

Right Hon. Sir J. G. Ward.

PUBLIC DEBT EXTINCTION.

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A BILL INTITULED

AN ACT to authorise the Creation of Sinking Funds for the Extinction of the Public Debt of New Zealand. Title.

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

1. This Act may be cited as the Public Debt Extinction Act, 1910. Short Title.

2. In this Act, unless a different intention appears,—

10 "Board" means the Board constituted under this Act:  
"Fund" or "funds" means the moneys paid to the Superintendent out of the Consolidated Fund under the authority of this Act, together with all investments thereof and the accumulations thereon:

Interpretation.

15 "Minister" means the Minister of Finance:  
20 "Public debt" means any portion of the moneys borrowed by the Government of New Zealand either before or after the coming into operation of this Act for the repayment of which no assurance or reserve fund or sinking fund exists, otherwise than under the provisions of this Act, but shall not include Treasury bills issued under section fifteen of the Public Revenues Act, 1908:

“Superintendent” means the New Zealand State-guaranteed Advances Office Superintendent.

Board constituted.

3. There shall be a Board, consisting of the Commissioners of the Public Debts Sinking Funds established by section forty-seven of the New Zealand Loans Act, 1908, with the addition of the Superintendent. 5

In absence of Minister of Finance any other Minister may attend meeting of Board. Deputy may attend in case of absence of other member.

4. (1.) In the absence of the Minister from any meeting of the Board, any other Minister (being a member of the Executive Council) may attend such meeting in his stead and as the substitute of the Minister, and while so attending, shall be deemed to be a member of the Board. 10

(2.) In the absence of any other member of the Board, the officer of his Department who is authorised to act in his place during his absence (if any) may attend such meeting in his stead and as his substitute, and while so attending shall be deemed to be a member of the Board. 15

(3.) The fact that any such substitute so attends and acts at any such meeting shall be conclusive proof of his authority so to do.

Minister to be Chairman of Board.

5. (1.) The Minister shall be Chairman of the Board.

(2.) In the absence of the Chairman from any meeting of the Board, the members present shall appoint one of their number to be chairman of that meeting. 20

(3.) Three members shall form a quorum at any meeting of the Board.

(4.) The Chairman shall have a deliberative and also a casting vote. 25

Minutes of Board meetings to be kept.

6. (1.) The Board shall at all times cause proper minute-books to be kept, in which shall be entered full and faithful minutes of all proceedings at each Board meeting.

(2.) The Board may from time to time make rules regulating the conduct of its business and proceedings. 30

Resolution of Board to bind Superintendent. Annual statement to be furnished to Minister by Controller and Auditor-General.

7. A resolution of the Board shall bind the Superintendent.

8. Within thirty days after the end of each financial year the Controller and Auditor-General shall furnish the Minister with a certificate showing— 35

(a.) The total amount of the public debt of New Zealand at the end of that financial year:

(b.) The sum which, if invested each year at compound interest at four pounds per centum per annum (or such rate of interest as may be determined under the provisions of section ten of this Act), would in seventy-five years equal such amount. 40

*New paragraph.*

(c.) In calculating the amount of the public debt, the accumulations of sinking fund shall not be deducted therefrom. 45

Method of calculating principal.

9. In calculating such sum the portion of one million in excess of the last whole million of the public debt shall be reckoned as one million.

Calculation of interest.

10. After the end of the financial year, ending on the thirty-first day of March, nineteen hundred and fifteen, the interest, instead of being calculated at four pounds per centum per annum, shall be the actual average net interest earned by the funds invested under this Act during the previous three years. 50

11. The Minister shall without further appropriation than this Act pay out of the Consolidated Fund such sum as aforesaid to the Superintendent, to be invested as hereinafter directed. Payment to the Superintendent shall be in such sums and at such times during  
5 the financial year as may be required by the Superintendent. The Board shall be notified by the Minister of all such payments to the Superintendent immediately after the same have been made.

Payment of principal to Superintendent out of Consolidated Fund.

12. (1.) The payments out of the Consolidated Fund to the Public Trustee under section fifty-four of the New Zealand Loans Act, 1908, and under section eighty-eight of the Local Bodies' Loans Act, 1908, shall cease on the coming into operation of this Act.

Further payments not to be made under section 54 of New Zealand Loans Act or under section 88 of Local Bodies' Loans Act.

(2.) The interest on the capital funds now in the hands of the Public Trustee arising out of such payments shall hereafter, *until the public debt is wholly extinguished*, be paid into the Consolidated  
15 Fund at such times during each financial year as the Minister and the Public Trustee may arrange, instead of being accumulated by the Public Trustee.

*New subclauses.*

(3.) When the public debt is entirely repaid, the capital funds aforesaid shall be paid by the Public Trustee into the Public Account at such times and in such amounts as the Minister may direct.

(4.) Section fifty-four of the New Zealand Loans Act, 1908, and section eighty-eight of the Local Bodies Loans Act, 1908, are hereby  
25 repealed.

(5.) The loans referred to in the sections hereby repealed shall for the purposes of this Act be deemed to be portions of the public debt.

13. The sums paid to the Superintendent under section *eleven* of this Act shall be invested by the New Zealand State-guaranteed  
30 Advances Office Board in loans to settlers, to workers, and to local authorities under the provisions of the New Zealand State-guaranteed Advances Act, 1909.

Investment of funds.

14. Such loans may be fixed loans granted for any period not exceeding *ten* years in the case of loans to settlers or workers, or *forty*  
35 years in the case of local authorities, or may be granted on the instalment system repayable in any term not exceeding *thirty-six and one-half* years.

Repayment of advances by Superintendent.

15. No part of such moneys shall at any time be invested in New Zealand Government securities.

16. All moneys paid to the Superintendent and all accumulations thereon shall be held on trust for the repayment of the public debt, and for no other purpose whatever.

Funds not to be invested in Government securities. Moneys held by Superintendent for repayment of public debt.

17. Such moneys shall be applied towards the repayment of the loans comprising the public debt, either wholly or in part, as the  
45 Board from time to time directs.

Mode of repayment.

18. In the investment of such funds repayable either by instalments or in one sum, the Superintendent shall be subject to the directions of the Board, and in giving such directions the Board shall have regard to the dates when the principal moneys so invested shall  
50 be so required for the whole or partial repayment of any portion of the public debt.

Investments to be made with regard to time of repayment of public debt.

19. If the Superintendent shall be unable to invest the whole of the moneys paid to him in securities authorised by the New Zealand State-guaranteed Advances Act, 1909, he shall report his inability

Governor in Council may authorise further securities

to do so to the Board, which shall direct him to invest the same in such securities not forbidden by this Act as may be authorised by the Governor in Council.

Surplus funds may be used for cancellation of stock or debentures.

20. Such surplus sums may under the direction of the Board be applied to the purchase at or below par for cancellation of any stock or debentures ~~charged upon the consolidated revenue of New Zealand, being part of the public debt.~~ 5

Certificate by Controller and Auditor-General of repayment of any portion of public debt.

21. (1.) On the repayment, either by the purchase and cancellation of debentures, or otherwise, out of the funds of any portion of the present public debt before the expiration of *seventy-five* years from the date of the coming into operation of this Act, or, in the case of loans hereafter raised the repayment of which is charged upon the consolidated revenue, as being part of the public debt, within *seventy-five* years after the date of raising such loans, the Controller and Auditor-General shall within *thirty* days after such repayment notify the Minister thereof by a certificate under his hand. The certificate shall state— 10

- (a.) The amount and duration of such loan, and what portion thereof (if less than the whole) has been repaid :
- (b.) The amount of the annual interest previously paid thereon which will be saved to the Consolidated Fund by such repayment : 20
- (c.) The annual amount *and the period during which it will be* required to be paid thereafter to the fund in addition to the payments under section *eleven* of this Act, in order to preserve the growth of the fund, altered by reason of such repayment. 25

(2.) In determining such amount the interest earned by the fund shall be ascertained in the manner provided by section *ten* of this Act.

(3.) The Minister shall thereafter, without further appropriation than this Act, pay annually to the Superintendent out of the Consolidated Fund the amount so required in addition to the annual contributions to the fund provided for by section *eleven* of this Act. 30

Board may employ necessary agents and officers.

22. The Board is hereby authorised to appoint and employ such agents, whether in New Zealand, England, or elsewhere, and such clerks and other officers, as may be necessary for carrying out the objects of this Act. 35

Expenses of administration to be paid out of Consolidated Fund.

23. The Minister is hereby authorised to pay out of the Consolidated Fund, without further appropriation than this Act, all such expenses as necessarily attend the administration of this Act in such manner as he thinks fit. 40

Annual statement of accounts, &c., to be laid before Parliament.

24. An account of the proceedings of the Board, the moneys invested by the Superintendent and the securities held by him, the rate of interest earned by them, the amount of the public debt repaid during the year, the expenses of administering the Act, *the Controller and Auditor-General's certificates*, and such other particulars as may be prescribed by regulations, shall be made up to the last day of each financial year, and shall be laid upon the table of both Houses of Parliament within twenty-eight days after the commencement of the then next session. 45

Control of funds.

25. The funds shall be kept apart from the other moneys of the State-guaranteed Advances Office, and shall be managed by a branch of that office to be called the Public Debt Sinking Funds Branch. 50

26. Any portion of the funds, until required for the purposes of this Act, may be temporarily invested from time to time as the Minister directs in advances to other branches of the State-guaranteed Advances Office. Temporary investment of funds.

5 27. The Superintendent shall cause to be kept full and accurate accounts of the fund, showing the capital funds, the advances made, the interest received, all receipts and expenses, and such other particulars as the Board may from time to time require. Accounts to be kept.

10 28. The Governor may from time to time, by Order in Council gazetted, make regulations for all or any of the following purposes:— Regulations.

(a.) The conduct of the business of the Board :

(b.) Prescribing what accounts, registers, and other books shall be kept, and in what form :

(c.) The investment of surplus funds :

15 (d.) Any purpose deemed to be necessary for the efficient administration of this Act.

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