

## DOMINION STATE BANK BILL.

### EXPLANATORY MEMORANDUM.

THIS Bill is almost entirely on the lines of the Commonwealth Bank Act of Australia, and is based on the same principles.

Its purpose is to ensure safe finance to settlers, small businessmen, and workers, and to bring to the State a portion of the profits now secured by private banks.

No. 22—1.

Mr. Veitch.

## DOMINION STATE BANK.

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## A BILL INTITULED

Title.	AN ACT to provide for a Dominion Bank.	
	BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—	5
Short Title.	1. This Act may be cited as the Dominion State Bank Act, 1916.	
Commencement.	2. This Act shall commence on a day to be fixed by Proclamation.	
	PART I.	10
	PRELIMINARY.	
Parts.	3. This Act is divided into Parts as follows :—	
	PART I.—Preliminary.	
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Definitions.	4. In this Act, unless the contrary intention appears,—	20
	“Dominion” means the Dominion of New Zealand :	
	“The Bank” means the Dominion State Bank of New Zealand established by this Act :	
	“The General Manager” means the General Manager of the Bank :	25
	“Minister” means the Minister of Finance.	
	PART II.	
	ESTABLISHMENT OF THE BANK.	
Establishment of Bank.	5. A Dominion Bank, to be called the Dominion State Bank of New Zealand, is hereby established.	30
Incorporation of Bank.	6. The Bank shall be a body corporate with perpetual succession and a common seal, and may hold land, and may sue and be sued in its corporate name.	
General powers of Bank.	7. The Bank shall, in addition to any other powers conferred by this Act, have power—	35
	(a.) To carry on the general business of banking ;	
	(b.) To acquire and hold land on any tenure ;	
	(c.) To receive money on deposit, either for a fixed term or on current account ;	
	(d.) To make advances by way of loan, overdraft, or otherwise ;	40
	(e.) To discount bills and drafts ;	
	(f.) To issue notes, bills, and drafts, and grant letters of credit ;	
	(g.) To deal in exchanges, specie, bullion, gold-dust, assayed gold, and precious metals ;	
	(h.) To borrow money ; and	45
	(i.) To do anything incidental to any of its powers.	
Capital.	8. (1.) The capital of the Bank shall be five hundred thousand pounds, and shall be raised by the sale and issue of debentures in pursuance of this Act.	

(2.) The capital of the Bank shall be available for all the purposes of the Bank.

9. (1.) The Minister may, out of the consolidated revenue, which is hereby appropriated accordingly, make advances to the Bank for the purpose of enabling it to defray any of the expenses incidental to the establishment of the Bank, the opening of offices thereof for business, and the raising of sufficient capital for carrying on business.

Advance to Bank by Minister.

(2.) Any moneys advanced in pursuance of this section shall be repaid to the consolidated revenue by the Bank, together with interest at the rate of three and a half per centum per annum.

PART III.

MANAGEMENT OF THE BANK.

10. The Bank shall be managed by the General Manager of the Bank.

Management.

11. The General Manager and a Deputy General Manager of the Bank shall be appointed by the Governor, and shall hold office during good behaviour for a period of seven years, and shall be eligible for re-appointment.

Appointment of General Manager and Deputy General Manager.

12. (1.) The General Manager and the Deputy General Manager shall be paid such salaries and travelling-expenses as are fixed by the Governor.

Salaries.

(2.) The salary of the General Manager or of the Deputy General Manager shall not be reduced during his continuance in office.

13. The General Manager and the Deputy General Manager shall respectively have such powers and perform such duties as are prescribed by this Act or the regulations.

Powers and duties of General Manager and Deputy General Manager.

14. If the General Manager is absent from the Dominion, or is absent from duty on leave, or is unable by reason of illness or other cause to perform his duty, or if any vacancy exists in the office of General Manager, the Deputy General Manager shall have and exercise the powers and functions of the General Manager during his absence, or while the inability continues or the vacancy exists.

Deputy General Manager to exercise powers of General Manager in his absence.

15. The Minister may appoint such other officers and servants of the Bank as he thinks necessary for efficiently conducting the business of the Bank.

Appointment of officers.

16. Officers of the Bank shall not borrow money from the Bank.

Officers not to borrow from Bank. Returns to Minister.

17. The General Manager shall furnish to the Minister, in accordance with the prescribed forms, quarterly statements of the assets and liabilities of the Bank and of the business of the Bank, which statements shall be published in the *Gazette*, and also such other periodical statements as are prescribed.

18. (1.) The affairs of the Bank shall be subject to inspection and audit by the Auditor-General.

Audit.

(2.) The inspection and audit shall be conducted not less often than half-yearly, and the Auditor-General shall report to the Minister the result of each inspection and audit.

19. The General Manager, at least twice in each year, shall prepare a balance-sheet in accordance with the prescribed form and submit it to the Auditor-General for report as to its correctness or

Half-yearly balance-sheet.

otherwise, and transmit it with the report of the Auditor-General to the Minister, and shall also transmit a true copy of the balance-sheet and report to the Speaker of the House of Representatives to be laid before the House of Representatives within one month after the opening of each session of Parliament.

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## PART IV.

## GENERAL PROVISIONS.

- Head Office.** 20. The Head Office of the Bank shall be situated in such place within the Dominion as the General Manager thinks fit to appoint.
- Establishment of branches and agencies.** 21. The General Manager may establish branches or appoint agencies of the Bank in any part of the Dominion or of any territory under the Dominion. 10
- London branch.** 22. The General Manager may, with the consent of the Minister, establish a branch or branches in the United Kingdom, and may, with the like consent, establish branches in any other places beyond the Dominion. 15
- Power to appoint attorney.** 23. The Bank may, with the approval of the Minister, by instrument under its common seal, appoint any person (whether in the Dominion or in any place beyond the Dominion) to be the Attorney of the Bank, and any person so appointed may, subject to the instrument, do any act or execute any power or function which he is authorized by the instrument to do or execute. 20
- Agents.** 24. The General Manager may arrange with any bank carrying on business in any place to act as the agent of the Bank in any place whether in or outside the Dominion. 25
- Bank may act as agent.** 25. The Bank may act as the agent in New Zealand of any bank carrying on business in or outside New Zealand.
- Power to improve property and carry on any business.** 26. Where the Bank holds any property (whether real or personal) or business as security for any advance, and the property or business falls into the hands of the Bank, the Bank may maintain, repair, or improve the property and carry on the business until, in the discretion of the General Manager, the Bank can dispose of the property in the best interests of the Bank. 30
- Custody of seal.** 27. The common seal of the Bank shall be kept in the custody of the General Manager or Deputy General Manager of the Bank. 35
- Affixing of seal.** 28. The common seal shall not be affixed to any document without the authority of the General Manager.
- Disposal of profits.** 29. (1.) The net profits derived by the Bank shall be dealt with as follows:—
- (a.) One-half shall be placed to the credit of a fund to be called the Bank Reserve Fund; and 40
  - (b.) The other half shall be placed to the credit of a fund to be called the Redemption Fund: 45
- Provided that if there is no liability by the Bank to the Minister with respect to any advance made from the Consolidated Fund to the Bank the whole of the profits shall be placed to the credit of the Bank Reserve Fund.
- (2.) The Bank Reserve Fund shall be available for the payment of any liabilities of the Bank.

(3.) The Redemption Fund may be used in repayment of any money advanced to the Bank by the Minister, or in the redemption of the debentures or stock issued by the Bank, but if the Fund exceeds the amount of debentures and stock in circulation the excess may be placed to the credit of the Bank Reserve Fund.

30. Contracts on behalf of the Bank may be made, varied, or discharged as follows :—

Execution of contracts by or on behalf of the bank.

10 (a.) Any contract which, if made between private persons, would be by law required to be in writing under seal, may be made, varied, or discharged, in the name and on behalf of the Bank, in writing under the common seal of the Bank :

15 (b.) Any contract which, if made between private persons, would be by law required to be in writing and signed by the parties to be charged therewith, may be made, varied or discharged, in the name and on behalf of the Bank, in writing signed by any person acting under the express or implied authority of the Bank :

20 (c.) Any contract which, if made between private persons, would by law be valid although made by parol only and not reduced into writing, may be made, varied, or discharged by parol, in the name and on behalf of the Bank, by any person acting under the express or implied authority of the Bank :

25 And all contracts made according to the provisions contained in this section shall be effectual in law, and shall be binding upon the Bank and on all other parties thereto, their heirs, executors, or administrators, as the case may be :

30 Provided that nothing in this section shall invalidate any contract executed on behalf of the Bank by any duly appointed attorney of the Bank, if the contract would be valid if executed by the attorney on his own behalf.

35 31. The General Manager may, with the consent of the Minister, make rules, not inconsistent with this Act or the regulations made by the Governor thereunder, for any of the following purposes :—

Rules of the Bank.

40 (a.) The good government of the Bank ;  
 (b.) The classification of the officers of the Bank ;  
 (c.) To provide a superannuation fund ; and  
 (d.) Any matter necessary or convenient to be provided for carrying on the business of the Bank.

32. The Dominion shall be responsible for the payment of all moneys due by the Bank :

Responsibility of Dominion for Bank.

45 Provided that nothing in this section shall authorize any creditor or other person claiming against the Bank to sue the Dominion in respect of his debt or claim.

33. (1.) The Bank may invest any moneys held by it—

Investment of funds.

50 (a.) In any Government security approved by the Minister ; or  
 (b.) On loan on the security of land ; or  
 (c.) In any other prescribed manner.

(2.) Nothing in this section shall prevent the Bank, in carrying on the business of banking, from making advances to a customer on any security which the General Manager thinks sufficient.

## PART V.

## SAVINGS-BANK BUSINESS.

Establishment of Savings-bank.

34. (1.) The General Manager may establish at the head office of the Bank, and at such other places as he thinks fit, a department, branch, or agency for the receipt and repayment of deposits and the transaction generally of the business of a savings-bank. 5

(2.) Branches or agencies for savings-bank business may be established at any place notwithstanding that the Bank has no branch or agency for general banking business at that place.

(3.) Separate accounts shall be kept by the Bank in respect of the savings-bank business of the Bank, and for that purpose any receipts or expenditure of the Bank referable to both ordinary business and savings-bank business shall be allotted in such proportions as the General Manager thinks fit. 10

Receipt of deposits.

35. The Bank may, at any place where savings-bank business is carried on, receive from any person, by way of savings-bank deposit, any sum or sums of money not being less than one shilling, and shall cause the amount of the money so received to be placed to the credit of the depositor or such other person as he appoints. 15

Deposits to be made at office.

36. No depositor shall have any claim on the Bank in respect of any savings-bank deposit, unless the deposit has been made at the head office, or some branch or agency of the Bank open for savings-bank business, and during the hours in which the office, branch, or agency was open for the receipt of deposits. 20

Interest on deposits.

37. Subject to the rules of the Bank, the Bank may allow interest on any sum to the credit of a depositor, not being less than one pound, at such rate as the General Manager from time to time declares. 25

Calculation of interest.

38. (1.) Interest on savings-bank deposits shall be calculated once in each year up to the thirtieth day of June, and shall be carried to the credit of the account of the depositor, and shall thereupon become principal, and shall, subject to any limitation in the amount on which interest may be allowed, carry interest in all respects as other principal money deposited in the Bank. 30

(2.) No fractional part of any month shall be taken into account in the calculation of interest, nor shall any interest less than one penny be added to any account. 35

Notice of withdrawal by depositors.

39. A depositor shall only be entitled to withdraw moneys standing to his credit in connection with the savings-bank business of the Bank after notice of withdrawal has been given by him in accordance with the rules of the Bank. 40

Infant may make deposits.

40. The Bank may receive saving-bank deposits from or for the use or benefit of any person under the age of twenty-one years; and the Bank may pay to an infant, when and after he has attained the age of twelve years, or appears to the officer making the payment to have attained that age, any moneys standing to his credit in the Bank, in the manner and upon the conditions appointed in the case of other savings-bank depositors, and the receipt of the money by the infant shall be a sufficient discharge to the Bank. 45

Married women's deposits.

41. Every savings-bank deposit in the name of a woman, whether made before or after marriage, shall, as against her husband and persons claiming through or under him, be deemed to be her 50

separate property and belong to her in her own right as if she were a *femme sole*.

42. Deposits by way of savings-bank deposits may be received from any person (in this section called the trustee) who declares himself willing to act as trustee for any other person, whether that person is under a disability or not, and the receipt of the trustee shall, in relation to the deposit and the interest thereon, be a discharge to the Bank, but the General Manager may, if he thinks fit, require the signature of both the trustee and the *cestui que trust* before any repayment is made.

Deposits by trustees.

43. (1.) Where a person dies leaving any money deposited with the Bank by way of savings-bank deposit to an amount not exceeding one hundred pounds and probate of his will or letters of administration of his estate are not produced to the Bank, or notice in writing of the existence of a will and of intention to prove it or to take out letters of administration is not given to the Bank, within two months after the death of the depositor, the Bank may, if the General Manager thinks fit, apply the money—

Payment out of deposits not exceeding £100 in case of death of depositor.

(a.) In payment of the funeral expenses of the deceased; and  
(b.) In paying the balance to the widow or some relation of the deceased.

(2.) No person shall have any claim against the Bank in respect of any payment made in pursuance of this section, but nothing in this section shall relieve the person receiving the money from any liability to account for or apply the money in accordance with law.

44. Payment of any money deposited with the Bank by way of savings-bank deposit and standing in the name of a deceased depositor to any person having probate of the will of the depositor or letters of administration of his estate appearing to be in force shall be a good discharge to the Bank, but nothing in this section shall relieve the person receiving the money from any liability to account for or apply the money in accordance with law.

Payments under probates or letters of administration.

45. Where a person, being illegitimate, dies intestate leaving any money deposited with the Bank by way of savings-bank deposit, the Bank may pay the money to such natural relative of the deceased as in the opinion of the General Manager has the best claim thereto.

Payment on death of illegitimate depositor.

46. Where a person having any money deposited with the Bank by way of savings-bank deposit becomes insane or otherwise incapacitated to act, and his insanity or incapacity is proved to the satisfaction of the General Manager, and the General Manager is satisfied of the urgency of the case, the General Manager may authorize the payment of the money to the credit of the depositor to any person he thinks proper, and the receipt of that person shall be a good discharge to the Bank.

Insanity or incapacity of depositor.

47. Subject to the rules of the Bank, deposits by way of savings-bank deposit may be received by the Bank from any local authority, friendly society, co-operative society, or any society or club (not being an incorporated or unincorporated company or other body engaged in or formed for the purpose of trading or of acquiring pecuniary profit or other gain) and the receipt of the treasurer of the local authority, society, or club, or of an officer of the local authority, society, or club authorized in that behalf, shall, in relation to the deposit and any interest thereon, be a discharge to the Bank.

Deposits by Societies.



Trading companies  
not to make  
deposits.

48. An incorporated or unincorporated company or other body engaged in or formed for the purpose of trading or of acquiring pecuniary profit or other gain shall not be entitled to make any deposit with the Bank by way of savings-bank deposit or to receive any interest on any deposit of that nature. 5

Deposit-books to be  
produced for  
inspection.

49. (1.) Each depositor shall once in each year produce his savings-bank deposit-book to the Bank for examination and verification with the books of the Bank at such times and places as the Board from time to time appoints.

(2.) Notice of the times and places at which depositors' deposit books are to be produced shall be given in accordance with the rules of the Bank. 10

Unclaimed deposits.

50. (1.) All moneys to the credit of a depositor's savings-bank account (not being a deposit on behalf of a minor) which has not been operated upon, either by addition or withdrawal, for a period of seven years and upwards shall be carried to an account to be called the Depositors' Unclaimed Fund, and shall cease to bear interest. 15

(2.) The General Manager may, on proof to his satisfaction that any person is entitled to any money which has been carried to the credit of the Depositors' Unclaimed Fund, direct payment thereof to him, and his receipt shall be a good discharge to the Bank. 20

(3.) A list of the amounts carried to the Depositors' Unclaimed Fund and not claimed shall be published annually in the *Gazette*.

(4.) All moneys in respect of which a claim is not established within ten years after having been included in any published list shall cease to be claimable, and shall become the absolute property of the Bank, but the General Manager may, with the consent of the Minister, allow any claim after that period has expired, if he is satisfied that special reasons exist for the allowance of the claim. 25

Dominion officers  
may act as agents.

51. (1.) The General Manager may arrange with the Minister administering any Department of the Dominion for any officer of the Department to act as agent of the Bank for the transaction of savings-bank business. 30

(2.) Any officer acting as agent of the Bank in pursuance of this section shall be deemed to be an officer of the Bank. 35

## PART VI.

### ISSUE OF DEBENTURES BY THE BANK.

Issue of debentures.

52. The Bank may from time to time issue debentures to such amount as it thinks necessary, but so that the total amount thereof current at any one time shall not exceed five hundred thousand pounds. 40

Form of debentures.

53. Debentures shall be in accordance with the prescribed form, and shall be under the common seal of the Bank, and shall be signed and countersigned as prescribed.

Interest and period  
of debentures.

54. (1.) Debentures shall be for ten pounds or some multiple thereof, and shall bear interest at a rate to be fixed by the Bank before the issue thereof. 45

(2.) Debentures shall be redeemable at par at such time or times as are specified therein, being—

(a.) On a fixed date; or

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(b.) After a fixed date on twelve months' notice given by the Bank in the prescribed manner; or

(c.) Between fixed dates on twelve months' notice given by the Bank in the prescribed manner.

5 55. The Dominion by this Act guarantees the payment by the Bank of the principal and interest due in respect of any debenture issued by the Bank in pursuance of this Act, and the Consolidated Revenue Fund is hereby appropriated for the purpose of this section. Dominion guarantee.

10 56. (1.) Every debenture issued in pursuance of this Act shall be payable to the bearer thereof, and shall pass by delivery only without any assignment or endorsement, and the bearer of a debenture shall have the same rights and remedies as if he were expressly named therein. Negotiability of debentures.

15 (2.) At the request of the bearer of a debenture the Bank may in lieu thereof issue to him inscribed stock of the same currency, and bearing the same interest, and transferable only in manner prescribed.

(3.) At the request of the holder of any inscribed stock of the Bank the Bank may, in lieu thereof, issue to him debentures of the same currency and bearing the same interest.

20 57. The Bank may sell debentures, or cause them to be sold, at such times and at such places and in such sums and on such conditions as the Treasurer approves. Sale of debentures.

58. (1.) Any person who, with intent to defraud,—

(a.) Forges any security of the Bank; or Forgery of securities.

25 (b.) Utters any forged security of the Bank; or

(c.) Makes any instrument for forging any security of the Bank; or

(d.) Has in his possession any such instrument; or

30 (e.) Has in his possession any forged security of the Bank—

shall be guilty of an indictable offence.

Penalty: Imprisonment for *ten* years.

(2.) Any person who, without authority, proof whereof shall lie upon him,— Unauthorized forms.

35 (a.) Makes any form of security of the Bank;

(b.) Has in his possession any form of security of the Bank; or

(c.) Makes or has in his possession any instrument or thing by which any distinctive mark or signature on any security of the Bank may be made or imitated,—

shall be guilty of an offence.

40 Penalty: Imprisonment for *two* years.

(3.) In this Part of this Act "security of the Bank" means any Bank debenture, Bank inscribed stock, or any coupon, warrant, or document for the payment of interest thereon, and includes any transfer of any Bank inscribed stock, and any endorsement of any coupon, warrant, or document for the payment of interest on any security of the Bank. Forfeiture of forged securities, &c.

50 59. All forged securities of the Bank, and all unauthorized forms of security of the Bank, and all unauthorized instruments and things by which any distinctive mark or signature on any security of the Bank, may be unlawfully made or imitated, shall be forfeited to the King, and may be seized by any member of the police force.

## PART VII.

## MISCELLANEOUS.

Falsification of  
books, &c.

60. Any officer of the Bank who fraudulently and in breach of his duty—
- (a.) Makes any false entry in any book, record, or document ; or 5
  - (b.) Omits to make any entry in any book, record, or document ;
  - or
  - (c.) By act or omission falsifies any book, record, or document ; or
  - (d.) destroys or damages any book, record, or document ; or
  - (e.) Furnishes any false return or statement of any money or 10  
property ; or
  - (f.) Omits to furnish any return or statement of any money or  
property,—
- shall be guilty of an indictable offence.  
Penalty : Imprisonment for *seven* years. 15

Misappropriation of  
money or property  
of Bank.

61. Any officer of the Bank who steals, or fraudulently misappropriates, or fraudulently converts to his own use any money or property of the Bank shall be guilty of an indictable offence.

Penalty : Imprisonment for *seven* years.

Regulations.

62. The Governor in Council may make regulations, not incon- 20  
sistent with this Act, prescribing all matters which are required or  
permitted to be prescribed or which are necessary or convenient to  
be prescribed for carrying out or giving effect to this Act, and in  
particular for making provision for the issue, inscription, transfer,  
transmission, and redemption of inscribed stock of the Bank, and all 25  
matters incidental therein.