, the Chairman shall hold office for such term, not exceeding 5 years, as the Minister shall specify in the appointment.

(2) On the 1st day of February, in the year 1975 and in every succeeding year, one of the directors referred to in paragraph (b) of subsection (2) of section 3 of this Act shall retire from office. The director to retire in any year shall be the one who has at that date held office for the longest period since his appointment or (if he has been reappointed) since his last reappointment. If 2 or more directors have held office for the longest period, the one of those directors who is to retire shall be determined by lot held in such manner as the Corporation shall decide.

(3) Except as otherwise provided in this Act, every director may from time to time be reappointed.

(4) Unless he sooner vacates his office under section 6 of this Act, every director shall continue in office until his successor comes into office, notwithstanding subsection (1) or subsection (2) of this section.

6. Vacancies—(1) A director may at any time resign his office by delivering a notice in writing to that effect to the Minister.

(2) A director may at any time be removed from office by the Governor-General for disability, neglect of duty, or misconduct, proved to the satisfaction of the Governor-General.

(3) If a director dies, resigns, or is removed from office, the vacancy thereby occurring shall be deemed to be an extraordinary vacancy.

(4) An extraordinary vacancy shall be filled in the same manner as the appointment of the director vacating office.

7. Associate directors—(1) The Corporation may from time to time appoint one or more suitable persons to be associate directors of the Corporation.

(2) Every associate director shall be appointed for such term, not exceeding 5 years, as the Corporation shall specify in the appointment, but may from time to time be reappointed.

(3) An associate director shall advise the Corporation on any matter submitted to him by it, and shall have such other functions as may be conferred on him under this Act.

(4) An associate director may at any time resign his office by delivering a notice in writing to that effect to the Corporation.

(5) An associate director may at any time be removed from office by the Minister for disability, neglect of duty, or misconduct, proved to the satisfaction of the Minister.

8. Disqualification of directors and associate directors—

(1) No person shall be capable of being appointed or reappointed to be a director or associate director, or of continuing to hold office as a director or associate director, if—

- (a) He is or becomes a member of Parliament; or
- (b) He is adjudged bankrupt under the Insolvency Act 1967 and has not obtained his discharge under Part X of that Act.

(2) No person shall be capable of being appointed or reappointed to be a director or associate director if he has attained the age of 70 years.

9. Meetings of Corporation—(1) The first meeting of the Corporation shall be held at a time and place to be appointed by the Chairman.

(2) Subsequent meetings shall be held at such times and places as the Corporation from time to time appoints.

(3) Notwithstanding subsection (2) of this section, the Chairman or any 2 directors may at any time call a meeting of the Corporation.

(4) The Corporation shall give to the Minister a notice in writing of every proposed meeting, and of the business to be transacted at the meeting, unless the Minister from time to time otherwise directs. •

(5) The Minister shall be entitled to attend any meeting of the Corporation.

(6) At every meeting of the Corporation, 3 directors shall be a quorum.

(7) The Chairman shall preside at every meeting of the Corporation at which he is present.

(8) If the Chairman is absent from any meeting of the Corporation, the directors who are present shall appoint one of their number to preside at that meeting.

(9) Every question before a meeting of the Corporation shall be decided by a majority of the votes of the directors present at the meeting.

(10) On every question before a meeting of the Corporation, the Chairman or other person presiding shall have a deliberative vote, and in the case of an equality of votes he shall also have a casting vote.

(11) Subject to the other provisions of this Act, the Corporation may regulate its procedure in such manner as it thinks fit.

10. Disclosure of interests—(1) Any director of the Corporation who, otherwise than as a director, is directly or indirectly interested in any arrangement or agreement made or entered into, or proposed to be made or entered into, by the Corporation shall, as soon as possible after the relevant facts have come to his knowledge, disclose the nature of his interest at a meeting of the Corporation.

(2) A disclosure under this section shall be recorded in the minutes of the Corporation, and, except as otherwise provided by resolution of the Corporation, the director—

- (a) Shall not take part after the disclosure in any deliberation or decision of the Corporation relating to the arrangement or agreement; and
- (b) Shall be disregarded for the purpose of forming a quorum of the Corporation for any deliberation or decision.

11. Remuneration of directors and associate directors—(1) The Corporation is hereby declared to be a statutory Board within the meaning of the Fees and Travelling Allowances Act 1951.

(2) There shall be paid to the Chairman and to each of the other directors and to each of the associate directors remuneration for their services by way of fees, salary, or allowances, in accordance with the Fees and Travelling Allowances Act 1951, and travelling allowances and travelling expenses in accordance with that Act in respect of time spent travelling in the service of the Corporation.

(3) The Fees and Travelling Allowances Act 1951 shall apply accordingly.

(4) The fees, salaries, and allowances payable under this section shall be paid from the Consolidated Revenue Account, out of money appropriated by Parliament for the purpose.

(5) The Corporation shall repay to the Consolidated Revenue Account in every financial year an amount equal to the amount paid from the account in that year under this section.

12. General manager of Corporation—(1) There shall from time to time be appointed under the State Services Act 1962 a general manager of the Corporation.

(2) The office of general manager may be held in conjunction with any other office or position under the State Services Act 1962 and with the office of director.

(3) The general manager shall be the administrative head of the Corporation, and shall be responsible to it for the efficient and economical administration of the functions of the Corporation.

(4) For the purposes of the State Services Act 1962 (other than section 25 of that Act), the general manager shall be deemed to be the permanent head of the Corporation.

(5) The remuneration and other payments payable to the general manager under the State Services Remuneration and Conditions of Employment Act 1969 shall be paid by the Corporation out of its own funds.

13. Other employees of Corporation—(1) There may from time to time be appointed under the State Services Act 1962 such other officers and employees of the Corporation as may be necessary for the efficient and economical carrying out of the functions of the Corporation.

(2) The remuneration and other payments payable to the officers and employees of the Corporation in accordance with the State Services Remuneration and Conditions of Employment Act 1969 shall be paid by the Corporation out of its own funds.

14. Services may be provided by State Advances Corporation—The State Advances Corporation may, at the request of the Rural Banking and Finance Corporation, provide services for the Rural Banking and Finance Corporation on such terms as may be agreed on between the 2 Corporations.

15. Contracts of Corporation—(1) Subject to section 16 of this Act any contract that, if made between private persons, must be by deed shall, if made by the Corporation, be in writing under the common seal of the Corporation.

(2) Any contract that, if made between private persons, must be in writing signed by the persons to be charged therewith shall, if made by the Corporation, be in writing either under the common seal of the Corporation, or signed by any person acting on behalf of and under the express or implied authority of the Corporation.

(3) Any contract that, if made between private persons, may be made orally may, if made by the Corporation, be made in the manner specified in subsection (1) of this section

as in the case of a deed, or in the manner specified in subsection (2) of this section as in the case of a contract required to be in writing, or orally by any person acting on behalf of and under the express or implied authority of the Corporation.

16. Execution of documents on behalf of Corporation—

(1) The Corporation may from time to time, in writing under its common seal, authorise any director or directors or officer or officers of the Corporation to execute deeds, instruments, or other documents on behalf of the Corporation, and may at any time in the same manner revoke any such authority.

(2) The Chairman and the general manager shall at all times have, without further appointment than this subsection, the authority specified in subsection (1) of this section.

(3) Any authority under this section to any officer or officers of the Corporation may be given to—

- (a) A specified officer or officers; or
- (b) An officer or officers of a specified class; or
- (c) The holder or holders for the time being of a specified office or of an office or offices of a specified class.

(4) Every person purporting to execute any document on behalf of the Corporation pursuant to this section shall, in the absence of proof to the contrary, be presumed to be acting in accordance with an authority under this section.

17. Committees—(1) The Corporation may from time to time appoint committees, consisting of directors, associate directors, officers, or employees of the Corporation, or other persons,—

- (a) To advise the Corporation on any matters referred to them by the Corporation; or
- (b) To carry out research into any matters referred to them by the Corporation; or
- (c) For any other purposes specified in this Act.

(2) Every committee is hereby declared to be a statutory Board within the meaning of the Fees and Travelling Allowances Act 1951.

(3) There may, if the Corporation so directs, be paid to any of the members of a committee (not being officers or employees of the Corporation), out of the funds of the Corporation, remuneration for their services by way of fees, salary, or allowances, in accordance with the Fees and Travelling Allowances Act 1951, and travelling allowances and travelling expenses in accordance with that Act in respect of time spent travelling in the service of the committee.

(4) The Fees and Travelling Allowances Act 1951 shall apply accordingly.

(5) Subject to the other provisions of this Act, and to any directions given by the Corporation, each committee may regulate its own procedure in such manner as it thinks fit.

18. Delegation of powers by Corporation—(1) The Corporation may from time to time delegate to any committee appointed under subsection (1) of section 17 of this Act, or to any director, associate director, officer, or employee of the Corporation, any of the functions or powers of the Corporation under this Act, including the power of delegation conferred by this subsection.

(2) Any delegation under this section may be made to—

(a) A specified person; or

(b) A person of a specified class; or

(c) The holder for the time being of a specified office or appointment or of an office or appointment of a specified class.

(3) Subject to any general or special directions given or conditions imposed by the Corporation, or by any committee or person by whom any functions or powers are so delegated, the committee or person to whom those function and powers are delegated shall perform and exercise them in the same manner and with the same effect as if they had been conferred on it or him directly by this Act and not by delegation.

(4) Every committee or person purporting to act pursuant to any delegation under this section shall, in the absence of proof to the contrary, be presumed to be acting in accordance with the terms of the delegation.

(5) Every delegation under this section may be revoked at any time by the Corporation, or by the committee or person by whom it was made, and no such delegation shall prevent the performance or exercise of any function or power by the Corporation, or by the committee or person by whom the delegation was made.

PART II

FUNCTIONS AND POWERS OF CORPORATION

19. Functions of Corporation—(1) The principal functions of the Corporation shall be—

(a) To carry on the business of making loans and providing other assistance, in its discretion, for farming purposes and for other purposes in relation to primary industries and related service industries; and

(b) To carry on the business of accepting, in its discretion, deposits of money on such terms and conditions as the Minister may from time to time specify, and of paying interest at rates not exceeding those from time to time fixed by the Minister on any money so deposited.

(2) The Corporation shall also have such other functions as may be conferred on it by or under this Act or any other enactment.

(3) The Corporation may, with the prior approval of the Minister, but not otherwise, exercise its functions beyond New Zealand or in respect of any business or activity carried on or to be carried on beyond New Zealand.

20. Powers of Corporation—(1) The Corporation shall have all the powers that are reasonably necessary or expedient to enable it to carry out its functions.

(2) Without prejudice to subsection (1) of this section, the Corporation may from time to time, in the course of and as part of its business,—

- (a) Purchase, take on lease, or accept by way of gift or otherwise, any real or personal property; and
- (b) Hold, manage, furnish, equip, develop, improve, alter, extend, repair, and maintain any of its property; and
- (c) Enter into covenants or agreements in respect of any of its property, or in respect of any property to be acquired by it; and
- (d) Sell, exchange, convey, transfer, assign, lease, dispose of, turn to account, or otherwise deal with any of its property; and
- (e) Generally carry on any activity or exercise any rights or undertake any liabilities in respect of its property, or in respect of any property to be acquired by it, that could be carried on, exercised, or undertaken by any individual owning such property.

(3) Without prejudice to subsection (1) of this section, the Corporation may also from time to time—

- (a) Act as an agent for the Crown, or for any Government department, or for any other person or body, and in return for such services charge any fees or other remuneration that may be agreed on between the Corporation and the principal; and

(b) Engage such agents as it thinks necessary or expedient for the carrying out of its functions, and in return for the services rendered by any such agent pay to him such fees or other remuneration as may be agreed on between the Corporation and the agent.

(4) The Corporation, in acting for any principal, may with the agreement and on behalf of the principal make any investment in the name of the Corporation.

21. Guarantees and indemnities—(1) Subject to this section, the Corporation may in writing, on any conditions that it thinks fit, give for any purposes for the time being approved by the Minister such guarantees or indemnities as it thinks fit in respect of the whole or any part of any money payable or to become payable or that may become payable by any person (in this section called “the debtor”) to any other person (in this section called “the creditor”).

(2) The Minister may from time to time specify in writing conditions to be observed by the Corporation in giving guarantees and indemnities under this section. Any such conditions may relate to guarantees and indemnities generally, or to any particular guarantee or indemnity, or to any particular class of guarantees and indemnities.

(3) Without prejudice to subsections (1) and (2) of this section, the Minister may specify as a condition of any such guarantee or indemnity that the debtor pay a specified amount to the Corporation, and in any such case the amount shall be fixed by the Corporation in accordance with a formula approved from time to time by the Minister.

(4) Any amount payable to the Corporation pursuant to subsection (3) of this section may be paid by the debtor at the time of the giving of the guarantee or indemnity, or it may be added to the amount of any loan by the creditor to the debtor and included in the guarantee or indemnity, and in the latter case it may be secured by any security instrument given by the debtor in favour of the creditor in respect of the loan as if it formed part of the loan, and shall be paid by the creditor to the Corporation.

(5) Out of the money paid pursuant to subsection (3) of this section, the Corporation shall appropriate a fee at a rate from time to time fixed by it to meet the costs of administration of guarantees and indemnities given under this section, and shall credit the remainder to the General Reserve Fund.

(6) Notwithstanding any rule of law or other provision to the contrary, any person may advance money (including trust funds) on the security of a mortgage of land if the repayment of the money advanced, or of the excess above the amount that might otherwise be advanced, is directly or indirectly secured by a guarantee or indemnity under this section that is expressed to be a guarantee or indemnity to which this subsection applies.

(7) Any loss that may be incurred by the Corporation by reason of the operation of this section shall be a charge against the General Reserve Fund.

22. Loans, guarantees, and indemnities may be given at request of Minister—(1) The Minister may from time to time in writing request the Corporation under this section to make any loan or expend any money or give any guarantee or indemnity, for any purpose specified in this Act, on such conditions as the Minister may specify.

(2) Where the Corporation makes any loan or expends any money or gives any guarantee or indemnity pursuant to a request by the Minister under subsection (1) of this section, and in accordance with the conditions specified by the Minister under that subsection, the Corporation shall be deemed to be guaranteed by the Minister in respect of any loss that may be incurred by the Corporation arising out of the loan, expenditure, guarantee, or indemnity; and any money payable to the Corporation by the Minister pursuant to any such guarantee in favour of the Corporation shall be paid to the Corporation from the Consolidated Revenue Account without further appropriation than this subsection.

23. Corporation to give effect to Government policy—(1) In the exercise of its functions and powers under this Act or under any other enactment, the Corporation shall give effect to the policy of the Government in relation to those functions and powers as communicated to the Corporation from time to time in writing by the Minister.

(2) A copy of every communication given by the Minister in any financial year to the Corporation under subsection (1) of this section shall be included in the annual report of the Corporation for that year laid before Parliament under subsection (2) of section 39 of this Act.

PART III
SECURITIES

24. Securities—(1) Money lent by the Corporation shall be secured in such manner and on such terms as the Corporation thinks fit.

(2) The Minister shall from time to time fix the rates of interest to be paid on money lent by the Corporation so as to make adequate provision to cover the costs of administration of the Corporation and for all other matters incidental to the proper functioning of the Corporation.

(3) Different rates of interest may be fixed under subsection (2) of this section in respect of different securities or different classes of security or different portions of the same loan.

(4) The Corporation shall determine the value of the security for lending purposes. Where the security consists of or includes a mortgage of land that is used, or is to be used, exclusively or principally for the purposes of any primary industry the Corporation shall, in determining the value of the security for the purposes of this section, have regard to the earning capacity of the land.

25. Mortgages of leasehold interests—(1) Where a registered leasehold interest in land is subject to any mortgage under which the Corporation is the mortgagee, the mortgage shall be deemed to extend to and include the mortgagor's interest in any registered lease that may be granted to him in renewal of the mortgaged lease, or otherwise in lieu thereof.

(2) In this section—

“Mortgage” includes a charge:

“Registered” means registered under the Land Transfer Act 1952.

26. Borrowers to contribute to General Reserve Fund—

(1) Every person who receives from the Corporation a loan of money (except a loan made pursuant to section 22 of this Act) may be required by the Corporation to pay to the credit of the General Reserve Fund a sum to be fixed from time to time by the Corporation, not exceeding in any case 2 percent of the amount of the loan.

(2) Any sum payable pursuant to subsection (1) of this section to the General Reserve Fund may be paid in cash at the time of the making of the loan or, at the option of the borrower, may be added to the amount of the loan, and in the latter case it may be secured by any security instrument in respect of the loan as if it formed part of the loan.

PART IV**FINANCIAL PROVISIONS**

27. General Reserve Fund—The Rural Banking and Finance Corporation shall establish and shall at all times maintain a General Reserve Fund, to which shall be credited—

- (a) The value of assets transferred, pursuant to section 29 of this Act, by the State Advances Corporation to the Rural Banking and Finance Corporation; and
- (b) All money that any person is required under this Act or under any other enactment to pay or contribute to the Fund; and
- (c) Interest on money from the time being credited to the Fund, to be computed for any period at the average rate of interest received for that period on all the approved securities held by the Rural Banking and Finance Corporation; and
- (d) Any surplus profits of the Rural Banking and Finance Corporation that are credited to the Fund in accordance with section 37 of this Act.

28. Corporation to maintain approved securities on account of General Reserve Fund—The Corporation shall at all times keep invested in approved securities such amounts as it thinks fit, being not less in the aggregate than the amount for the time being credited to the Fund.

29. Transfer of part of the State Advances Corporation's General Reserve Fund—On the 1st day of April 1974 the State Advances Corporation shall transfer to the Rural Banking and Finance Corporation—

- (a) Such part of the State Advances Corporation's General Reserve Fund as the Minister shall before that date specify in writing; and
- (b) Such approved securities held by the State Advances Corporation as the Minister shall before that date specify in writing.

30. Corporation may issue securities—(1) Subject to this section, the Corporation may from time to time issue bonds, stock, debentures, or other securities, at such rates of interest and on such other terms and conditions as the Minister from

time to time approves, for the purpose of providing funds for carrying on its functions under this Act or as consideration for mortgages of land or other securities transferred to it.

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

(3) The Corporation may at any time purchase any securities issued by it and shall forthwith cancel the same.

31. Securities issued by Corporation to be State guaranteed—(1) All bonds, stock, debentures, and other securities issued by the Corporation pursuant to the authority conferred on it by section 30 of this Act are hereby declared to be guaranteed in accordance with the following provisions of this section.

(2) If any default is made by the Corporation in the payment of any principal or interest payable by it in respect of any bonds, stock, debentures, or other securities issued by it as aforesaid, such principal or interest, as the case may be, shall forthwith be paid out of the Consolidated Revenue Account without further appropriation than this section.

(3) All money paid under the authority of subsection (2) of this section on account of any bonds, stock, debentures, or other securities shall constitute a debt due by the Corporation to the Crown, and shall be recoverable accordingly.

32. Securities issued by Corporation to be authorised investments—Any money that by virtue of any Act or other authority may lawfully be invested in New Zealand Government securities may be lawfully invested in any bonds, stock, debentures, or other securities issued by the Corporation and guaranteed in terms of section 31 of this Act.

33. Corporation stock may be inscribed by Reserve Bank—Where pursuant to the authority conferred on it by section 30 of this Act the Corporation issues any stock, such stock may be inscribed or registered in the books of the Reserve Bank of New Zealand on terms to be approved by the Minister. For the purposes of this section the

Corporation shall be deemed to be a public body within the meaning of paragraph (k) of subsection (1) of section 9 of the Reserve Bank of New Zealand Act 1964.

34. Advances from National Development Loans Account—

(1) The Minister may from time to time, at the request of the Corporation, advance money on behalf of the Crown to the Corporation on such terms and conditions as he thinks fit.

(2) All money advanced by the Minister under this section shall, without further appropriation than this section, be paid from the National Development Loans Account.

(3) Where any money is required to be paid under this section, the authority of the Minister to borrow money under section 11 of the New Zealand Loans Act 1953 shall be deemed to be extended as if the money so paid had been authorised to be transferred from the National Development Loans Account to another fund or another account as mentioned in that section.

(4) The Minister may from time to time, on behalf of the Crown, enter into agreements with the Corporation for the purpose of giving effect to this section.

35. Financial year—(1) The first financial year of the Corporation shall begin on the date of commencement of this Act and end with the 31st day of March 1975.

(2) Thereafter each financial year of the Corporation shall end with the 31st day of March in each calendar year, or with such other day in any calendar year as the Corporation, with the approval of the Minister, may determine.

36. Unauthorised expenditure—The Corporation may, in any financial year, expend out of the funds of the Corporation for purposes not authorised by this Act or any other enactment any sum or sums not amounting in the whole to more than \$1,000.

37. Distribution of profits—After such provision as the Minister thinks proper has been made for the depreciation of securities and other assets of the Corporation, and for such other matters as in his opinion are necessary for the efficient

conduct of the functions of the Corporation, the surplus arising from the operations of the Corporation for each financial year shall be paid into the Public Account unless the Minister authorises the Corporation to credit it wholly or partly to the General Reserve Fund.

38. Audit of accounts—(1) As soon as reasonably practicable after the end of each financial year, the Corporation shall prepare a balance sheet, profit and loss account, and statement of source and application of funds, and such other statements of account as are necessary to show fully the financial position of the Corporation and the financial results of its operations during the year.

(2) The balance sheet, statement, and other accounts shall be audited by the Audit Office, which shall for that purpose have the same powers as it has under the Public Revenues Act 1953 in respect of public money and public stores and the audit of local authorities' accounts.

39. Annual report—(1) As soon as reasonably practicable after the end of each financial year the Corporation shall deliver to the Minister a general report of its operations during the year together with a copy of its duly audited accounts for that year and the report of the Audit Office on those accounts.

(2) A copy of the general report and of the accounts of the Corporation, together with a copy of the report of the Audit Office on the accounts, shall be laid before Parliament as soon as practicable after their receipt by the Minister.

PART V

ASSUMPTION OF CERTAIN RIGHTS AND LIABILITIES BY CORPORATION

40. Securities that may be taken in Corporation's name before 1 April 1974—(1) Where, on or after the date of the passing of this Act but before the 1st day of April 1974, the State Advances Corporation grants to any primary producer or service provider a loan that, if it were made on or after the 1st day of April 1974, could in the opinion of the State Advances Corporation be made by the Rural Banking and Finance Corporation, the State Advances Corporation may

direct that any security instrument in respect of the loan shall be given in favour of the Rural Banking and Finance Corporation.

(2) On such instrument being given, the loan shall be deemed to have been made by the Rural Banking and Finance Corporation which shall accordingly receive the benefit of the security and may in relation to the loan and the security exercise, either directly or, at the option of the Rural Banking and Finance Corporation, through the agency of the State Advances Corporation, all the rights and powers conferred on the Rural Banking and Finance Corporation by the security instrument.

(3) On the 1st day of April 1974, the Rural Banking and Finance Corporation shall reimburse to the State Advances Corporation the principal sum expended by the State Advances Corporation on such loan.

41. Transfer of loans made by State Advances Corporation before 1 April 1974—(1) This section applies to any loan that—

- (a) The State Advances Corporation has at any time before the 1st day of April 1974 granted to any primary producer or service provider; and
- (b) Has not been fully repaid before the 1st day of April 1974; and
- (c) In the opinion of the State Advances Corporation, could have been made by the Rural Banking and Finance Corporation if this Act had been in force at the time when the loan was made.

(2) The State Advances Corporation may from time to time on or after the 1st day of April 1974 by notice in the *Gazette* vest in the Rural Banking and Finance Corporation all the interest, rights, and powers of the State Advances Corporation in respect of any loan or loans to which this section applies, and under any security instrument or instruments given in respect of such loan or loans.

(3) Every notice under subsection (2) of this section shall—

- (a) If it relates to any security instrument or instruments registered under the Land Transfer Act 1952, specify the certificate or certificates of title against which the security instrument or instruments are registered, and the registered number or numbers of the security instrument or instruments; and

- (b) In every other case, adequately identify any security instrument or instruments to which it relates, and any property in respect of which the security instrument or instruments have been given.

(4) A District Land Registrar, on receiving a written request from a Branch Manager of the State Advances Corporation, incorporating the *Gazette* reference of the relevant notice under subsection (2) of this section, shall without fee make such entries in his registers, and generally do all such other things, as are necessary to record the vesting of any interest in the Rural Banking and Finance Corporation under subsection (2) of this section; but nothing in this subsection shall require a District Land Registrar to make such entries on the outstanding copies of any instruments that are involved.

(5) On the gazetting of a notice under subsection (2) of this section, all references to the State Advances Corporation in—

- (a) Any security instrument or other instrument or document to which the notice relates that is subsisting immediately before the notice is gazetted; and

(b) Any notice or other communication served, given, or sent on or after that date in relation to such security instrument or other instrument or document—
shall, unless the context otherwise requires, be read as references to the Rural Banking and Finance Corporation.

(6) No Registrar of Deeds or District Land Registrar or other person charged with the keeping of any books or registers shall be obliged, solely by reason of the gazetting of a notice under subsection (2) of this section, to change any reference in his books or registers or in any other documents in his charge from the State Advances Corporation to the Rural Banking and Finance Corporation; but the presentation to any such Registrar or other person of any instrument—

- (a) Executed or purporting to be executed by the Rural Banking and Finance Corporation; and
- (b) Relating to any interest, right, or power vested in the Rural Banking and Finance Corporation by a notice in the *Gazette* under subsection (2) of this section; and
- (c) Containing a recital of that vesting and incorporating a reference to the *Gazette* reference—

shall be sufficient evidence, in the absence of proof to the contrary, that the interest, right, or power is vested in the Rural Banking and Finance Corporation.

42. Transfer of liabilities of State Advances Corporation under certain guarantees and indemnities—(1) Where, at any time before the 1st day of April 1974, the State Advances Corporation has pursuant to section 20 of the State Advances Corporation Act 1965, or otherwise, given any guarantee or indemnity to a lender of money in respect of a loan made to a primary producer or service provider, the State Advances Corporation and the Rural Banking and Finance Corporation may at any time on or after the 1st day of April 1974 agree in writing that the liability of the State Advances Corporation under the guarantee or indemnity shall be discharged and be assumed by the Rural Banking and Finance Corporation; and thereupon all liability of the State Advances Corporation under the guarantee or indemnity shall be deemed to be discharged with effect from the date on which the guarantee or indemnity was given, and such liability shall be deemed to have been assumed by the Rural Banking and Finance Corporation with effect from the date on which the guarantee or indemnity was given.

(2) The Rural Banking and Finance Corporation shall forthwith deliver a copy of any agreement made under subsection (1) of this section to the lender to whom the guarantee or indemnity referred to in the agreement was given.

(3) Subsection (1) of this section shall not apply to any guarantee or indemnity in respect of which a claim has been made by any lender against the State Advances Corporation.

43. General power of apportionment—Without prejudice to any other provision in this Act, the Minister may apportion between the Rural Banking and Finance Corporation and the State Advances Corporation the assets, debts, and liabilities of the State Advances Corporation as on the 31st day of March 1974 or on such other date as may be agreed upon between the Rural Banking and Finance Corporation and the State Advances Corporation, in such manner and to such extent as he may consider proper. The Rural Banking and Finance Corporation and the State Advances Corporation shall do all things that are necessary to give effect to the apportionment.

PART VI
GENERAL PROVISIONS

44. Protection of name of Corporation—(1) No company or other body corporate shall be incorporated or registered under any Act in New Zealand under the name “Rural Banking and Finance Corporation of New Zealand” or under any other name that in the opinion of the Registrar of Companies so resembles the name of the Corporation as to be calculated to deceive.

(2) No person other than the Corporation shall, by himself or with any other person or persons,—

(a) Trade or carry on business under; or

(b) In any other way use as the name or description of any unincorporated body or organisation—the name “Rural Banking and Finance Corporation of New Zealand” or any other name so resembling the name of the Corporation as to be calculated to deceive.

(3) Any person who contravenes subsection (2) of this section commits an offence and shall be liable on summary conviction to a fine not exceeding \$100 and to a further fine not exceeding \$10 for each day on which the offence has continued.

45. Prohibition of procuration fees—It shall not be lawful for any person to demand, charge, recover, or receive a procuration fee in respect of any loan from the Corporation.

46. Liability of Corporation for rates, taxes, and duties—

(1) Subject to subsection (2) of this section, the Corporation shall be liable for rates and taxes to the same extent as if it were a company incorporated under the Companies Act 1955.

(2) Notwithstanding any other enactment, neither the Rural Banking and Finance Corporation nor the State Advances Corporation shall be liable for any tax or duty in respect of any transfer made under section 29 or section 41 of this Act, or in respect of any apportionment under section 43 of this Act or of anything done under that section to give effect to such apportionment.

47. Insurance of directors—(1) The Corporation may from time to time enter into contracts of insurance insuring directors and associate directors from personal accident

arising out of and in the course of the performance and exercise of their functions, powers, and duties under this Act, and may pay the premiums payable in respect of such contracts.

(2) The Corporation may pay the net proceeds received by it under any such contract of insurance to the director or associate director affected or to his personal representative, as the case may be.

(3) This section shall continue to apply until Part III of the Accident Compensation Act 1972 comes into force, and shall then expire and be deemed to be repealed.

48. Directors and associate directors not Crown servants—No person shall by reason only of the fact that he is a director or associate director be deemed to be employed in the service of the Crown for the purposes of the State Services Act 1962 or the Superannuation Act 1956.

49. Personal liability of directors and associate directors—No director or associate director shall be personally liable for any act done or default made in good faith by the Corporation, or by any committee of the Corporation, or by any director or associate director, in the course of operations of the Corporation or of any of its committees.

50. Amendments to other enactments—The enactments specified in the Schedule to this Act are amended in the manner indicated in that Schedule.

SCHEDULE

Section 50

ENACTMENTS AMENDED

Title of Act	Amendment
1946, No. 5—The Rural Intermediate Credit Amendment Act 1946 (1957 Reprint, Vol. 13, pp. 596, 613)	By omitting from section 2 the definition of the term "Corporation", and substituting the following definition: " 'Corporation' means the Rural Banking and Finance Corporation of New Zealand:."
1948, No. 64—The Land Act 1948 (Reprinted 1972, Vol. 2, p. 1557)	By omitting from paragraph (f) of subsection (1) of section 12 the words "State Advances Corporation", and substituting the words "Rural Banking and Finance Corporation".
1953, No. 94—The Maori Affairs Act 1953 (Reprinted 1968, Vol. 3, p. 2199)	By adding to the definition of the term "State Loan Department", in subsection (1) of section 2, the following paragraph: " (e) The Rural Banking and Finance Corporation of New Zealand:."
1962, No. 10—The Parliamentary Commissioner (Ombudsman) Act 1962	By inserting in Part I of the Schedule, after the item relating to the Public Trust Office, the following item: "The Rural Banking and Finance Corporation of New Zealand."
1962, No. 132—The State Services Act 1962 (Reprinted 1971, Vol. 4, p. 2533)	By inserting in the Second Schedule, after the item relating to the Department of Scientific and Industrial Research, the following item: "Rural Banking and Finance Corporation of New Zealand."
	By inserting in the Third Schedule, after the item relating to the Public Trust Office, the following item: "Rural Banking and Finance Corporation of New Zealand General Manager."
1971, No. 51—The Stamp and Cheque Duties Act 1971	By adding to paragraph (i) of subsection (1) of section 11 the words "or the Rural Banking and Finance Corporation of New Zealand". By inserting in paragraph (u) of subsection (1) of section 11, after the words "the State Advances Corporation of New Zealand", the words ", or the Rural Banking and Finance Corporation of New Zealand".

SCHEDULE—*continued*ENACTMENTS AMENDED—*continued*

Title of Act	Amendment
1971, No. 51—The Stamp and Cheque Duties Act 1971 <i>ctd.</i>	<p>By inserting in paragraph (d) of subsection (2) of section 12, after the words “the State Advances Corporation of New Zealand”, the words “or the Rural Banking and Finance Corporation of New Zealand”.</p> <p>By adding to subsection (1) of section 80 (as amended by section 42 (3) of the Accident Compensation Act 1972) the following paragraph:</p> <p>“(f) The Rural Banking and Finance Corporation of New Zealand.”</p>

This Act is administered in the Treasury.
