

New Zealand.



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1936. No. 12.

AN ACT to change the Name of the Mortgage Corporation of New Zealand, to extend its Functions, and to make other Provisions with respect thereto. Title.

[8th June, 1936.]

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

1. (1) This Act may be cited as the State Advances Corporation Act, 1936, and shall be read together with and deemed part of the Act heretofore known as the Mortgage Corporation of New Zealand Act, 1934-35 (hereinafter referred to as the principal Act). Short Title and commencement.

(2) This Act, except Part IV hereof, shall come into force on the fifteenth day of June, nineteen hundred and thirty-six.

2. The principal Act may hereafter be cited as the State Advances Corporation Act, 1934-35, and the Mortgage Corporation of New Zealand Amendment Act, 1935, may hereafter be cited as the State Advances Corporation Amendment Act, 1935. Altering Titles of principal Act and amending Act.

PART I.

ALTERATION OF NAME OF CORPORATION AND CANCELLATION
OF ITS SHARES.

Alteration of
name of
Mortgage
Corporation.

3. (1) The name of the Corporation established under the principal Act is hereby changed, and the said Corporation shall hereafter be called the State Advances Corporation of New Zealand.

(2) The change of name shall not affect any rights or obligations of the Corporation, or render defective any legal proceedings by or against the Corporation, and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

(3) Section ten of the principal Act shall continue to apply with respect to the original name of the Corporation as if this Act had not been passed, and shall apply with respect to the new name of the Corporation.

Cancellation
of shares in
Corporation
and provision
for payment
to shareholders
of value of
shares.

4. (1) All shares in the capital of the Corporation shall be deemed to be cancelled on the fifteenth day of June, nineteen hundred and thirty-six, and thereupon the several registered shareholders of the Corporation, as on the fourteenth day of June, nineteen hundred and thirty-six (other than the Minister of Finance in respect of the shares allotted to him pursuant to subsection two of section six of the principal Act), shall, in respect of the shares held by them on that date, be entitled, at their option, to receive in cash from the Corporation for every such share the amount paid up thereon as on the twenty-seventh day of May, nineteen hundred and thirty-six, increased by a premium in respect of each such share in accordance with subsection three hereof or to receive a like amount in New Zealand Government stock:

Provided that no such stock shall be issued to any shareholder except for an amount of one pound or a multiple of one pound, and any amount to which any shareholder may be entitled in excess of the amount of stock that may be issued to him as aforesaid shall be paid in cash by the Corporation.

(2) If, within one month after the commencement of this Act, the Corporation has not received from any shareholder notice of the exercise by him of his option

to receive either cash or stock, in accordance with the last preceding subsection, he shall be deemed to have elected to receive stock.

(3) The premium referred to in subsection one hereof shall be computed by reference to the amount paid-up on the shares as on the twenty-seventh day of May, nineteen hundred and thirty-six, in accordance with the following provisions, namely:—

(a) In respect of shares on which the sum of ten shillings was then paid-up, the premium shall be at the rate of one shilling and threepence for each such share:

(b) In respect of shares on which a sum less than ten shillings was then paid-up, the premium shall be at the rate of sevenpence and one-halfpenny for each such share.

(4) As soon as practicable after the fifteenth day of June, nineteen hundred and thirty-six, the Minister of Finance shall, without further appropriation than this section, pay to the Corporation an amount equal to the total amount paid in cash by the Corporation to its shareholders in respect of their shares pursuant to the foregoing provisions of this section.

(5) All stock issued under subsection one hereof shall be created and issued subject to the following special conditions, namely:—

(a) It shall be redeemable at par either on the first day of April, nineteen hundred and forty-six, or, at the option of the registered holder, on any earlier date that may be fixed by him on giving to the Registrar of Stock not less than fourteen days' notice in writing of his intention to require redemption of such stock on the date so fixed:

(b) During the currency of such stock it shall bear interest at the rate of four per centum per annum. Such interest shall be payable on the first day of April and the first day of October in each and every year, the first payment of such interest (for the period commencing on the fifteenth day of June, nineteen hundred and thirty-six) being due on the first day of October, nineteen hundred and thirty-six:

(c) No transfer of any such stock shall be registered and no stock certificate shall at any time be issued in respect thereof.

1932, No. 23

(6) This section, in so far as it relates to the creation or issue of Government stock, shall be deemed to be an authorizing Act within the meaning of the New Zealand Loans Act, 1932, and, except as otherwise provided by the last preceding subsection, all such stock shall be created and issued subject to the provisions of that Act.

(7) No transfer of any shares of the Corporation executed at any time after the twenty-seventh day of May, nineteen hundred and thirty-six, shall be registered by the Corporation.

Shareholders
to be entitled
to dividend
for period
between
allotment and
cancellation
of shares.

5. In addition to any payment in cash or in stock to which the shareholders of the Corporation are entitled under the last preceding section, there shall on the fifteenth day of June, nineteen hundred and thirty-six, be payable by the Corporation to or on account of the shareholders registered as on the fourteenth day of June, nineteen hundred and thirty-six (including the Minister of Finance in respect of the shares allotted to him pursuant to subsection two of section six of the principal Act), a dividend computed as follows:—

(a) For the period of twelve months ending on the fourteenth day of June, nineteen hundred and thirty-six, every shareholder shall be entitled to receive in respect of each share a dividend calculated at the rate of four and one-half per centum per annum on the sum of five shillings:

(b) In addition to the amount calculated in accordance with the last preceding paragraph, every shareholder who on the twenty-seventh day of May, nineteen hundred and thirty-six, was the holder of any shares on which the sum of ten shillings was then paid-up shall be entitled in respect of each such share to a further amount by way of dividend calculated at the rate of four and one-half per centum per annum on the sum of five shillings for a period of two and one-half months.

REFER 19
No. s.

Capital of
Corporation
to be
maintained
at £1,000,000.

6. On the fifteenth day of June, nineteen hundred and thirty-six, the Minister of Finance, without further appropriation than this section, shall pay to the

Corporation, as part of its capital, an amount equal to the difference between the sum of one million pounds and the amount of the share capital actually paid up as on the fourteenth day of June, nineteen hundred and thirty-six.

7. The provisions of section eight of the principal Act shall apply with respect to all moneys paid or to be paid by the Minister of Finance to the Corporation pursuant to the foregoing provisions of this Act in the same manner and to the same extent as they apply with respect to the moneys or payments referred to in the said section.

Minister of Finance may borrow money for payment to Corporation under foregoing provisions.

8. Notwithstanding the change of its name or the cancellation of its shares in accordance with the foregoing provisions of this Act, the Corporation on and after the fifteenth day of June, nineteen hundred and thirty-six, shall be and shall continue to be the same body corporate as that which was constituted by section nine of the principal Act (being a body corporate with perpetual succession and a common seal, and being capable of holding real and personal property, of suing and being sued, and of doing and suffering all such other acts and things as bodies corporate may lawfully do and suffer).

Corporate identity not affected by change of name or cancellation of shares.

PART II.

RECONSTITUTION OF BOARD OF MANAGEMENT OF CORPORATION.

9. (1) On the first day of July, nineteen hundred and thirty-six, the shareholders' directors and the State directors (other than the joint Managing Directors) shall be deemed to have vacated their offices.

Reconstitution of Board of Management.

(2) Thereafter the Board of Management shall consist of—

Reg. 19
No. 2

- (a) Two joint Managing Directors, to be from time to time appointed by the Governor-General in Council for a term not exceeding seven years:
- (b) One or more other directors, to be from time to time appointed by the Governor-General in Council, to hold office during pleasure:
- (c) An *ex officio* director, being such officer of the Treasury as the Minister of Finance may from time to time approve for the purpose.

See Reprint
of Statutes,
Vol. VII, p. 574

(3) The joint Managing Directors in office on the first day of July, nineteen hundred and thirty-six, shall continue to hold office as if this Act had not been passed. Any salary or other remuneration received after the commencement of this Act by any such Managing Director, pursuant to the terms of his appointment, shall not, for the purposes of section thirty-three of the Public Service Superannuation Act, 1927, be deemed to be payment for services rendered by him to or for any branch of the Government service.

(4) Any member vacating office in accordance with the provisions of subsection one of this section or any other person may be appointed by the Governor-General in Council under paragraph (b) of subsection two hereof. No member of the Board appointed under the said paragraph shall continue without reappointment to hold office continuously for a longer period than two years.

(5) Any member of the Board may from time to time be reappointed.

(6) The powers of the Board shall not be affected by any vacancy in the membership thereof.

Chairman and
Deputy
Chairman of
Board.

10. (1) One of the Managing Directors, to be appointed in that behalf by the Minister of Finance, shall be the Chairman of the Board and the other Managing Director shall be the Deputy Chairman of the Board.

(2) The first appointment of Chairman under this section shall be made before the first meeting of the Board to be held after its reconstitution in accordance with the last preceding section, and shall be made for a term of one year. Thereafter the Chairman shall from time to time be appointed for a term of one year:

Provided that the Chairman appointed for any year may from time to time be reappointed, and, notwithstanding the terms of his appointment, shall continue to hold office as Chairman until the appointment of his successor.

(3) Any appointment of Chairman made under this section may be at any time revoked by the Minister.

(4) In the absence of the Chairman from any meeting of the Board the Deputy Chairman, if present, shall preside. In the absence from any meeting of both the Chairman and the Deputy Chairman the members present shall appoint one of their number to be the Chairman of that meeting.

(5) At any meeting of the Board the Chairman of that meeting shall have a deliberative vote and, in the case of an equality of votes, shall also have a casting vote.

11. Notice in writing of every meeting of the Board and of the business proposed to be transacted thereat shall be given to the Minister of Finance, who shall have the right to attend any such meeting.

Minister of Finance may attend meetings of Board.

12. At all meetings of the Board three members shall form a quorum.

Quorum.

PART III.

STAFF OF CORPORATION.

13. (1) All persons who on the commencement of this Act are permanent officers of the Corporation shall thereupon be deemed to be officers of the Public Service within the meaning of the Public Service Act, 1912, and shall hold office accordingly as if they had been appointed as officers of the Public Service under that Act. A certificate signed by the joint Managing Directors that any person was on the commencement of this Act a permanent officer of the Corporation shall be conclusive evidence of that fact.

Appointment and status of officers of Corporation.

See Reprint of Statutes, Vol. VII, p. 522

REF. 19 No. s.

(2) Every person appointed as an officer of the Corporation after the commencement of this Act shall be appointed under the Public Service Act, 1912, save that no person shall be so appointed except on the recommendation of the Board.

AMD. 19 No. s.

(3) Notwithstanding anything to the contrary in the Public Service Act, 1912, any person (not being then a permanent officer of the Public Service) who is possessed of any technical or other expert knowledge required by the Corporation for the purposes of its business may be at any time appointed a permanent officer of the Corporation.

(4) Nothing in this section shall apply with respect to any member of the Board of Management.

14. (1) All persons who on the commencement of this Act are permanent officers of the Corporation and all persons who are thereafter appointed as permanent officers of the Corporation shall be deemed to be permanently employed in the Public Service within the

Superannuation rights of officers of Corporation.

See Reprint
of Statutes,
Vol. VII,
p. 559

AMD. 19
No. 2.

meaning and for the purposes of the Public Service Superannuation Act, 1927, and, subject to the provisions of section fifty-three of that Act, shall accordingly become contributors to the Public Service Superannuation Fund.

(2) With respect to persons who are permanent officers of the Corporation on the commencement of this Act and who were contributors to the Public Service Superannuation Fund immediately prior to their appointment as permanent officers of the Corporation the following special provisions shall apply:—

(a) There shall be paid into the Public Service Superannuation Fund, by or on account of every such person, an amount equal to the sum of—

(i) The amount heretofore refunded to him from the Public Service Superannuation Fund pursuant to section thirty-seven of the Public Service Superannuation Act, 1927;

(ii) The several contributions that would have been payable by him into the Public Service Superannuation Fund if he had continued to be a contributor to that Fund and if the salary received by him from the Corporation were salary within the meaning and for the purposes of the Public Service Superannuation Act, 1927; and

(iii) Interest on the amounts aforesaid, at the rate of four and three-fifths per centum per annum, to be computed in respect of the amount referred to in subparagraph (i) of this paragraph from the date of the refund, and to be computed in respect of the amount referred to in subparagraph (ii) of this paragraph from the dates when the several contributions to the Fund would have become payable:

(b) For the purpose of computing the amount of the retiring-allowance to which any such person may hereafter become entitled his continuous Government service shall not be deemed to have been interrupted by his service with the Corporation, and the whole period of his service as an officer of the Corporation before the commencement of this Act shall be deemed to have been Government service.

(3) With respect to persons who are permanent officers of the Corporation on the commencement of this Act and who were not contributors to the Public Service Superannuation Fund immediately prior to their appointment as permanent officers of the Corporation the following special provisions shall apply:—

(a) They may elect to become contributors to the Public Service Superannuation Fund from the date of their appointment as permanent officers of the Corporation, in which case there shall be payable into that Fund, by or on account of every such person, an amount equal to the sum of—

(i) The several contributions that would have been payable by him into the Fund if he had become a contributor to the Fund on the date of his appointment as a permanent officer of the Corporation and if the salary received by him from the Corporation were salary within the meaning and for the purposes of the Public Service Superannuation Act, 1927; and

(ii) Interest on the amount of the contributions that would have been payable as aforesaid, computed at the rate of four and three-fifths per centum per annum, from the dates when the several contributions to the Fund would have become payable:

(b) If any such officer does not, within one month after the commencement of this Act, make an election in accordance with the provisions of paragraph (a) hereof, he shall become a contributor to the Fund on the commencement of this Act, and his service with the Corporation before the commencement of this Act shall not be taken into account for the purpose of computing any retiring-allowance to which he may hereafter become entitled.

(4) For the purpose of computing the amount of the retiring-allowance to which any person who makes an election under paragraph (a) of the last preceding subsection may hereafter become entitled, the whole period of his service as a permanent officer of the Corporation before the commencement of this Act shall be deemed to have been Government service.

~~REPEALED~~ PART IV.

HOUSING.

Commencement
of this Part.

15. This Part of this Act shall come into force on the first day of July, nineteen hundred and thirty-six.

Corporation
to administer
Housing Act,
1919.

16. (1) On the commencement of this Part of this Act, all the powers, functions, duties, and obligations of the State Advances Superintendent and the State Advances Board respectively under the Housing Act, 1919, as amended by sections nine to twelve of the State Advances Amendment Act, 1922, shall be deemed to be transferred to the Corporation and to the Board of Management respectively.

See Reprint
of Statutes,
Vol. III,
p. 798
Ibid., Vol.
VIII, p. 534

(2) Unless in any case the context otherwise requires, all references in the Housing Act, 1919, as amended, or in any other Act relating to workers' dwellings, or in any deed or instrument relating to a worker's dwelling, shall hereafter be construed as follows:—

(a) All such references to the State Advances Superintendent shall be deemed to be references to the Corporation:

(b) All such references to the State Advances Board shall be deemed to be references to the Board of Management.

Transfer of
Housing
Account.

17. (1) All moneys in the State Advances Account which, on the commencement of this Part of this Act, are held in respect of the business of the State Advances Office in connection with the Housing Act, 1919, shall be forthwith transferred to a special account to be called the Housing Account, to be kept at the Reserve Bank of New Zealand.

(2) All moneys received after the commencement of this Part of this Act which, if this Part of this Act had not been passed, would have been payable into the State Advances Account in respect of the Housing Act, 1919, shall be paid into the Housing Account provided for by this Part of this Act.

(3) All moneys which would have been payable out of the Housing Account established under the Housing Act, 1919, if section ten of the State Advances Amendment Act, 1922, had not been passed, shall hereafter be payable out of the Housing Account provided for by this

Part of this Act, and all references in the Housing Act, 1919, to the Housing Account shall hereafter be read as references to the Housing Account under this Part of this Act.

(4) Part X of the Public Revenues Act, 1926, shall apply with respect to the Housing Account in the same manner as it applies to the several accounts mentioned therein.

(5) For the purposes of the Housing Account there may be opened at the Reserve Bank or at any other bank such imprest or other subsidiary accounts as may from time to time be authorized in accordance with the Public Revenues Act, 1926.

(6) Section forty-six of the Housing Act, 1919; as amended by section twelve of the State Advances Amendment Act, 1922, is hereby further amended by omitting from subsection two thereof the words " State Advances Account ", and substituting the words " Housing Account ".

See Reprint
of Statutes,
Vol. III,
p. 811

18. The Housing Account shall be operated on only by cheque signed by a member of the Board of Management and countersigned by the Audit Office.

Withdrawals¹
from Housing
Account.

19. (1) There shall be payable to the Corporation, out of the Housing Account, such remuneration in respect of the administration of the Housing Act, 1919, by the Corporation, as may from time to time be approved by the Minister of Finance.

Payment for
services of
Corporation in
respect of
Housing Act.

(2) Section twenty-nine of the Housing Act, 1919, is hereby amended by repealing paragraph (g) thereof.

Repeal.

20. Subsection two of section fifteen of the Housing Act, 1919, is hereby amended as follows:—

Section 15 of
Housing Act,
1919, amended.

(a) By omitting the words " at the rate of five per centum per annum "; and by adding, after the words " for the time being outstanding ", the words " at a rate to be fixed by the Minister of Finance "; and

REPEAL
No. 2.

(b) By omitting from the proviso to the said subsection the words " a refund of one-tenth part of the amount so paid by him as interest " and substituting the words " a rebate of an amount equal to the difference between the amount actually paid by him in respect of that period and the amount that would have been

AMD. 19
No. 8.

Land acquired
for purposes
of Housing
Act to be
acquired on
behalf of
Crown.

Dwellings sold
under Housing
Act not to be
disposed of
by purchaser
without
consent of
Board.

See Reprint
of Statutes,
Vol. III,
p. 820

Business
of the
Corporation.

payable in respect of the same period if the rate of interest had been one-half per centum per annum less than the fixed rate”.

21. All land that may hereafter be acquired under section ten of the Housing Act, 1919, by the Board of Management shall be so acquired on behalf of the Crown.

22. (1) No dwelling that is hereafter sold under the authority of Part I of the Housing Act, 1919, shall be disposed of by the purchaser by way of sale, lease, mortgage, assignment, or in any other manner whatsoever otherwise than by will, except with the consent of the Board of Management, and every contract of sale, lease, mortgage, assignment, or other disposition in contravention of this section shall be absolutely void.

(2) The consent of the Board of Management shall not, without the approval of the Minister of Finance, be given in any such case if the proposed disposition is to a person not qualified to acquire a dwelling pursuant to section thirteen of the Housing Act, 1919.

(3) Every certificate of title issued under section twenty-two of the Housing Act, 1919, in respect of any dwelling that is sold after the commencement of this Part of this Act, shall have written thereon a memorandum stating that all dispositions of the land included in such certificate are subject to the restrictions imposed by subsection one of this section.

(4) The provisions of subsection two of section two of the Housing Amendment Act, 1925, shall have no application to any certificate of title issued in respect of any dwelling that is sold under Part I of the Housing Act, 1919, at any time after the commencement of this Part of this Act.

PART V.

GENERAL.

23. (1) The principal business of the Corporation shall be the making of loans in accordance with the provisions of the principal Act, as amended by this Act, with a view to giving effect to the policy of the Government in that respect as communicated to it from time to time by the Minister of Finance.

(2) This section is in substitution for section twenty of the principal Act, and that section is hereby accordingly repealed.

Consequential repeal.

24. (1) The business of the Corporation shall be managed by the Board of Management, which may exercise all the powers and discharge all the functions of the Corporation.

Board of Management to exercise all powers of Corporation.

(2) In the exercise of its powers under this section the Board shall have regard to any representations that may be made by the Minister of Finance in respect of any functions or business of the Board. Every direction in writing given by the Minister shall be binding on the Board.

25. (1) All bonds, stock, and other securities issued by the Corporation (whether before or after the commencement of this Act) are hereby declared to be guaranteed in accordance with the following provisions of this section.

Securities issued by Corporation to be State-guaranteed

REFER 19
No. a.

(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, or other securities issued by it as aforesaid, such principal or interest, as the case may be, shall forthwith be paid by the Minister of Finance out of the Consolidated Fund without further appropriation than this section.

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

26. (1) Subsection two of section twenty-one of the principal Act (imposing restrictions upon the borrowing-powers of the Corporation) is hereby repealed.

Removing restrictions on borrowing-powers of Corporation.

(2) Section seven of the Act heretofore known as the Mortgage Corporation of New Zealand Amendment Act, 1935, is hereby amended by omitting from subsection one all words after the words "the Board thinks fit" down to and including the words "under the authority of that section".

27. Section twenty-two of the principal Act is hereby amended by inserting after the words "in the books of the Reserve Bank of New Zealand" in subsection one the words "on terms to be approved by the Minister of Finance".

Inscription by Reserve Bank of Corporation stock.

Corporation may make loans to local authorities for purposes of workers' dwellings.

See Reprint of Statutes, Vol. V, p. 360

REFER 19
No. s.

Repeal.

Ibid., Vol. III, p. 817

Corporation may make loans for development of existing industries or for establishment of new industries.

REFER 19
No. s.

28. (1) For the purposes of this section the term "local authority" means a local authority within the meaning of the Local Bodies' Loans Act, 1926, and includes a Harbour Board.

(2) In addition to the powers conferred on it by the principal Act or this Act, the Corporation is hereby empowered to make loans to local authorities for the acquisition of land as sites for workers' dwellings, for the erection of workers' dwellings, or for any other purpose in relation to workers' dwellings.

(3) Nothing in this section shall be construed to extend the powers of any local authority to borrow moneys or to limit the powers of the Corporation to invest any of its funds in debentures, stock, or other securities of local authorities.

(4) Subsection three of section fifteen of the Housing Amendment Act, 1920, is hereby repealed.

29. (1) In addition to the powers conferred on it by the principal Act or this Act, the Corporation may, in accordance with the provisions of this section, make loans for the development of any industry for the time being carried on in New Zealand, or for the establishment in New Zealand of any new industry.

(2) No loan shall be made under the authority of this section except with the approval of the Minister of Finance and on such terms and conditions as he thinks fit.

(3) Where a loan is made under this section to any company the Corporation, for the purpose of safeguarding its interests, may acquire and hold shares in the company, whether such shares are fully paid up or not. In respect of such shares the Corporation shall have the same rights and be subject to the same obligations as other shareholders of the same class.

(4) All loans granted by the Corporation under this section shall be secured in such manner as the Board, with the approval of the Minister, thinks fit.

(5) The Minister of Finance shall guarantee the Corporation against any loss that may be incurred by it in respect of any loan made by the Corporation pursuant to this section. Any moneys payable to the Corporation by the Minister pursuant to any guarantee given by him for the purposes of this section may be paid by him out of the Consolidated Fund without further appropriation than this section.

30. Section twenty-four of the principal Act is hereby amended as follows:—

(a) By repealing subsection three thereof, and substituting the following subsection:—

“(3) Notwithstanding anything in the foregoing provisions of this section, the Corporation may grant a loan exceeding two-thirds of the value of the security on condition that the Minister of Finance shall guarantee the Corporation against any loss that may be incurred by it in respect of the loan in so far as such loss is attributable to the excess of the loan over two-thirds of the value of the security. All moneys payable by the Minister pursuant to any guarantee under this subsection may be paid by him out of the Consolidated Fund without further appropriation than this section”:

(b) By adding the following subsection:—

“(4) In any case where, pursuant to the authority conferred by the last preceding subsection, a loan is granted by the Corporation in excess of two-thirds of the value of the security, the whole or any part of the excess shall, if the Board so requires, be treated as a separate loan secured by a second mortgage containing such special terms and conditions as the Board thinks fit.”

31. Section twenty-four of the principal Act is hereby further amended by omitting from the proviso to subsection one the words “then held by it”.

32. (1) Notwithstanding anything to the contrary in section twenty-six of the principal Act the Board may in special cases accept as security for any loan granted by it a mortgage to which the following special provisions shall apply, namely:—

(a) A portion only of the loan to be fixed by the Board (being not less in any case than one-half of the full amount of the loan) shall be repayable by periodical instalments of principal and interest, in accordance with the provisions of section twenty-six of the principal Act:

(b) The balance of the loan shall be repayable in one sum on the due date of the last instalment payable under the last preceding paragraph:

State guarantee in respect of loans in excess of two-thirds of value of security.

Section 24 of principal Act further amended.

Provision for variation of scheme of table mortgages, as prescribed by section 26 of principal Act.

(c) On the due date of every instalment of principal and interest payable in accordance with paragraph (a) hereof, interest at the rate fixed in that behalf by the mortgage shall be payable on the amount of the balance referred to in the last preceding paragraph.

(2) Nothing in this section shall be deemed to prevent the Board from granting a new loan in respect of the balance referred to in paragraph (b) of the last preceding subsection from the due date of payment of such balance, or, on the application of the mortgagor, from re-arranging the terms of the mortgage at any time during the currency thereof.

33. (1) Without limiting the authority of the Corporation to fix the terms and conditions of any mortgage securing a loan granted by it, or to require collateral security for any such loan, it may be made a condition of any such mortgage that the mortgagor shall effect and assign to the Corporation by way of collateral security a policy of life insurance with the Government Insurance Commissioner, and that he shall maintain such policy until all moneys owing under the mortgage have been paid.

(2) Without limiting the classes of policies that may be accepted by the Corporation by way of collateral security under this section, the mortgagor may be required under this section to effect and assign to the Corporation a policy providing for payment, in the event of the death of the mortgagor, of the amount then owing under the mortgage.

(3) Any moneys received by the Corporation under any such policy of insurance may be applied as follows:—

(a) They may be applied by the Corporation, in whole or in part, in satisfaction of any moneys (whether principal or interest) owing under the mortgage; or

(b) They may be paid by the Corporation, in whole or in part, to the executor or administrator of the estate of the mortgagor, and all moneys so paid shall for all purposes be deemed to be moneys paid into the estate of the mortgagor under a policy of life insurance of which at the date of his death he was the policyholder

Mortgagor may be required to effect policy of life insurance as additional security.

as defined by section forty-one of the Life Insurance Act, 1908.

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(4) No moneys received by the Corporation under any policy of insurance as aforesaid and applied by the Corporation in accordance with the provisions of paragraph (b) of the last preceding subsection shall be deemed to have been received by the Corporation in satisfaction of any moneys owing under the mortgage, and the security of the Corporation shall not in any way be affected thereby.

34. (1) In any mortgage to the Corporation executed after the commencement of this Act there may be included therein a condition to the effect that the mortgagor shall, if so required by the Board, pay to the Corporation, in addition to any other moneys payable under the mortgage, such sums as the Board from time to time thinks necessary, to form a fund to be used by the Board, acting on behalf of the mortgagor, in payment, to the extent of such fund, of all rates, insurances, and other charges payable by the mortgagor in respect of the mortgaged property, and for the payment of the cost of maintaining the mortgaged property in the condition required by the mortgage.

Mortgagor
may be
required to
make periodical
payments on
account of
rates,
insurance,
cost of
maintenance.

(2) All payments required to be made by any mortgagor under this section shall be made at such times as the Board may fix in that behalf.

(3) Any mortgagor under a mortgage executed before or after the commencement of this Act may, if he so desires, make periodical payments to the Corporation for all or any of the aforesaid purposes, and all moneys received by the Corporation under this subsection shall be applied by the Board accordingly.

(4) If, on the payment to the Corporation of all moneys owing under the mortgage, any moneys paid by the mortgagor under this section are standing to his credit with the Corporation they shall be refunded to the mortgagor.

35. (1) The Board shall from time to time fix the rates of interest to be paid under mortgages to the Corporation, so as to make adequate provision to cover the costs of administration and for all other matters incidental to the proper functioning of the Corporation.

Rates of
interest
payable under
mortgages to
Corporation.

(2) Different rates of interest may be fixed under this section in respect of different securities or different

classes of security or in respect of different portions of the same loan.

Repeal.

(3) Section twenty-five of the principal Act is hereby repealed.

Special provisions with respect to mortgages of leasehold interests.

36. Where any loan granted by the Corporation, whether before or after the commencement of this Act, is secured wholly or in part by a mortgage of a leasehold interest in land, the mortgage shall be deemed to extend to and include the mortgagor's interest in any lease that may hereafter be granted to him in renewal of the mortgaged lease, or otherwise in lieu thereof.

REFER 19 No. 8.

Restriction of mortgagor's power to give subsequent mortgage or other charge over land comprised in any mortgage to the Corporation.

37. (1) The mortgagor under a mortgage given to the Corporation as security for any loan granted by it after the commencement of this Act shall not give any further mortgage or other charge over any land subject to such mortgage except with the written authority of the Board.

(2) Any mortgage or other charge given in contravention of this section shall be void, and no such mortgage or charge shall be registered by any District Land Registrar or Registrar of Deeds.

Authority to transfer to Corporation certain mortgages and other securities not referred to in section 36 of principal Act.

38. Section thirty-six of the principal Act is hereby amended by adding to subsection one thereof the following paragraph:—

“(f) Any other mortgages of land or any other securities held by the State Advances Superintendent or by the Crown, or by any person on behalf of the Crown, as security for loans made out of the State Advances Account or out of the Public Account.”

Minister may require Corporation to redeem stock issued under section 38 of principal Act.

39. Notwithstanding anything to the contrary in any agreement made between the Minister of Finance and the Corporation for the purposes of section thirty-eight of the principal Act, the Corporation, by direction of the said Minister, shall from time to time apply any available moneys of the Corporation in the purchase at par of stock of the Corporation issued to the Minister under the said section and for the time being held by him.

Corporation may undertake inspections of properties and other work for Departments of State.

40. (1) It shall be lawful for the Corporation on behalf of any Department of State to undertake the inspection of any mortgaged property or any other property with which such Department is concerned, the collection of moneys payable to any such Department under any lease or other tenancy, or under any

mortgage or other security, or under any policy of insurance, and any other duties in relation to mortgages or other securities representing the investment of any public moneys.

(2) In return for such services the Corporation shall be entitled to charge such fees or to receive such other remuneration as may be fixed by arrangement made between the Corporation and the Department concerned and approved by the Minister of Finance.

41. (1) After such provision as the Minister of Finance thinks proper has been made for the depreciation of securities or other assets and for such other matters as in his opinion are necessary for the efficient conduct of the business of the Corporation, the surplus for each financial year shall be paid into the Public Account unless the Minister, in his discretion, authorizes the Board to credit it, in whole or in part, to the General Reserve Fund of the Corporation.

Distribution
of profits of
Corporation.

(2) Section eight of the Act heretofore known as the Mortgage Corporation of New Zealand Amendment Act, 1935, is hereby amended by omitting the words “ paragraph (a) ”.

(3) This section is in substitution for section forty-two of the principal Act, and that section is hereby accordingly repealed.

Consequential
repeal.

42. (1) Section forty-three of the principal Act is hereby amended by adding to subsection one thereof the following words: “ together with a general report on the operations of the Corporation during that year ”.

Board to
furnish
annual report.

(2) The report for any year shall be laid before Parliament when the copy of the accounts for that year is laid before Parliament in accordance with the requirements of subsection two of section forty-three of the principal Act.

43. (1) Except as otherwise provided in this section, the Audit Office shall be the auditor for the Corporation, and as such auditor shall have the same duties and powers in respect of the moneys and accounts of the Corporation and of every person dealing therewith, as it has in respect of public moneys and accounts and of all persons dealing therewith.

Audit of
accounts of the
Corporation.

REFER 19
No. 2.

(2) The Governor-General in Council may from time to time appoint any qualified person to act jointly with the Audit Office in the audit of the accounts of the

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Corporation or may, if he thinks fit, appoint two qualified persons to act, in lieu of the Audit Office, as auditors for the Corporation.

(3) No person appointed under the last preceding subsection shall be so appointed for a term exceeding two years, but any such person may from time to time be reappointed.

(4) The auditor or auditors for the Corporation shall be paid out of the funds of the Corporation such remuneration and allowances as the Minister of Finance may from time to time determine or approve.

(5) No director or officer of the Corporation shall during his tenure of office as such be qualified for appointment or to hold office as an auditor of the Corporation, and no other person shall be qualified for such appointment who would not be qualified for appointment as auditor of a company under the Companies Act, 1933.

(6) The person holding office as the Government auditor on the commencement of this Act shall continue in office as if this Act had not been passed.

(7) The person holding office as the shareholders' auditor on the commencement of this Act shall retire from office on the thirty-first day of July, nineteen hundred and thirty-six, but may thereupon be appointed as an auditor under this section.

(8) This section is in substitution for section forty-four of the principal Act, and that section is hereby accordingly repealed.

Consequential
repeal.

Regulations.

44. (1) The Governor-General may from time to time, by Order in Council, make all such regulations as may be deemed necessary for the purpose of giving effect to the provisions of the principal Act and this Act.

(2) All regulations made under the authority of this section shall be laid before Parliament within twenty-eight days after the making thereof if Parliament is then in session, and if not, within twenty-eight days after the commencement of the next ensuing session thereof.

45. The principal Act is hereby amended in the manner indicated in the Schedule hereto.

Consequential
amendments
of principal
Act, and
repeal
of spent
provisions.

SCHEDULE.

Schedule.

CONSEQUENTIAL AMENDMENTS OF PRINCIPAL ACT.

Number of Section affected.	Nature of Amendment consequential on Alteration of Name.
Section 2 ..	By omitting from the definition of the term "Corporation" the word "Mortgage", and substituting the words "State Advances"; and by repealing the definition of the term "rules".
Section 3 ..	By omitting from subsection (1) the word "Mortgage", and substituting the words "State Advances".
Section 5 ..	By repealing subsection (3).
Section 6 ..	By repealing this section.
Section 6 ..	By omitting from subsection (1) of this section the word "original" before the word "capital"; by omitting from the same subsection the words "divided into shares of one pound each"; and by repealing subsections (2) to (9) thereof.
Section 7 ..	By repealing this section.
Section 9 ..	By repealing this section.
Sections 11, 12, 13, and 14	By repealing these sections as from the 30th day of June, 1936.
Section 15 ..	By omitting from subsection (1) the words "or elected"; and by omitting from subsection (2) the words "or of the rules of the Corporation", and also the words "by resolution of the Board approved".
Section 16 ..	By omitting the words "the Board", and substituting the words "the Governor-General in Council"; and by repealing the proviso.
Section 17 ..	By omitting from subsection (1) the word "first" where it first occurs before the words "Managing Directors"; and by omitting from the same subsection all words after the words "fixed by the Governor-General in Council".
Section 19 ..	By repealing subsection (2).
Section 19 ..	By omitting from subsection (2) thereof the words "or elected".
Section 45 ..	By repealing this section.
Section 46 ..	By repealing this section.
Schedule ..	By repealing the Schedule.

REF. 10
No. 6