

PUBLIC SERVICE INVESTMENT SOCIETY MANAGEMENT (NO. 2) AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill amends the Public Service Investment Society Management Act (No. 2) 1979.

Clause 1 relates to the Short Title.

Clause 2 amends section 13 of the principal Act, which relates to the powers of the statutory manager.

Subclause (1) makes a minor amendment of a drafting nature.

Subclause (2) amends the provisions specifying the priority of claims against the Society. Under the present provisions the priorities are expenses of administration, preferential debts (e.g. wages and salaries), debts other than frozen accounts, frozen accounts, interest on secured debts, and interest on other debts (including frozen accounts). Under the new provisions the priorities will be expenses of administration, preferential debts, secured debts (including interest), unsecured debts (including interest) other than frozen accounts, and frozen accounts (including interest) and certain base rebates and commissions.

Subclause (3) inserts new provisions that—

- (a) Empower the statutory manager to pay debts in one order of priority before paying debts with a higher priority, if he is satisfied that sufficient funds are or will become available to pay the debts with the higher priority; and
- (b) Empower the statutory manager to divide debts having the same priority into different categories; and to pay the whole or a proportion of one category of debts before paying the other categories of debts, if he is satisfied that sufficient funds are or will become available to pay the same proportion of those other debts.

Clause 3 amends section 20 of the principal Act, which requires the statutory manager to report to the Minister of Justice at certain times.

Subclause (1) amends the provisions relating to the statutory manager's first report by omitting the requirement to state in the report the names, addresses, and descriptions of the creditors, the securities held by them, and the dates when the securities were given.

Subclause (2) amends the provisions relating to subsequent reports by adding a requirement that a report be made within one month after the determination of the statutory manager's appointment.

Subclause (3) substitutes a new provision relating to the submission of annual accounts. The present provision requires the statutory manager to submit a duly audited statement of accounts, showing in detail his receipts and payments, in each period of 12 months and within one month after the determination of his appointment. The new provision requires the statutory manager to submit duly audited annual accounts, comprising a profit and loss or income and expenditure account and a balance sheet, within 4 months (or such longer period as the Minister permits) of the end of each financial year.

Subclause (4) makes a consequential amendment.

Hon. Mr McLay

**PUBLIC SERVICE INVESTMENT SOCIETY
MANAGEMENT (NO. 2) AMENDMENT**

ANALYSIS

Title	2. Powers of manager
1. Short Title	3. Reports to Minister

A BILL INTITULED

**An Act to amend the Public Service Investment Society
Management Act (No. 2) 1979**

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

10 **1. Short Title**—This Act may be cited as the Public Service Investment Society Management (No. 2) Amendment Act 1979, and shall be read together with and deemed part of the Public Service Investment Society Management Act (No. 2) 1979* (hereinafter referred to as the principal Act).

15 **2. Powers of manager**—(1) Section 13 (3) (a) of the principal Act is hereby amended by inserting, after the word “debts”, the words “, including those”.
(2) Section 13 (4) of the principal Act is hereby amended by repealing paragraphs (c) to (f), and substituting the following paragraphs:

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- “(c) Thirdly, in payment of all principal, interest (other than interest at the penal rate), and other money owing in respect of secured debts:
- “(d) Fourthly, in payment of all principal, interest (other than interest at the penal rate), and other money owing in respect of unsecured debts admitted to proof but excluding any debts referred to in paragraph (b) or paragraph (e) of this subsection: 5
- “(e) Fifthly, in payment of all principal, interest, and other money owing in respect of deferred accounts admitted to proof, and in payment of the base rebates and commissions relating to purchases made by members of the Society from a body corporate to which this Act applies during the period commencing on the 1st day of April 1979 and ending with the 31st day of July 1979.” 10 15

(3) Section 13 of the principal Act is hereby further amended by repealing subsection (7), and substituting the following subsection:

- “(7) Notwithstanding anything in this Act,— 20
- “(a) Where the total amount of any debt that is payable to a creditor (not being a debt due to a member or depositor in respect of a deferred account) does not exceed \$200, the manager may pay that debt without reference to its priority: 25
- “(b) The manager may from time to time pay the whole or any proportion of the debts in one order of priority before paying the whole or any proportion of any debts with a higher priority, if he is satisfied that sufficient funds are, or will become, available to pay the debts with the higher priority: 30
- “(c) The manager may divide debts having the same priority into different categories; and may from time to time pay the whole or any proportion of one category of debts before paying the whole or any proportion of the other category or categories of debts, if he is satisfied that sufficient funds are, or will become, available to pay the same proportion of those other debts.” 35

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3. Reports to Minister—(1) Section 20 (1) of the principal Act is hereby amended by omitting the words “the names, addresses, and descriptions of its creditors, the securities held by them respectively, the dates when the securities were
5 respectively given,”.

(2) Section 20 (3) of the principal Act is hereby amended by inserting, after the word “appointment”, the words “, and within one month after the determination of his appointment,”.

10 (3) Section 20 of the principal Act is hereby further amended by repealing subsection (4), and substituting the following subsection:

“(4) Within 4 months (or such longer period as the Minister permits) of the end of each financial year of a body corporate to which this Act applies, the manager shall submit
15 to the Minister duly audited annual accounts of the body corporate, comprising a profit and loss or income and expenditure account and a balance sheet.”

(4) Section 20 (5) of the principal Act is hereby consequentially amended by omitting the words “financial statement”, and substituting the words “annual accounts”.

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