

DEVELOPMENT FINANCE CORPORATION BILL

EXPLANATORY NOTE

THIS Bill is a consolidation with amendments of the Development Finance Corporation Act 1964 and its amendments.

The principal changes are as follows:

- (a) The Development Finance Corporation is reconstituted with an increased capital of \$10,000,000.
- (b) The Crown is to be the owner of all the shares of the Corporation. The acquisition by the Minister of Trade and Industry on behalf of the Crown of all the issued shares of the Corporation is validated.
- (c) The Board of Directors of the Corporation is reconstituted.

Clause 1 relates to the Short Title.

Clause 2 is the interpretation clause. The only changes are consequential on the amended provisions of the Bill.

PART I

CONSTITUTION OF DEVELOPMENT FINANCE CORPORATION

Clause 3 constitutes the Development Finance Corporation, which is declared to be a body corporate and to be the same body corporate as the Corporation established by the 1964 Act.

Clause 4 provides that the capital of the Corporation is to be \$10,000,000 in shares of \$1 each. The capital of the Corporation is at present \$4,000,000. As at present, the capital may be increased by Order in Council.

Subclause (4) provides that unissued shares may not be allotted to any person other than Her Majesty or a nominee of Her Majesty.

Subclause (5) validates the purchase by the Minister of Trade and Industry on behalf of the Crown of all the 2,750,000 shares of the Corporation that have already been issued for a total consideration of \$3,575,000.

Subclause (6) authorises the Minister to acquire on behalf of the Crown any shares issued on a future increase of capital.

Clause 5 defines the functions of the Corporation in substantially the same terms as at present, the only changes being—

- (a) *Subclause (1)* includes new provisions that it is a function of the Corporation to provide assistance to any industry.

(b) *Subclause (3) (b)* does not include the existing provision that the establishment or expansion of industries in certain areas must be for the benefit of the economy as a whole.

(c) Minor drafting amendments for the purposes of clarification.

Clause 6 re-enacts the existing provisions empowering the Corporation to participate in the establishment or development of New Zealand industries and extends those provisions to industries overseas.

Clause 7 re-enacts the existing provisions as to the powers of the Corporation, the only material change being an additional power in *subclause (1) (c)* to accept deposits of money, though *subclause (1) (k)* makes it clear that the Corporation may act jointly with other persons, and may act as or through an agent or contractor or trustee.

Clause 8 re-enacts the existing provisions as to limitations on the powers of the Corporation. It may not provide the whole of the finance for any undertaking or provide financial assistance to any body the capital of which is wholly supplied by the Government or to any local authority.

Clause 9 is a new provision. It authorises the Minister to give general directions to the Corporation as to the policy to be followed in the exercise of its functions or powers, and the Corporation must comply with those directions.

PART II

MANAGEMENT OF CORPORATION

Clause 10 reconstitutes the Board of Directors of the Corporation. The Board is to comprise one director appointed as Chairman, the Secretary of Trade and Industry, the Secretary to the Treasury, and not less than 3 nor more than 5 other directors. The directors, other than the Secretary of Trade and Industry and the Secretary to the Treasury, are to be appointed by the Governor-General on the recommendation of the Minister. The existing provisions as to the election of directors are omitted, as the Crown is to be the only shareholder.

Members of Parliament and employees of the Crown are not qualified for appointment as appointed directors.

Clause 11 provides that appointed directors are to hold office for such term, not exceeding 3 years, as is specified in their appointments. An appointed director may not continue in office after attaining 70 years of age.

Clause 12 provides for extraordinary vacancies and the filling of such vacancies. It follows generally the existing provisions, with changes that are necessary on account of the altered constitution of the Board.

Clause 13 provides for the appointment of a managing director of the Board. It follows the existing provisions with consequential changes.

Clause 14 re-enacts existing provisions as to the election by the Board of a Deputy Chairman.

Clause 15 re-enacts with only consequential changes the existing provisions as to meetings of the Board.

Clause 16 re-enacts the existing provisions authorising the Board to appoint committees and to delegate its powers to such committees. The clause includes a new provision enabling the appointment to committees of persons who are not directors.

PART III

FINANCIAL PROVISIONS

Clause 17 re-enacts the existing provisions as to the borrowing powers of the Corporation, except that *subclause (1)* provides that the consent of the Minister of Finance will be necessary, and the subclause includes additional words making it clear that the Board may borrow with or without giving security.

Clause 18 re-enacts the existing provisions as to the power of the Minister of Finance to make advances to the Corporation and to guarantee advances made to the Corporation by other persons.

Clause 19 provides that bonds, debentures, notes and other securities issued by the Corporation are trustee securities. It omits the existing qualification that payment of money secured by any such securities must be guaranteed by the Government.

Clause 20 re-enacts the existing provisions as to the disposition of profits of the Corporation, but omitting some provisions that are now spent, and including new provisions that dividends must not exceed 6 percent, that the Corporation may not declare a dividend in respect of its financial year that commenced on 1 July 1972, and that, if the amount in the Reserve Fund is less than \$3,000,000, not less than 25 percent of the annual surplus is to be paid into that Fund. The existing figure is \$1,000,000.

Clause 21 re-enacts the existing provisions exempting the Corporation from land tax and income tax until the end of its financial year in which its Reserve Fund reaches \$1,000,000, or ending after the date 10 years from its incorporation, whichever is the earlier. The Corporation was incorporated on 6 July 1965.

Clause 22 is the usual provision for the payment of fees and travelling allowances to directors.

Clause 23 re-enacts the existing provisions enabling the Board to expend for unauthorised purposes up to \$1,000 in any financial year.

Clause 24 provides for the audit of the accounts of the Corporation by the Audit Office.

Clause 25 requires the Board to prepare an annual report which with the audited accounts and the report of the Audit Office are to be laid before Parliament.

PART IV

GENERAL PROVISIONS

Clause 26 re-enacts the existing provisions empowering the Board to make rules. The clause includes a new provision that the rules will require the approval of the Minister. Under the existing provisions the rules require the approval of the shareholders.

Clause 27 re-enacts the existing provisions as to the employment of staff by the Board, with the following new provisions:

- (a) Before fixing staff salaries or allowances, the Board must consult with the State Services Commission.
- (b) Staff are to be employed on such terms and conditions as the Board determines after consultation with the State Services Commission.
- (c) The Board may make advances to staff for housing.

Clause 28 provides that, as at present, contracts of the Corporation are to be made in accordance with the Public Bodies Contracts Act 1959.

Clause 29 re-enacts the existing provisions that the directors are not personally liable for acts done in good faith.

Clause 30 re-enacts the existing provisions requiring a director to disclose any interest that he may have in any arrangement or agreement involving the Corporation.

Clause 31 re-enacts the existing provisions that the Corporation is not a company or a moneylender.

Clause 32 is a new provision prohibiting the registration of any company having the same name as or a name similar to the name of the Corporation.

Clause 33 repeals the 1964 Act and its amendments.

References to the existing law appear as footnotes to the clauses in the Bill.

Hon. Mr Freer

DEVELOPMENT FINANCE CORPORATION

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A BILL INTITULED

An Act to reconstitute the Development Finance Corporation of New Zealand, to provide for the acquisition of its shares by the Crown, and to consolidate and amend the
5 **Development Finance Corporation Act 1964 and its amendments**

No. 82—1

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 Development Finance Corporation Act 1973. 5

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

“Appointed director” means a director of the Corporation appointed under paragraph (a) or paragraph (d) of subsection (1) of section 10 of this Act: 10

“Board” means the Board of Directors of the Corporation:

“Corporation” means the Development Finance Corporation of New Zealand established under this Act:

“Director” means a director of the Corporation: 15

“Industry” includes the provision of services:

“Minister” means the Minister of Trade and Industry.

Cf. 1964, No. 124, s. 2

PART I

CONSTITUTION OF DEVELOPMENT FINANCE CORPORATION 20

3. Development Finance Corporation—(1) There shall be a corporation to be called the Development Finance Corporation of New Zealand.

(2) The Corporation shall be a body corporate with perpetual succession and a common seal and, subject to this Act, 25 may acquire, hold, and dispose of real or personal property, and sue and be sued, and do and suffer all such acts and things as bodies corporate may do and suffer.

(3) The Corporation is hereby declared to be the same body corporate as the body corporate of the same name 30 existing immediately before the commencement of this Act established under the Development Finance Corporation Act 1964.

(4) The general conduct of the business of the Corporation shall be entrusted to a Board of Directors, constituted in 35 accordance with Part II of this Act.

(5) The Head Office of the Corporation shall be in Wellington, and the Corporation may establish such branches as the Board thinks fit.

Cf. 1964, No. 124, ss. 3, 5

4. Capital of Corporation—(1) The capital of the Corporation shall be \$10,000,000, in shares of \$1 each.

(2) The Board may from time to time, by resolution, recommend to the Minister that the share capital of the Corporation be increased, and in any such case the Governor-General, on the advice of the Minister, may by Order in Council increase the share capital of the Corporation to such amount as may be prescribed in the order.

(3) The share capital of the Corporation shall not be increased otherwise than in accordance with subsection (2) of this section.

(4) The Corporation shall not allot any of its unissued shares to any person other than Her Majesty the Queen or a nominee holding the shares on behalf of Her Majesty.

(5) The purchase by the Minister, on behalf of Her Majesty the Queen, of all the 2,750,000 shares in the Corporation that were issued before the commencement of this Act, for a total consideration of \$3,575,000, is hereby validated and declared to have been lawfully made.

(6) The Minister may, on behalf of Her Majesty the Queen,—

(a) Subscribe for or otherwise acquire any shares issued by the Corporation on any increase of its capital pursuant to subsection (2) of this section:

(b) Exercise any of Her Majesty's rights and powers as the holder of any shares in the Corporation.

(7) All money required to be paid by the Minister in respect of the purchase or subscription for or other acquisition of shares in the Corporation under or validated by the foregoing provisions of this section shall, without further appropriation than this section, be paid out of the Consolidated Revenue Account or the National Development Loans Account as the Minister of Finance directs. Where any such payment is or has been made out of the National Development Loans Account, the authority of the Minister of Finance 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 duly authorised to be transferred from the National Development Loans Account to another fund or account as mentioned in that section.

Cf. 1964, No. 124, s. 4

5. Functions of Corporation—(1) The general functions of the Corporation shall be to provide finance for the establishment of new industries in New Zealand or elsewhere, or for the development or extension of or assistance to any industry for the time being carried on in New Zealand or elsewhere, and to encourage and promote investment in the industrial development of New Zealand or elsewhere by providing technical assistance and advice. 5

(2) Without limiting the generality of subsection (1) of this section, the Corporation shall have the following 10 particular functions:

(a) To lend money, with or without security and on such terms and conditions as the Board thinks fit, to persons engaged or about to be or intending to be engaged in any industry in New Zealand or elsewhere in cases where production from the industry is or will be of value to the economy generally, particularly those industries based on the extraction or processing of indigenous raw materials or which will otherwise benefit the balance of payments: 15 20

(b) In special circumstances, to lend money for the purpose of assisting agricultural and pastoral production: 20

(c) To provide such advisory and technical services as the Board considers desirable or expedient in the interests of the community: 25

(d) To participate and assist in the promotion, reorganisation, or rationalisation of any industry or group of industries with a view to increasing efficiency and productivity. 30

(3) In the exercise of its functions the Corporation shall,—

(a) Evaluate each proposal after having regard to the economic worth of the industry concerned, its usefulness to the New Zealand economy, the extent to which it will be owned or effectively controlled by persons domiciled in New Zealand, and the prospects of its becoming profitable within a reasonable time; and shall not necessarily have regard to the value of the security available in respect of any proposal: 35 40

- (b) Encourage the establishment or expansion of industries in areas where the establishment or expansion will assist the development of those areas:
- (c) Lend primarily for medium or long term periods and give particular attention to the needs of small and medium sized businesses:
- (d) Endeavour to conduct its activities so as to operate on a profitable basis.

Cf. 1964, No. 124, s. 6; 1970, No. 38, s. 2

10 **6. Development of industries**—Without limiting the generality of section 5 of this Act, it shall also be a function of the Corporation to participate, by such means as it thinks fit, in the establishment of new industries in New Zealand or elsewhere, or in the development or extension of
15 any industry for the time being carried on in New Zealand or elsewhere.

Cf. 1964, No. 124, s. 6A; 1970, No. 38, s. 3 (1)

7. Powers of Corporation—(1) The Corporation shall have all such powers, rights, and authorities as may reasonably be
20 necessary or expedient to carry out its functions, and in particular, and without limiting the generality of the foregoing provisions of this subsection, it may from time to time do all or any of the following things—

- 25 (a) Purchase or subscribe for shares, debentures, bonds, or other securities or make loans, with or without security, or acquire any other interest:
- (b) Finance the purchase, sale, or hire of machinery, plant, equipment, materials, goods, and articles of every description by means of any arrangement whatsoever, including, but without limiting the generality
30 of the foregoing, the purchase and resale and hire thereof on such terms as the Board thinks fit; and discount hire-purchase or conditional sale agreements or hire agreements, and lend money on the
35 security of a mortgage or an assignment of any such agreement:

- (c) Execute, make, draw, accept, endorse, discount, issue, and negotiate cheques, promissory notes, bills of exchange, bills of lading, bankers and other drafts, warrants, bonds, debentures, coupons, and other negotiable or transferable instruments, and buy, sell, or otherwise deal in the same, and accept deposits of money: 5
 - (d) Underwrite or subunderwrite issues of securities, give and receive guarantees, or participate with others in any such activities: 10
 - (e) Participate, in the discretion of the Board, in the management of enterprises to whose finance it has contributed:
 - (f) Organise, participate in, or act as agent for consortium arrangements for the assistance of industry: 15
 - (g) Act as agent for the Government, international financial organisations, and other financial institutions in the financing of industry:
 - (h) Place funds not immediately required on deposit with any bank or authorised dealer in the short-term money market, or invest any such funds in Government securities or with the National Provident Fund: 20
 - (i) Take such steps as may be necessary to protect or recover its financial interest in any business:
 - (j) Make such charges for the provision of its services as the Board thinks fit: 25
 - (k) Carry out all or any of the powers conferred on it by this Act or otherwise, and do all or any of the things authorised by this subsection as principal or agent or contractor or trustee or otherwise, and either alone or in conjunction with any other person or persons or through trustees or agents or otherwise. 30
- (2) Without limiting the generality of subsection (1) of this section, the Corporation may from time to time— 35
- (a) Purchase, take on lease, hire, or otherwise acquire such land or buildings or parts of buildings, whether or not subject to any mortgage, charge, lease, easement, or restrictive covenant or other encumbrance, as in its opinion are necessary or expedient for the performance of any of its functions or powers: 40
 - (b) Erect, alter, rebuild, or add to any building on any land so acquired:

- 5 (c) Grant leases or tenancies of any land or buildings so acquired, or of any part or parts thereof, and create easements and restrictive covenants thereover, and accept surrenders or partial surrenders of any such leases, tenancies, easements, and restrictive covenants.

Cf. 1964, No. 124, s. 7; 1970, No. 38, s. 3 (2); 1971, No. 95, s. 2

- 10 **8. Limitations on powers**—(1) The Corporation shall not provide the whole of the finance for any undertaking, but nothing in this subsection shall restrict the power of the Corporation to provide the whole of the finance for any project forming part of any undertaking.

- 15 (2) The Corporation shall not provide financial assistance to any body the capital of which is wholly supplied by the New Zealand Government or to any local authority.

Cf. 1964, No. 124, s. 8; 1970, No. 38, s. 4

- 20 **9. Directions by Minister**—(1) The Minister may from time to time give to the Corporation in writing such general directions as he thinks fit as to the policy to be followed by the Corporation in the exercise of the functions or powers of the Corporation.

- 25 (2) The Corporation shall, in the exercise of its functions and powers, give effect to any written directions given to it by the Minister under subsection (1) of this section.

PART II

MANAGEMENT OF CORPORATION

- 30 **10. Constitution of Board**—(1) Subject to the provisions of this Act, there shall be a Board of Directors of the Corporation consisting of—

(a) One director, who shall be appointed as the Chairman of the Board:

(b) The Secretary of Trade and Industry:

(c) The Secretary to the Treasury:

- 35 (d) Not less than 3 nor more than 5 other directors.

(2) The directors appointed under paragraph (a) or paragraph (d) of subsection (1) of this section shall be appointed by the Governor-General on the recommendation of the Minister.

(3) No member of Parliament and no person in the employment of the Crown shall be appointed as a director of the Corporation under paragraph (a) or paragraph (d) of subsection (1) of this section.

(4) No appointed director shall be deemed to be employed 5
in the service of Her Majesty for the purposes of the State Services Act 1962 or the Superannuation Act 1956 by reason of his being a member of the Board.

(5) The powers of the Board shall not be affected by any 10
vacancy in its membership.

Cf. 1964, No. 124, s. 9; 1970, No. 38, s. 5

11. Terms of office of appointed directors—(1) Except as otherwise provided by this Act, every appointed director shall hold office for such term as the Governor-General on the recommendation of the Minister shall specify in his appointment, being a term not exceeding 3 years, but may from time 15
to time be reappointed:

Provided that no appointed director shall retain office after attaining the age of 70 years.

(2) Every appointed director, unless he sooner vacates or is 20
removed from his office under section 12 of this Act, shall continue in office until his successor comes into office, notwithstanding that the term for which he was appointed may have expired.

Cf. 1964, No. 124, s. 10

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12. Extraordinary vacancies—(1) An appointed director may at any time resign his office by delivering a notice in writing to that effect to the Minister.

(2) An appointed director shall vacate his office if he becomes a member of Parliament or an employee of the Crown. 30

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

(4) If an appointed director dies or resigns or vacates his 35
office under subsection (2) of this section or is removed from office, the vacancy occurring shall be deemed to be an extraordinary vacancy.

(5) An extraordinary vacancy shall be filled in the same 40
manner as the appointment of the person vacating office.

Cf. 1964, No. 124, s. 12; 1970, No. 38, s. 8

13. Managing director—(1) The Board may from time to time appoint one of the appointed directors to be the managing director of the Corporation for such period and on such terms as the Board thinks fit.

5 (2) Subject to the terms of any agreement entered into in any particular case, the Board may revoke any such appointment.

(3) A director so appointed shall not, while holding office as managing director, be subject to retirement pursuant to
10 subsection (1) of section 11 of this Act, but shall be deemed to continue in office as a director during the term of his appointment as managing director. On the termination of that appointment he shall retire as a director but shall, if qualified, be eligible for reappointment.

15 (4) The appointment of a managing director shall be automatically terminated if he ceases from any cause to be a director.

(5) The Corporation may pay to a managing director such remuneration by way of fees or salary or otherwise as the
20 Board from time to time determines, in addition to or instead of any remuneration paid or payable to him as a director.

(6) The Board may confer on a managing director any of the powers exercisable by it, on such terms and subject to such restrictions as it thinks fit, and may from time to time
25 revoke, withdraw, or vary any power so conferred or any such terms or restrictions.

Cf. 1964, No. 124, s. 11A; 1970, No. 38, s. 7

14. Deputy Chairman—(1) The Board shall from time to time elect one of its number to be the Deputy Chairman of
30 the Board, to hold office for such term as the Board determines:

Provided that the Deputy Chairman shall not hold office as such at any time when he is not a director.

(2) During any vacancy in the office of Chairman, or in the
35 absence of the Chairman from any meeting of the Board, or in the event of the Chairman being incapacitated by illness or other cause from performing the duties of his office, the Deputy Chairman shall have and may exercise all the powers of the Chairman.

40 Cf. 1964, No. 124, s. 14

15. Meetings of the Board—(1) Meetings of the Board shall be held at such times and places as the Board or the Chairman from time to time appoints.

(2) The Chairman of the Board may at any time call a special meeting of the Board, and the Chairman shall call a special meeting whenever requested to do so in writing by any 2 directors.

(3) At all meetings of the Board not less than 3 directors (including either the Secretary of Trade and Industry or the Secretary to the Treasury, or an officer attending the meeting instead of either of them pursuant to subsection (6) of this section) shall form a quorum. 5

(4) The Chairman shall preside at all meetings of the Board at which he is present. 10

(5) If the Chairman is absent from a meeting—

(a) The Deputy Chairman shall preside if he is present:

(b) The directors present shall appoint one of their number to preside if the Deputy Chairman is not present. 15

(6) In the absence from any meeting of the Board of the Secretary of Trade and Industry or the Secretary to the Treasury, he may authorise any other officer of his department to attend the meeting in his stead. While any person is attending a meeting under this subsection, he shall be deemed for all purposes to be a member of the Board, and the fact that he attends and acts as a member of the Board at any such meeting shall be conclusive proof of his authority to do so. 20

(7) At any meeting of the Board the Chairman or other person presiding shall have a deliberative vote, and, in the case of an equality of votes, shall also have a casting vote. 25

(8) All questions arising at any meeting of the Board shall be decided by a majority of the valid votes recorded thereon.

(9) Subject to the provisions of this Act and of the rules of the Corporation, the Board may regulate its procedure in such manner as it thinks fit. 30

Cf. 1964, No. 24, s. 15

16. Committees—(1) The Board may from time to time, by resolution, appoint, discharge, alter, continue, or reconstitute committees consisting of such directors, or such directors and other persons, as may be resolved in that behalf. 35

(2) The Board may delegate to any committee appointed under this section such of its powers as it thinks fit.

(3) Subject to any general or special directions given or conditions attached by the Board, any powers so delegated may be exercised by the committee with the same effect as if those powers had been directly conferred by this Act and not by delegation. 40

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

5 (5) Every such delegation shall be revocable at will, and no such delegation shall prevent the performance or exercise of any power by the Board.

(6) Until any such delegation is revoked, it shall continue in force according to its tenor, notwithstanding any change
10 in the membership of the Board or of any committee.

(7) Subject to the rules of the Corporation, each committee may regulate its own proceedings in such manner as it thinks fit.

Cf. 1964, No. 124, s. 16

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PART III

FINANCIAL PROVISIONS

17. Borrowing powers—(1) The Corporation may from time to time, with the consent of the Minister of Finance, borrow money in New Zealand or elsewhere, with or with-
20 out giving security, and issue debentures and mortgage or charge any of its real or personal property:

Provided that if the repayment of any amount borrowed by the Corporation is guaranteed by the Minister of Finance under this Act, the loan shall be subject to such terms and
25 conditions as the Minister of Finance thinks fit.

(2) The total amount borrowed under this section together with any contingent liabilities of the Corporation by way of guarantee or indemnity shall not at any time exceed such amount in relation to the authorised capital for the time
30 being of the Corporation as may from time to time be fixed by the Board with the approval of the Minister of Finance:

Provided that in calculating the total indebtedness of the Corporation for the purposes of this subsection, no account shall be taken of any contingent liability in respect of which
35 the Minister of Finance has given a guarantee under this Act to the Corporation.

Cf. 1964, No. 124, s. 17; 1970, No. 38, s. 9

18. Advances to Corporation—(1) Subject to the provisions of this Act, the Minister of Finance may from time to time,
40 on behalf of Her Majesty the Queen,—

- (a) Advance money to the Corporation; and
- (b) Give in respect of any advance made to the Corporation by any other person any guarantee, indemnity, or security,—

on or subject to such terms and conditions as that Minister 5
thinks fit.

(2) All money required to be paid by the Minister of Finance under this section shall, without further appropriation than this section, be paid out of the Consolidated Revenue Account or out of the National Development Loans Account as that Minister directs. Where any payment under this section is made out of the National Development Loans Account, 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 10
duly authorised to be transferred from the National Development Loans Account to another fund or account as mentioned in that section. 15

(3) The Minister of Finance may from time to time, on behalf of Her Majesty the Queen, enter into agreements with the Corporation for the purpose of giving full effect to the provisions of this section. 20

(4) Notwithstanding the provisions of any enactment or rule of law, all securities issued by the Corporation, whenever issued, shall have priority as to repayment over any securities issued by the Corporation for the purpose of securing any advance made by the Minister of Finance under subsection (1) of this section. 25

Cf. 1964, No. 124, ss. 18, 19; 1970, No. 38, s. 10; 1971, No. 95, s. 3 30

19. Trustee investment—All bonds, debentures, notes, and other securities issued by the Corporation shall, for the purposes of section 4 of the Trustee Act 1956, be investments in which a trustee may invest trust funds.

Cf. 1964, No. 124, s. 20 35

20. Disposition of profits—(1) The Corporation shall establish a Reserve Fund into which shall be paid the annual surplus of the Corporation.

(2) The annual surplus shall consist of so much of the annual income of the Corporation as is not required for the payment of expenses, provision for bad and doubtful debts, depreciation of assets, and all such other matters as the
5 Board considers proper.

(3) The Corporation may in any financial year declare a dividend on its paid-up share capital of such amount, not exceeding 6 percent, as the Board thinks fit:

10 Provided that no dividend shall be declared in respect of the operations of the Corporation for its financial year that commenced on the 1st day of July 1972:

15 Provided also that if at the end of any financial year of the Corporation the amount of the Reserve Fund is less than \$3,000,000, not less than 25 percent of the annual surplus shall be paid to that Fund.

(4) Any amount in the Reserve Fund may from time to time be invested by the Corporation in such manner as the Corporation is authorised to invest its capital or other funds belonging to the Corporation.

20 Cf. 1964, No. 124, s. 21; 1970, No. 38, s. 11

21. Taxation—(1) The Corporation shall be exempt from the payment of land tax and income tax until the end of the financial year after the date when the amount of the Reserve Fund first reaches \$1,000,000 or the end of the financial
25 year of the Corporation ending with the 30th day of June 1976, whichever is the earlier.

(2) The Corporation shall be deemed to be a development project for the purposes of section 2A of the Land and Income
30 Income Tax Amendment Act (No. 2) 1968).

Cf. 1964, No. 124, s. 22

22. Fees and travelling allowances—(1) The Corporation is hereby declared to be a statutory Board within the meaning of the Fees and Travelling Allowances Act 1951.

35 (2) There shall be paid to the directors out of the funds of the Corporation remuneration by way of fees, travelling allowances, and expenses in accordance with the Fees and Travelling Allowances Act 1951, and the provisions of that Act shall apply accordingly as if the directors were members
40 of a statutory Board within the meaning of that Act.

Cf. 1964, No. 124, s. 23

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

Cf. 1964, No. 124, s. 25

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24. Audit of accounts—The accounts of the Corporation shall be audited by the Audit Office, which for that purpose shall have and may exercise all such powers as it has under the Public Revenues Act 1953 in respect of public money and accounts and of all persons dealing therewith.

Cf. 1964, No. 124, s. 24 (3)

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25. Annual report and accounts—(1) As soon as reasonably practicable after the end of each financial year, the Board shall prepare a balance sheet 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 that year.

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(2) As soon as reasonably practicable after the end of each financial year, the Corporation shall send to the Minister a report of its proceedings and operations for that year together with a copy of its audited accounts for that year and the report of the Audit Office on those accounts.

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(3) A copy of the 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.

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Cf. 1964, No. 124, s. 24 (1), (2)

PART IV

GENERAL PROVISIONS

26. Rules of Corporation—(1) The Board may from time to time make rules for the conduct of the business of the Corporation, and the rules shall be observed by the Board in its conduct of that business.

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(2) The Board may from time to time amend or revoke any such rules or make such additional rules as it thinks fit.

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(3) No such rules and no amendment of or addition to any such rules shall have effect unless and until they are approved by the Minister.

Cf. 1964, No. 124, s. 28

27. **Appointment of staff**—(1) The Board may from time to time appoint such officers and servants as it considers necessary for the efficient carrying out of the functions and powers of the Corporation under this Act, and may, out of the funds of the Corporation, pay to any such officers and servants such salaries and allowances as the Board from time to time determines, after consultation with the State Services Commission.

(2) Officers and servants of the Corporation shall be employed on such terms and conditions of employment as the Board from time to time determines, after consultation with the State Services Commission.

(3) The Board may for the purpose of providing a superannuation fund or retiring allowance for any of the officers or servants of the Corporation, subsidise out of the funds of the Corporation any scheme under the National Provident Fund Act 1950 containing provision for employer subsidy or any other scheme approved by the Minister of Finance.

(4) The Board may, out of the funds of the Corporation, advance money on the security of a mortgage, on such terms and conditions as it thinks fit, to any officer or servant of the Corporation to enable him—

- (a) To purchase for his own occupation as his residence land on which a private dwelling is erected; or
- (b) To erect on land owned by him a private dwelling for his own occupation as a residence; or
- (c) To acquire for his own occupation as his residence an owner-occupier flat; or
- (d) To improve any dwelling or owner-occupier flat owned and occupied by him as his residence; or
- (e) To refinance a mortgage owing by him on land owned by him on which is erected a private dwelling occupied by him as his residence, or owing by him on an owner-occupier flat occupied by him as his residence.

Cf. 1964, No. 124, s. 29

28. Contracts of Corporation—Part II of the First Schedule to the Public Bodies Contracts Act 1959 (as amended by section 30 of the Development Finance Corporation Act 1964) is hereby further amended by repealing the item that relates to the Corporation, and substituting the following item: 5

“The Development Finance Corporation of New Zealand | 1973, No. 00—The Development Finance Corporation Act 1973.”

Cf. 1964, No. 124, s. 30

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29. Directors not personally liable—No director shall be personally liable for any act or default done or made by the Board or by any director in good faith in the course of operations of the Board.

Cf. 1964, No. 124, s. 31

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30. Disclosure of interests—(1) Any director of the Corporation who, otherwise than as such 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 Board. 20

(2) A disclosure under this section shall be recorded in the minutes of the Board, and, except as otherwise provided by resolution of the Board, the director— 25

(a) Shall not take part after the disclosure in any deliberation or decision of the Board relating to the arrangement or agreement; and

(b) Shall be disregarded for the purpose of forming a quorum of the Board for any deliberation or decision. 30

Cf. 1964, No. 124, s. 32

31. Corporation not a company or a moneylender—It is hereby declared that the Corporation is not—

(a) A company within the meaning of any of the provisions of the Companies Act 1955: 35

(b) A moneylender within the meaning of any of the provisions of the Moneylenders Act 1908.

Cf. 1964, No. 124, s. 33; 1970, No. 38, s. 12

32. Protection of name—No company or other body shall be incorporated or registered under any Act or otherwise under a name that is identical with that of the Corporation or under any other name that in the opinion of the Registrar
5 of Companies so resembles the name of the Corporation as to be likely to deceive.

33. Repeals—The following enactments are hereby repealed:

- 10 (a) The Development Finance Corporation Act 1964:
(b) The Development Finance Corporation Amendment Act 1970:
(c) The Development Finance Corporation Amendment Act 1971.