

New Zealand.



ANALYSIS.

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1932-33, No. 32.

AN ACT to insure the several Banks carrying on the Business of Banking in New Zealand against Losses that they may sustain by Reason of the Fixation, at the Request of the Government, of the Rates of Exchange on London and arising from the Purchase and Sale of Exchange. Title.

[1st March, 1933.]

WHEREAS at the request of the Government the banks carrying on business in New Zealand have raised the rates of exchange based on the rate for the telegraphic transmission of moneys from New Zealand to London: And whereas as a condition to such action being taken by the banks the Government has undertaken to insure the banks against any losses that they may sustain by reason of the fixation of the rates of exchange as aforesaid and arising from the purchase and sale of exchange: And whereas legislative authority is necessary to enable the Government effectively to carry out such undertaking: Preamble.

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

Short Title.

1. This Act may be cited as the Banks Indemnity (Exchange) Act, 1932-33.

Interpretation.

2. In this Act—

“The banks” means the several banks carrying on the business of banking in New Zealand:

“The standard exchange rate” means the rate for the telegraphic transmission of moneys from New Zealand to London which was in force immediately prior to the twentieth day of January, nineteen hundred and thirty-three:

“The fixed exchange rate” means the rate fixed by the banks and in force at the passing of this Act for the telegraphic transmission of moneys from New Zealand to London, and includes any rate intermediate between the standard rate and the rate in force at the passing of this Act that may be hereafter fixed by the banks at the request of the Government.

Bank of New Zealand to be the agent of the Government for purposes of this Act.

3. (1) The Bank of New Zealand is hereby constituted the agent of the Government of New Zealand for the buying and selling of exchange on London for the purposes of this Act.

(2) The provisions of this Act in so far as they confer rights or impose obligations on the banks carrying on business in New Zealand shall apply with respect to the Bank of New Zealand in its ordinary capacity to the same extent as they apply to the other such banks.

Bank of New Zealand authorized to buy surplus exchange held in London by other banks.

4. If and whenever it is made to appear to the Bank of New Zealand that any bank has for the purposes of its business in New Zealand acquired exchange on London at a rate based on the fixed exchange rate in excess of the amount of exchange on London sold by it on or after the twentieth day of January, nineteen hundred and thirty-three, the Bank of New Zealand, on the application of such bank, shall, as the agent of the Government, purchase the whole or any portion of the excess.

Bank of New Zealand on application to resell exchange to banks.

5. The Bank of New Zealand as the agent of the Government may resell to the banks any exchange acquired by it under this Act, and shall, on application in that behalf, be required to resell to any bank

exchange on London to an amount not exceeding the amount of exchange purchased from that bank pursuant to the last preceding section.

6. Sales of exchange to or from the Bank of New Zealand, as the agent of the Government, under the foregoing provisions of this Act, shall be made at the fixed exchange rate, subject to such concessions as may be mutually agreed to.

Price of exchange sold or purchased under this Act.

7. (1) Payment for exchange on London purchased by the Bank of New Zealand as the agent of the Government may be made either in cash or by Treasury bills, discounted at a rate to be mutually agreed on between the Government and the banks, but not exceeding in any case the rate for the time being fixed by the banks in respect of overdrafts on best accounts.

Exchange purchased on behalf of Government may be paid for in cash or by Treasury bills.

(2) Payment for exchange on London purchased from the Bank of New Zealand as the agent of the Government may be similarly made either in cash or in New Zealand Treasury bills, discountable at a like rate.

(3) All payments, whether in cash or by Treasury bills, required to be made by the Bank of New Zealand as the agent of the Government for the purposes of this Act may be met by the Minister of Finance out of the Consolidated Fund without further appropriation than this Act.

(4) For the purposes of this Act the Minister of Finance may from time to time borrow on the security of Treasury bills, or otherwise on the security of the public revenues of New Zealand, any moneys that may be required for payments to be made by the Bank of New Zealand as the agent of the Government, or may issue Treasury bills to such amount as may be necessary in payment to any bank for exchange on London purchased from such bank by the Bank of New Zealand as the agent of the Government.

(5) The limits imposed on the issue of Treasury bills by the Public Revenues Act, 1926, shall not apply to the issue of Treasury bills under this Act. The proceeds derived from the issue of any such bills may, in whole or in part and notwithstanding anything to the contrary in the Public Revenues Act, 1926, or the New Zealand Loans Act, 1932, be held and applied by the Bank of New Zealand as the agent of the Government for the purposes of this Act.

Investment of
exchange
purchased on
behalf of
Government
pursuant to this
Act.

8. (1) The Minister of Finance, or the Bank of New Zealand as the agent of the Government, may from time to time invest the proceeds of any exchange purchased under this Act in any securities in which balances of the Public Account may for the time being be invested in accordance with the provisions of section thirty-nine of the Public Revenues Act, 1926, and may from time to time sell any securities so purchased and, if in the opinion of the Minister of Finance the proceeds are not otherwise required, may invest such proceeds in the purchase of any other securities authorized by this section, or may apply the same, in whole or in part, in the redemption of any securities charged upon the public revenues of New Zealand.

(2) The Minister of Finance, or the Bank of New Zealand as the agent of the Government, may from time to time, in order to provide funds for the purposes of this Act, borrow moneys on the security of any securities in which moneys are invested under the last preceding subsection, and may pledge or hypothecate the said securities by way of security for the sums so borrowed.

(3) All costs, charges, and expenses from time to time incurred in raising money under this section, and all interest on those moneys, shall, without further appropriation than this Act, be charged to the Consolidated Fund.

9. The Governor-General may from time to time, by Order in Council, make such regulations as may in his opinion be necessary for the purpose of giving effect to this Act.

Regulations.