

GOVERNMENT LIFE INSURANCE CORPORATION BILL

EXPLANATORY NOTE

THIS Bill provides for the establishment of the Government Life Insurance Corporation as a corporation outside the Public Service.

Unless otherwise stated, the provisions of the Bill, apart from minor drafting amendments, are the same as in the present Act.

Clause 1 relates to the Short Title and the commencement date. The Bill is to come into force on 1 January 1987 except for the clauses specified in *clause 43 (1)* of the Bill, which are to come into force on a date to be determined by the Governor-General by Order in Council (such date being referred to in the Bill as the specified date).

Clause 2 is the interpretation provision.

PART I

GOVERNMENT LIFE INSURANCE CORPORATION

Clause 3 continues the Government Life Insurance Corporation established under the present Act.

The number of directors of the Corporation appointed by the Governor-General is reduced from 5 to 4 and the number of elected directors increased from 1 to 2.

The Managing Director is no longer to be the Deputy Chairman of the Corporation or an exofficio member of the Board.

Clause 4 is a new provision to allow for Board members to elect one of its number to be the Deputy Chairman and for the Deputy Chairman to act as Chairman when necessary.

Clause 5 is new and allows the Board to appoint one of its number as Managing Director on such terms and conditions of employment as the Board thinks fit. The clause also provides for the revocation of appointment, continuation of directorship while holding office, termination of appointment on ceasing to be a director of the Board, and the remuneration.

Clause 6 provides for the term of office of the directors, including the Managing Director. At present this provision does not apply to the Managing Director.

Clause 7 deals with extraordinary vacancies on the Board.

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Clause 8 concerns the meetings of the Board.

Clause 9 requires directors to disclose their interest.

Clause 10 enables the passing of a resolution without a meeting of the Board.

Clause 11 concerns contracts of the Board.

Clause 12 deals with the execution of documents on behalf of the Corporation.

Clause 13 provides for the qualifications of the Actuary to the Corporation.

Clause 14 is new and allows the Board to appoint employees of the Corporation and to determine the terms and conditions of employment and the remuneration of employees subject to *clause 15*. The clause further provides for the engagement of persons on individual contracts.

Clause 15 provides that the remuneration and conditions of service of employees, apart from the Managing Director and persons employed under contract, are still subject to the State Services Conditions of Employment Act 1977.

Clause 16 provides that the Industrial Relations Act 1973 is not to apply to the Corporation or its employees.

Clause 17 is new and provides for the Board to subsidise a superannuation fund for employees and contracted personnel of the Corporation.

Clause 18 is also new and specifies that directors, employees, and contracted personnel are not employed in the Government service or State services for the purposes of the Government Superannuation Fund Act 1956 and the State Services Act 1962.

Clause 19 provides that directors, employees, and contracted personnel are not personally liable.

Clause 20 is new and provides for the Board to delegate its powers to the Managing Director or any other person. The clause further provides for subdelegation and revocation of delegations.

Clause 21 provides for remuneration of appointed directors.

PART II

FUNCTIONS AND POWERS OF CORPORATION

Clause 22 deals with the functions of the Corporation. It is now no longer necessary for the Corporation to obtain under *paragraph (d)* of this clause the prior written consent of the Minister and of the Minister of Finance before establishing, maintaining, and operating, or otherwise arranging for, such other services as the Corporation deems to be in the interests of the policyholders.

Clause 23 deals with the powers of the Corporation.

Clause 24 deals with directions by the Minister.

Clause 25 provides for the Government Life Insurance Corporation Account.

Subclause (4) has been amended so that the Government guarantee in respect of any insufficiency of funds only relates to specified policies.

Subclause (5) is new and defines specified policies and the method of valuation. The value is to reduce by one-fortieth each year and the guarantee will therefore be correspondingly reduced.

Subclause (6) is new and provides for interest to be paid by the Corporation in respect of any money advanced under *subclause (4)*.

Clause 26 is new and provides for the Crown to charge fees to the Corporation for the facilities provided by *clause 25 (4)*.

Clause 27 is new and ensures that the Crown is not liable for any debts of the Corporation other than those already provided for in *clause 25 (4)* or pursuant to section 86 of the Public Finance Act 1977.

Clause 28 deals with the audit of the Corporation.

Clause 29 provides for actuarial investigations.

Clause 30 provides for surplus funds to be divided among policyholders.

Clause 31 deals with policy conditions.

Clause 32 deals with the annual accounts and report of the Corporation and has been reworded to meet the requirements of the Audit Office.

PART III

GENERAL PROVISIONS

Clause 33 protects the name of the Corporation.

Clause 34 deals with the application of other Acts.

Clause 35 amends other Acts and removes the Corporation from the ambit of the State Services Act 1962 and the Public Finance Act 1977.

Clause 36 provides for the repeal and savings.

PART IV

TRANSITIONAL PROVISIONS

This Part is new and deals with the transitional provisions relating to the establishment of the Corporation outside the Public Service and the consequential changes made by the foregoing provisions of the Bill.

Clause 37 provides for the continuity of the terms of office of the appointed directors.

Clause 38 provides that the first Managing Director of the Corporation is to be the Managing Director holding office on the day before the specified date, who shall hold office for 18 months.

Clause 39 provides that the employees first appointed by the Corporation shall be those holding office immediately before the specified date.

It also sets out the procedure whereby an employee can resume employment in the Public Service.

Clause 40 preserves the appeal rights of employees under the State Services Act 1962.

Clause 41 preserves the regrading rights of employees under the State Services Act 1962.

Clause 42 preserves the rights of employees in the Government Superannuation Fund.

Clause 43 provides that *clauses 5, 14 (1), 14 (2), 15, 16, 35 (1), 38, 39, 40, 41, and 42* of the Bill, which relate to the Corporation operating as a separate employing authority, are to come into force on a date to be determined by the Governor-General by Order in Council.

It also contains saving provisions for the intervening period.

Hon. P. B. Goff

GOVERNMENT LIFE INSURANCE CORPORATION

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A BILL INTITULED

An Act to establish the Government Life Insurance Corporation as a corporation outside the Public Service

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 and commencement—(1) This Act may be cited as the Government Life Insurance Corporation Act 1986. 5

(2) Subject to **section 43 (1)** of this Act, this Act shall come into force on the **1st day of January 1987**.

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

“Actuary” means the person for the time being holding the appointment as Actuary to the Government Life Insurance Corporation:

“Appointed director” means a director of the Corporation appointed under **section 3 (3) (a)** of this Act or elected pursuant to **section 3 (3) (b)** of this Act: 15

“Contracted personnel” means persons appointed on contract under **section 14 (3)** of this Act:

“Corporation” means the Government Life Insurance Corporation continued under **section 3** of this Act:

“Employee” means any person employed in the service of the Corporation, other than appointed directors or contracted personnel: 20

“Financial year” means a period of 12 months ending with the 30th day of September:

“Managing Director” means the Managing Director of the Corporation appointed under **section 5** of this Act: 25

“Minister” means the Minister of the Crown for the time being charged with the administration of the Corporation:

“Specified date” means the date on which the Order in Council made pursuant to **section 43 (1)** of this Act comes into force. 30

Cf. 1983, No. 15, s. 2

PART I

GOVERNMENT LIFE INSURANCE CORPORATION 35

3. Government Life Insurance Corporation—(1) There shall continue to be a body corporate called the Government Life Insurance Corporation which shall be the same body corporate as that existing under the same name immediately prior to the commencement of this Act. 40

(2) The Corporation shall be a body corporate with perpetual succession and a common seal and, subject to this Act, shall be capable of acquiring, holding, and disposing of real and personal property, and of suing and being sued, and
5 of doing and suffering all other acts and things that bodies corporate may do and suffer.

(3) The Corporation shall consist of the following directors, who together shall act as a Board of Directors and be responsible for policy:

10 (a) Not more than 4 directors appointed by the Governor-General on the recommendation of the Minister, who in making the recommendations shall have regard to the knowledge and experience in business, finance, insurance, or marketing of the persons
15 recommended and to the contribution they can make to promoting and safeguarding the interests of the policyholders:

(b) Two members elected by the policyholders in the manner prescribed from time to time by the
20 Governor-General by Order in Council.

(4) One of the appointed directors shall be so appointed as the Chairman of the Corporation.

Cf. 1983, No. 15, s. 3

4. Deputy Chairman—(1) The Board shall from time to
25 time elect one of its number to be the Deputy Chairman of 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 that person is not a director.

30 (2) During any vacancy in the office of Chairman, or in the 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 the office, the Deputy Chairman shall have and may exercise all the powers of the Chairman.

35 **5. 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.

40 (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, but shall be deemed to continue in office as a director during the term of the appointment as Managing Director. On the termination of that appointment that person shall retire as a director but shall, if qualified, be eligible for reappointment. 5

(4) The appointment of a Managing Director shall be automatically terminated if that person 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 Board from time to time determines, in addition to or instead of any remuneration paid or payable as a director. 10

Cf. 1983, No. 15, s. 12

6. Terms of office of appointed directors of Corporation—(1) Subject to this section every director shall be appointed for such term as is specified in the appointment, being a term not exceeding 3 years, but may from time to time be reappointed. 15

(2) Unless the director sooner vacates office under any of the provisions of **subsections (3) to (5)** of this section, every director shall continue in office until the successor comes into office, notwithstanding that the term of office may have expired. 20

(3) Any appointed director may at any time resign from office by written notice given to the Minister. 25

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

(5) Any appointed director shall be disqualified from holding appointment if— 30

(a) That director is a member of Parliament; or

(b) That director is a bankrupt who has not been discharged, or whose order of discharge is suspended for a time not yet expired or is subject to conditions not yet fulfilled. 35

(6) Any appointed director shall be deemed to have vacated office if absent without the leave of the Corporation from 3 successive meetings of the Corporation, except by reason of sickness. 40

Cf. 1983, No. 15, s. 4

7. Extraordinary vacancies—(1) If any appointed director dies or resigns office or is removed from office, or is disqualified from office or is deemed to have vacated office, the vacancy shall, as soon as practicable, be filled by the
5 appointment of another director; and if the term of the vacating director has not expired at the time of the appointment, the appointed director shall hold office for the residue of the term of the vacating director.

(2) The powers of the Corporation shall not be affected by
10 any vacancy on the Board of Directors.

Cf. 1983, No. 15, s. 5

8. Meetings of Corporation—(1) The first meeting of the Corporation after the commencement of this Act shall be held on a day and place to be appointed by the Minister.

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

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

20 (4) At all meetings of the Corporation, the quorum shall be at least one-half of all the directors who, for the time being, are in office and are entitled to vote.

(5) The Chairman shall preside at all meetings of the Corporation at which the Chairman is present.

25 (6) If the Chairman is absent from a meeting of the Corporation—

(a) The Deputy Chairman shall preside if present:

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

30 (7) All questions arising at any meeting of the Corporation shall be decided by a majority of the votes of the directors present who are entitled to vote and do vote, and, if there is an equality of votes, the Chairman or other person presiding at the meeting shall have a casting vote.

35 (8) Subject to this Act, the Corporation may regulate its own procedure as it thinks fit.

Cf. 1983, No. 15, No. 7

9. Directors to disclose interest—(1) Any director who is directly or indirectly interested in any arrangement or agreement made or entered into, or proposed to be made or
40 entered into, by the Corporation shall, as soon as possible after the relevant facts have come to that director's knowledge,

disclose the nature of the interest at a meeting of the Corporation.

(2) Any disclosure of interest by a director shall be recorded in the minutes of the Corporation; and, unless otherwise provided by a resolution of the Corporation, the director shall not be entitled to vote in respect of, or take part in, the deliberations or decisions of the Corporation relating to the arrangement or agreement in which that director is interested. 5

Cf. 1983, No. 15, s. 8

10. Passing of resolution without meeting—A resolution in writing signed, or assented to by letter, telegram, cable, telex, or other written message, by a majority of the directors for the time being entitled to receive notice of a meeting of the Corporation shall be as valid and effectual as if it had been passed at a meeting of the Corporation duly called and held. 10 15

Cf. 1983, No. 15, s. 9

11. Contracts of Corporation—(1) Subject to **section 12** of this Act, any contract that, if made between private persons, must be by deed shall, if made by the Corporation, be in writing under the common seal of the Corporation. 20

(2) Any contract that, if made between private persons, must be in writing signed by the persons to be charged therewith shall, if made by the Corporation, be in writing either under the common seal of the Corporation, or signed by any person acting on behalf of and under the express or implied authority of the Corporation. 25

(3) Any contract that, if made between private persons, may be made orally may, if made by the Corporation, be made in the manner specified in **subsection (1)** of this section as in the case of a deed, or in the manner specified in **subsection (2)** of this section as in the case of a contract required to be in writing, or orally by any person acting on behalf of and under the express or implied authority of the Corporation. 30

Cf. 1983, No. 15, s. 10

12. Execution of documents on behalf of Corporation— (1) The Corporation may from time to time, in writing under its common seal, authorise any director or directors or employee or employees or contracted personnel of the Corporation to execute any deeds, instruments, or other documents on behalf of the Corporation, and may at any time in the same manner revoke any such authority. 35 40

(2) Any authority under this section to any employee or employees of the Corporation may be given to—

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

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

Cf. 1983, No. 15, s. 11

13. Qualifications of Actuary to the Corporation—The person for the time being holding the appointment as Actuary to the Corporation shall be a person who—

- 15 (a) Is a Fellow of the Institute of Actuaries of London; or
- (b) Is a Fellow of the Faculty of Actuaries of Edinburgh; or
- (c) Is a Fellow of the Institute of Actuaries of Australia; or
- (d) Has other equivalent qualifications as an actuary and such relevant work experience as the Corporation
20 thinks fit.

Cf. 1983, No. 15, s. 14

14. Appointment of personnel—(1) The Board may from time to time appoint such employees as are necessary for the efficient and economical carrying out of its functions.

25 (2) Employees of the Corporation shall be employed on such terms and conditions of employment as the Board from time to time determines pursuant to **section 15** of this Act. The Board may, out of the funds of the Corporation, pay to any such employees such remuneration and other payments as the
30 Board from time to time determines.

(3) Notwithstanding **subsection (1)** of this section, persons may, in such circumstances as may be determined by the Corporation, be engaged under individual contracts for such terms of office or appointment, and on such terms, as the
35 Corporation may determine.

15. Application of State Services Conditions of Employment Act 1977—(1) The State Services Conditions of Employment Act 1977 shall, with any necessary modifications and subject to this section, apply to employees of the
40 Corporation in the same manner as they apply to employees in the State Services.

(2) For the purposes of the application of the State Services Conditions of Employment Act 1977,—

- (a) The Public Sector Tribunal shall have jurisdiction in relation to the employees of the Corporation, as if that Tribunal were a Single Service Tribunal: 5
- (b) The Corporation shall be the employing authority.

(3) Except as otherwise provided under this Act, this section shall not apply to any person appointed under **section 5** of this Act or engaged under **section 14 (3)** of this Act.

16. Industrial Relations Act 1973 not to apply—Nothing 10 in the Industrial Relations Act 1973 shall apply to the Corporation or employees of the Corporation.

Cf. 1983, No. 15, s. 15

17. Corporation may provide superannuation subsidy—The Board may, for the purpose of providing a 15 superannuation fund or retiring allowance for any of the employees or contracted personnel of the Corporation, subsidise out of the funds of the Corporation any scheme approved by the Board.

18. Members of Corporation, etc., not in service of Crown—No person shall be deemed to be employed in the Government service for the purposes of the Government Superannuation Fund Act 1956 or in the State services for the purposes of the State Services Act 1962, by reason only of that person being a member or director of or an employee or one 25 of the contracted personnel of the Corporation.

19. Directors and employees not personally liable—No director or employee or any of the contracted personnel of the Corporation, in the absence of fraud or unless the act or omission amounts to an offence, shall be personally liable in 30 respect of any act or thing done or omitted by that person in the exercise or bona fide purported exercise of any authority conferred by or pursuant to this Act.

Cf. 1983, No. 15, s. 17

20. Delegation of powers—(1) The Corporation may from 35 time to time, by resolution recorded in its minutes, delegate all or any of its powers to the Managing Director or such other person, position, or class of persons or positions, either as to matters in general, or in any particular case or matter, or any particular class or classes of cases or matters. 40

(2) With the consent of the Corporation, the Managing Director or any other person, position, or class of persons or positions may from time to time delegate all or any of their functions, powers, authorities, discretions, rights, and duties, 5 whether under this Act or any other Act or otherwise, including any powers delegated to them by the Corporation under **subsection (1)** of this section and any functions, powers, authorities, discretions, rights, and duties delegated to them under any enactment or vested in them by virtue of any 10 policy, instrument, or document of whatever nature:

Provided that the Managing Director may not delegate any functions and powers as a member of the Corporation.

(3) Every proposed delegation under **subsection (2)** of this section shall be advised to the Corporation and, if consented 15 to, be recorded in its minutes.

(4) Subject to any general or special directions given or conditions attached by the Corporation or the person making the delegation, the persons to whom any functions, powers, authorities, discretions, rights, or duties are delegated under 20 this section may exercise those functions, powers, authorities, discretions, or rights and carry out those duties in the same manner and with the same effect as if they had been conferred or imposed on them directly by this section and not by delegation.

(5) Every person purporting to act pursuant to any delegation under this section shall, in the absence of proof to the contrary, be presumed to be acting in accordance with the terms of the delegation. 25

(6) Every delegation under this section shall be revocable at 30 will, but that revocation shall not affect in any way anything done under the delegated authority.

(7) No delegation under this section shall prevent the exercise of any function, power, authority, discretion, or right, or the carrying out of any duty by the Corporation or person 35 making the delegation.

(8) Every delegation under this section shall, until it is revoked, continue in force according to its tenor, notwithstanding that the person by whom it was made may have ceased to hold office, and shall continue to have effect as 40 if made by their successor in office.

Cf. 1983, No. 15, ss. 18, 19

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

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

(3) The remuneration payable to the appointed directors of the Corporation under subsection (2) of this section shall be paid from the Consolidated Account out of money appropriated by Parliament for the purpose:

Provided that any money paid from the Consolidated Account shall be repaid to that account by the Corporation out of the Government Life Insurance Corporation Account.

Cf. 1983, No. 15, s. 20

PART II

FUNCTIONS AND POWERS OF CORPORATION

22. Functions of Corporation—The functions of the Corporation shall be—

- (a) To establish, maintain, and operate, or otherwise arrange for, life insurance, superannuation, and other related services dependent on the contingencies of the termination or continuance of human life:
- (b) To establish, maintain, and operate, or otherwise arrange for, the means of investing its funds:
- (c) To establish, maintain, and operate, or otherwise arrange for those ancillary services which, in the opinion of the Corporation, are necessary for it to efficiently and effectively carry out its functions under paragraphs (a) and (b) of this section:
- (d) To establish, maintain, and operate, or otherwise arrange for, such other services as the Corporation deems to be in the interests of the policyholders.

Cf. 1983, No. 15, s. 21

23. Powers of Corporation—The Corporation shall have all powers that are reasonably necessary or expedient to enable it to carry out its functions and, without limiting the foregoing provisions of this section, it may—

- 5 (a) Invest in the overall interests of the policyholders, but subject to any enactment pertaining to investment controls over the life insurance industry, in such investments, securities, loans, rights, and other kinds of property (whether real or personal) as may be thought expedient, and to hold, sell, or otherwise deal with such investments, securities, loans, rights, or property:
- 10 (b) Purchase, take on lease, hire, exchange, or otherwise acquire any real or personal property or any rights, whether or not subject to any mortgage, charge, lease, easement, or restrictive covenant or other encumbrance, as are necessary or expedient to carry out its functions:
- 15 (c) Sell, exchange, let on rent or royalty or share of profit or otherwise, improve, manage, develop, construct, turn to account, grant licences or easements or options or other rights over, or in any other manner deal with or dispose of real or personal property of any kind, for such consideration (including securities, whether fully or partly paid up, of any company) as may be thought fit, and to hold, deal with, or dispose of such consideration, and to hold a licence under the Sale of Liquor Act 1962 or a licence or permit under any other Act in relation to any real or personal property:
- 20
- 25 (d) Carry on any business that it considers necessary or expedient to carry out its functions, whether on its own account or in partnership or as a joint venture with any person, and to acquire or dispose of any business or any interest in a business:
- 30 (e) Borrow money (whether by overdraft or otherwise) or mortgage or charge any of its assets as it considers necessary or expedient to carry out its functions.
- 35 Cf. 1983, No. 15, s. 22

24. Direction by Minister—(1) In the exercise of its functions and powers, the Corporation shall have regard to the general policy of the Government in relation to the life insurance industry or to the functions and powers of the Corporation as that policy is communicated to the Corporation from time to time by notice in writing by the Minister, and shall comply with any directions given by the

Minister to the Corporation by notice in writing pursuant to that policy:

Provided that nothing in this subsection shall be construed as authorising the Minister to give any such direction to the Corporation that is to the detriment of the interests of the policyholders or that affects any class or classes of policyholders more than any other class or classes of policyholders. 5

(2) A copy of every such direction shall be published in the *Gazette* and laid before Parliament as soon as practicable after it has been communicated by the Minister. 10

Cf. 1983, No. 15, s. 23

25. Government Life Insurance Corporation Account—

(1) For the purposes of this Act there shall be continued a bank account to be known as the Government Life Insurance Corporation Account (being the same account as that existing under the same name immediately before the commencement of this Act) which shall be operated in such manner as the Corporation from time to time directs. 15

(2) The Corporation may from time to time open such imprest or subsidiary bank accounts whether in New Zealand or elsewhere as it considers necessary for the conduct of its business, and all references to the Government Life Insurance Corporation Account shall include a reference to any account opened under the authority of this section. 20 25

(3) Subject to **section 21** of this Act, all amounts payable by the Corporation shall be payable out of the Government Life Insurance Corporation Account.

(4) Subject to **section 26** of this Act, if at any time the money in the Government Life Insurance Corporation Account is insufficient to discharge the amounts chargeable under this section in respect of the life insurance and superannuation business of the Corporation so far as it relates to specified policies, the Minister of Finance at the request of the Corporation, and on receipt of a report from the Controller and Auditor-General, shall, without further appropriation than this section, advance the amount of the deficiency out of the Consolidated Account to the credit of the Government Life Insurance Corporation Account; and the Minister of Finance shall, within 14 days after the advance of any such money from the Consolidated Account, report every such deficiency to Parliament if Parliament is then sitting, and, if not, within 14 days after the commencement of the next ensuing session. 30 35 40

(5) For the purposes of **subsection (4)** of this section—

(a) A specified policy is a life insurance policy issued, granted, or taken out on or before the 31st day of December 1986:

5 (b) The value of any specified policy issued or granted to or taken out by the trustees of a superannuation scheme (within the meaning of the Superannuation Schemes Act 1976) for the purpose of ascertaining the amount of the deficiency to which that
10 subsection applies shall be the amount of the balance as at the 31st day of December 1986 in the superannuation scheme account to which the specified policy relates as determined by the conditions of the specified policy, reduced by one-
15 fortieth of that amount as at the close of each succeeding 31st day of December.

(6) Interest shall be payable by the Corporation to the Crown on any amount advanced by the Crown under **subsection (4)** of this section at such current rates and such intervals as
20 may be determined by the Minister of Finance.

(7) Any money advanced under **subsection (4)** of this section and any interest due under **subsection (6)** of this section shall constitute a debt due to the Crown by the Corporation.

Cf. 1983, No. 15, s. 24

25 **26. Fees payable to Crown by Corporation**—(1) There shall be payable by the Corporation to the Crown on the 1st day of January in every year a fee, to be determined from time to time by the Minister of Finance, in respect of the facilities provided by **section 25 (4)** of this Act, and, in the event of the fee
30 for any year not being paid by the 31st day of March in that year, the provisions of the said **section 25 (4)** shall no longer have any force or effect.

(2) There shall be payable by the Corporation to the Crown a fee, to be determined at the time by the Minister of Finance,
35 within 3 months of the date that an actuarial deficit in the Government Life Insurance Corporation Account is disclosed by the Actuary.

27. Crown not liable for debts of Corporation—The Crown shall not be liable to contribute towards the payment
40 or satisfaction of any debts or liabilities of the Corporation other than any sum the Crown is liable to contribute—

- (a) By virtue of any guarantee, indemnity, or security given by the Minister pursuant to section 86 of the Public Finance Act 1977; or
- (b) Pursuant to **section 25 (4)** of this Act.

28. Audit—The Corporation shall be audited by the Audit Office, which for that purpose shall have all such powers as it has under the Public Finance Act 1977 in respect of public money and stores and persons dealing therewith. 5

Cf. 1983, No. 15, s. 25

29. Actuarial investigation—(1) The Corporation shall request the Actuary to investigate the financial condition of the Corporation as at the end of each financial year. 10

(2) The report of the Actuary shall be presented to the Corporation and an abstract of the report made to meet the requirements of the Life Insurance Act 1908. 15

Cf. 1983, No. 15, s. 26

30. Surplus funds divisible among policyholders—(1) As soon as conveniently may be after the end of the financial year, or at such longer intervals not exceeding 3 years as the Corporation may fix, the Actuary shall report to the Corporation what (if any) is, in the opinion of the Actuary, the net surplus of profits to be divided among holders of policies under this Act after allowing such sum as Reserve Fund as the Actuary may recommend. 20

(2) With the authority of the Corporation, the sum so recommended for division in the Actuary's report, or such lesser sum as the Corporation may fix, shall be divided among the holders of policies under this Act in the manner and according to a scheme prepared by the Actuary and approved by the Corporation. 30

Cf. 1983, No. 15, s. 27

31. Policy conditions—(1) Notwithstanding any other provision in this Act, the rates of premiums, policy conditions, the bases of surrender values of its policies, and levels of reinsurance shall be determined by the Corporation in accordance with a recommendation of the Actuary. 35

(2) The Corporation shall not make any decision which materially affects its life insurance or superannuation business until it has obtained the comments of the Actuary in relation thereto. 40

Cf. 1983, No. 15, s. 28

32. Annual accounts and report—(1) The Corporation shall, as soon as practicable and not later than 6 months after the end of each financial year, prepare a “Statement of Financial Position” and such other statements of account as
5 necessary to show fully the financial position of the Corporation and the financial results of its operations during that year.

(2) The Corporation shall, as soon as practicable and not later than 6 months after the end of each financial year,
10 forward to the Minister—

(a) Audited accounts of the Corporation for that financial year and the report thereon of the Audit Office:

(b) A report by the Corporation on its operation during the
15 financial year, including details of any directions, pursuant to **section 24** of this Act, of the Minister of the Crown for the time being charged with the administration of the Corporation:

(c) An annual statement of business of the Corporation, in
20 the form or to the effect specified in the Twentieth Schedule to the Life Insurance Act 1908, in so far as the business of the Corporation relates to life insurance, superannuation, and other related services dependent on the contingencies of the termination or continuance of human life:

(d) A summary of every report of the Actuary made
25 pursuant to **section 29** and **section 30** of this Act, in so far as the business relates to life insurance, superannuation, and other related services dependent on the contingencies of the termination
30 or continuance of human life.

(3) A copy of the accounts, reports, and statements referred to in **subsection (2)** of this section in each year shall be laid before Parliament as soon as practicable after their receipt by the Minister.

35 Cf. 1983, No. 15, s. 29

PART III

GENERAL PROVISIONS

33. Protection of name of Corporation—(1) No company
or other body corporate shall be incorporated or registered
40 under any Act in New Zealand under the name “Government Life Insurance Corporation” or under any other name that in

the opinion of the Registrar of Companies so resembles the name of the Corporation as to be calculated to deceive.

(2) No person other than the Corporation shall, either alone or together with any other person or persons,—

(a) Trade or carry on business under; or 5

(b) In any other way use as the name or description of any unincorporated body or organisation—

the name “Government Life Insurance Corporation” or any other name so resembling the name of the Corporation as to be calculated to deceive. 10

(3) Any person who contravenes **subsection (2)** of this section commits an offence and shall be liable on summary conviction to a fine not exceeding \$1,000 and to a further fine not exceeding \$100 for each day on which the offence has continued. 15

Cf. 1983, No. 15, s. 30

34. Application of other Acts—Subject to this Act, the provisions of any other Act now or hereafter in force affecting life insurance companies shall extend and apply to the Corporation and the business conducted by it by virtue of this Act. 20

Cf. 1983, No. 15, s. 31

35. Amendments to other Acts—(1) The State Services Act 1962 is hereby amended—

(a) By repealing subsection (2) (c) of section 22 (as substituted by section 3 (1) of the State Services Amendment Act (No. 2) 1985): 25

(b) By omitting from the Second Schedule the item “Government Life Insurance Corporation” (as substituted by section 32 (2) of the Government Life Insurance Corporation Act 1983): 30

(c) By omitting from the Third Schedule the item relating to the Government Life Insurance Corporation (as substituted by section 32 (3) of the Government Life Insurance Corporation Act 1983). 35

(2) The Public Finance Act 1977 is hereby amended by omitting from the Second Schedule item (c) relating to the Government Life Insurance Corporation Account (as inserted by section 24 (7) of the Government Life Insurance Corporation Act 1983). 40

(3) The Public Trust Office Act 1957 is hereby consequentially amended by repealing paragraph (d) of section 14 (3), and substituting the following paragraph:

5 “(d) The Managing Director of the Government Life Insurance Corporation.”

(4) Section 18 of the State Insurance Act 1963 is hereby amended by inserting, after subsection (1), the following subsection:

10 “(1A) For the purposes of subsection (1) (d) of this section, the Managing Director of the Government Life Insurance Corporation shall be deemed to be an officer of the Public Service.”

36. Repeal and savings—(1) The Government Life Insurance Corporation Act 1983 is being consequentially
15 repealed.

(2) The repeal of the Government Life Insurance Corporation Act 1983 by **subsection (1)** of this section shall not affect the amendment to the Ombudsmen Act 1975 by section 32 (4) of that Act.

20 (3) Every reference in any enactment or document whatever to the Government Life Insurance Office or to the Government Insurance Commissioner shall, unless the context otherwise requires, hereafter be read as a reference to the Government Life Insurance Corporation.

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PART IV

TRANSITIONAL PROVISIONS

37. Terms of office of appointed directors of Corporation—Notwithstanding **section 3 (3)** of this Act, every
30 appointed director in office on the 31st day of December 1986 shall remain in office until the term of the appointment has expired, but shall not continue in office thereafter unless reappointed.

38. Managing Director of Corporation—Notwithstanding
35 **section 5** of this Act, the first Managing Director shall be the person holding office as the Managing Director on the day before the specified date, who shall be deemed to be an appointed director within the meaning of this Act and appointed as Managing Director for a term of 18 months from
40 the specified date on the terms and conditions of employment relating to salary and leave applying to the Managing Director on the day before the specified date, until such terms and

conditions are otherwise amended by the Board in agreement with the Managing Director.

39. Employees of Corporation—(1) The employees first appointed by the Corporation shall, without further appointment than this section, be those officers and employees holding office immediately before the specified date. 5

(2) Any person who immediately before the specified date was an officer of the Public Service employed by the Corporation at that date may, at any time within one year of the specified date, by notice in writing to the Corporation, apply to resume employment in the Public Service and, in any such case, notwithstanding the provisions of any enactment to the contrary, that person's employment in the Public Service shall be deemed to have continued without interruption: 10

Provided that this subsection shall not apply to any person— 15

- (a) Whose employment by the Corporation is terminated:
- (b) Whose employment by the Corporation has not been continuous since the specified date:
- (c) Who has applied for and been promoted to a position in the employment of the Corporation in respect of which there is payable a salary higher than the maximum salary payable in respect of the position in which that person was employed by the Corporation on the day before the specified date: 20 25

Provided also that any such person shall not be entitled to receive any salary as a member of the Public Service in respect of any period commencing on the specified date and ending with the day before that person's re-employment in the Public Service. 30

(3) Upon receipt of a notice of application under subsection (2) of this section, the Corporation shall immediately transmit the notice to the State Services Commission, whereupon the State Services Commission shall endeavour to find suitable employment in the Public Service for the employee and the Corporation shall release the employee from its employment on a date to enable the employee to begin any such employment. 35

(4) If, within 3 months after the receipt of a notice under subsection (3) of this section, the State Services Commission is unable to find suitable employment in the Public Service for the employee, the State Services Commission shall so inform the Corporation, which shall so inform the employee. 40

(5) The obligation of the State Services Commission to endeavour to find employment in the Public Service for any employee shall lapse on the Corporation being informed under **subsection (4)** of this section that the State Services
5 Commission has been unable to find suitable employment for the employee.

(6) Any person to whom **subsection (2)** of this section applies may be appointed to any vacancy in the Public Service under the State Services Act 1962 within one year of the specified
10 date, or pursuant to an application under that subsection, as if the person were an officer thereof, and section 27 (1) of that Act shall not apply to the appointment; but the person shall not have any right to appeal under section 64 of that Act nor, except as provided in **subsection (2)** of this section or **section 42 (1)**
15 of this Act, be deemed to be an officer of the Public Service for any purpose until the person has been so appointed.

(7) Where any person to whom this section applies is appointed to any office or position specified in the Third Schedule to the State Services Act 1962, section 64 (2) of that
20 Act shall apply as if the person were an officer immediately before that appointment.

(8) Subject to **subsection (7)** of this section, where pursuant to this section any person employed by the Corporation is appointed to any position on the permanent staff of the Public
25 Service as if the person were an officer thereof, every officer of the Public Service shall, if the appointment of that officer to the position would have involved promotion, have the same right of appeal against the person's appointment as if it were one to which section 64 (1)(a) of the State Services Act 1962
30 applies; and the said section 64, so far as it is applicable and with any necessary modifications, shall apply accordingly.

40. Appeal rights of employees—(1) Notwithstanding anything in this Act or in the State Services Act 1962, if, immediately before the specified date, an appeal under the
35 State Services Act 1962 is pending or there is a right to such an appeal, in respect of—

- (a) A penalty imposed under section 55 or section 57 or section 58 of that Act on a person employed in the Public Service; or
- 40 (b) Any appointment or promotion to a position which, immediately before that date, existed in the Corporation and which continues after that date in the Corporation; or

- (c) Any appointment or promotion to a position continuing, after that date, to be a position in the Public Service, if an employee (being one who was, immediately before that date, employed in the Corporation) is the appellant or if any such employee has a right of appeal pending,— 5

the provisions of Part IV, section 35, and subsections (2) and (3) of section 57 of that Act, so far as they are applicable, shall continue to apply to the employee as if the employee were still employed in the Public Service, and, in the case of an appeal or right of appeal against an appointment or promotion to a position in the Corporation where the employee was employed immediately before that date, as if the position were still a position in the Public Service. 10

(2) The decision of the Public Service Appeal Board on any appeal made to it under section 64 of the State Services Act 1962 and preserved by **subsection (1)** of this section shall be binding on and enforceable against— 15

- (a) The appellant, as if the appellant were still employed in the Public Service: 20
 (b) In the case of an appeal against a penalty imposed under section 55 or section 58 of that Act, the Corporation:
 (c) In the case of an appeal against an appointment or promotion to a position, the Corporation and the person provisionally appointed to the position: 25
 (d) The State Services Commission.

(3) The decision of the State Services Commission on any appeal made to it under section 57 of the State Services Act 1962 and preserved by **subsection (1)** of this section shall be binding on and enforceable against the appellant as if the appellant were still employed in the Public Service. 30

(4) Subject to **subsections (2) and (5)** of this section, the decision of the Public Service Appeal Board, or, in the case of an appeal under section 57 of the State Services Act 1962, of the State Services Commission, on any appeal preserved by **subsection (1)** of this section shall be implemented, as far as practicable in the same manner as it would have been implemented if the Corporation were still part of the Public Service. 35

(5) If a person becomes an employee of the Corporation as the result of an appeal preserved by this section, that person shall be deemed for the purposes of this Part of this Act to have become an employee at the specified date; but that person shall not be entitled to receive any remuneration as an 40

employee of the Corporation in respect of any period during which that person was in fact employed in the Public Service.

5 (6) If a person ceases to be employed by the Corporation as a result of the success of any appeal preserved by this section, that person shall be deemed, without further authority than this subsection, to have resumed employment in the Public Service; and the provisions of **section 39** of this Act shall apply as if the resumption had been effected pursuant to an application under that section.

10 **41. Rights relating to regrading of employees—**

(1) Notwithstanding anything in this Act or in the State Services Act 1962, if, immediately before the specified date, there is pending—

15 (a) An application for a review of the grading of a position in the Corporation under section 45 of the State Services Act 1962; or

20 (b) A request, or a right to make a request, that any such application be referred for consideration by a Classification and Grading Committee under sections 45 and 46 of that Act; or

25 (c) An appeal or right of appeal to the Public Service Appeal Board under section 64 (1) (b) of that Act in respect of a decision of the State Services Commission arising out of the recommendation of a Classification and Grading Committee,—

the provisions of Part IV and of sections 45 and 46 of that Act, so far as they are applicable, shall continue to apply to that position and that application or appeal or right to an appeal, as the case may be, as if the position were still a position in the
30 Public Service.

35 (2) Notwithstanding anything in any other enactment, the decision of the Public Service Appeal Board in any such case, and the decision of the State Services Commission on any such application (except to the extent that it is varied or reversed by that Appeal Board), shall be binding on the Corporation.

(3) If a position in the Corporation is regraded pursuant to this section, the regrading shall be deemed to have taken effect not later than the specified date.

42. Contributors to Government Superannuation

40 **Fund—**(1) Any person who on the day before the specified date was an officer or employee appointed under the State Services Act 1962 and was a contributor to the Government Superannuation Fund under the Government Superannuation

Fund Act 1956 shall, if the person becomes an employee (including the Managing Director) of the Corporation, be deemed to be, for the purposes of the Government Superannuation Fund Act 1956, employed in the Government service so long as that person continues in the service of the Corporation; and the Government Superannuation Fund Act 1956 shall apply to that person in all respects as if the service with the Corporation were Government service. 5

(2) Subject to the Government Superannuation Fund Act 1956, nothing in subsection (1) of this section shall entitle any such person to become a contributor to the Government Superannuation Fund after that person has once ceased to be a contributor. 10

(3) For the purposes of applying the Government Superannuation Fund Act 1956, in accordance with subsection (1) of this section, to a person who is in the service of the Corporation and is a contributor to the Government Superannuation Fund, the term "controlling authority", in relation to that person, means the Corporation. 15

43. Deferment of application—(1) Sections 5, 14 (1), 14 (2), 15, 16, 35 (1), 38, 39, 40, 41, and 42 of this Act shall come into force on a date to be determined by the Governor-General by Order in Council (such date being referred to in this Act as the specified date). 20

(2) Notwithstanding section 36 of this Act, sections 15 (1) and (2) of the Government Life Insurance Corporation Act 1983 shall be deemed to remain in force until the specified date. 25

(3) Until such time as section 35 of this Act comes into force, section 22 (2) of the State Services Act 1962 (as substituted by section 3 (1) of the State Services Amendment Act (No. 2) 1985) shall be read as if for paragraph (c) there were substituted the following paragraph: 30

"(c) Contracted personnel of the Government Life Insurance Corporation employed under section 14 (3) of the Government Life Insurance Corporation Act 1986:". 35

(4) Until the specified date section 20 (2) of this Act shall be read as if there were added to it the following additional proviso:

"Provided that the Managing Director shall not, without the written consent of the State Services Commission, delegate any power delegated to the Managing Director under the State Services Act 1962." 40