

State Bank Bill

EXPLANATORY MEMORANDUM

Clause 1 sets out the purpose of the Act.

Clause 2 provides for the commencement of the Act.

Clause 3 sets out definitions of words and expressions used in the Act.

Clause 4 binds the Crown.

Clause 5 provides that there shall be a State Bank of Victoria with the normal characteristics of a body corporate.

Clause 6 provides that the Bank shall represent the Crown while ensuring it may be proceeded against for normal commercial purposes.

Clause 7 states that the objective of the Bank shall be to carry out State Banking activities for the economic development and welfare of the people of Victoria.

Clause 8 provides that the Bank shall have a Board of Directors of which one may be the chief executive officer.

Clause 9 sets out the terms and conditions of appointment of the Directors.

Clause 10 provides that a director may act in the place of the Chairperson and Deputy Chairperson.

Clause 11 provides for the appointment of acting directors.

Clause 12 provides for the remuneration and allowances of directors to be set by the Governor in Council.

Clause 13 provides for the resignation of directors.

Clause 14 provides for the termination of appointment of directors.

Clause 15 provides that the offices of director, chief executive officer and deputy chief executive officer of the Bank are offices of profit.

Clause 16 provides for the directors' disclosure of interests in general conformity to both the Companies Code and other Public Bodies.

Clause 17 sets out the conditions under which the Bank may make loans to directors on the same terms and conditions as to customers.

Clause 18 provides that the Bank shall keep a register of its directors, chief executive officer, and deputy chief executive officer, and that this shall be open to public inspection.

Clause 19 provides for meetings of the Board of Directors.

Clause 20 provides for the manner in which the minutes of Board meetings shall be kept.

Clause 21 provides that an act or decision of the Board is not invalid by reason of certain events.

Clause 22 provides that the Board may delegate any of its functions or powers other than its power of delegation to the chief executive officer or to Bank officers.

Clause 23 provides that the Board may appoint agents, brokers or attorneys.

Clause 24 provides that there shall be a chief executive officer of the Bank who, subject to the direction of the Board, shall be responsible for the management of the Bank. It provides also for a deputy chief executive officer. Both officers are appointed by the Board with the approval of the Minister. It provides also for their retirement and removal from office.

Clause 25 provides that the Board may appoint an officer to act in the position of chief executive officer.

Clause 26 provides that the Board may appoint a secretary of the Bank and such other officers as necessary. It provides also for their suspension or removal from office.

Clause 27 provides that the Bank shall carry on the general business of State Banking within or outside Victoria and sets out the functions and powers included in this role.

Clause 28 sets out the powers and functions of the Board and provides that it must direct the affairs of the Bank in accordance with the Bank's objective.

Clause 29 provides that the Board shall inform the Minister of its policies and prudential standards and provides for the resolution of any disagreement over policy which may arise between the Board and the Minister.

Clause 30 provides that the Bank may establish branches and agencies within and outside Victoria.

Clause 31 sets out the composition of the capital of the Bank.

Clause 32 provides that, with certain exceptions, the capital of the Bank shall be share capital and that it may be held only by the Crown or agencies or instrumentalities of the Crown. It provides also for limited rights to be attached to shares.

Clause 33 provides for the transfer of Bank funds to the capital of the Bank.

Clause 34 provides that the Board, with the Treasurer's approval, may receive money for payment to the capital of the Bank.

Clause 35 provides that the Board, with the Treasurer's approval, may declare that specified amounts form part of the capital of the Bank.

Clause 36 sets out the manner in which the Board, with the approval of the Treasurer, may raise capital for the Bank.

Clause 37 provides that the capital of the Bank is not repayable except as is determined by the Board with the approval of the Treasurer or in respect of certain amounts at the demand of the Treasurer. It provides also that capital that is repaid in the latter manner shall be replaced by an equivalent amount from the funds of the Bank.

Clause 38 sets out the manner in which the profits of the Bank are to be applied and determines the order of priority in which payments are made.

Clause 39 provides that the Bank may provide certain categories of insurance in connection with the provision of services to its customers.

Clause 40 provides that the Government of Victoria generally guarantees the current and contingent liabilities of the Bank, but that specified liabilities may be excluded by the Bank or at the direction of the Treasurer.

Clause 41 provides that the Treasurer on behalf of the Government may execute guarantees of specified obligations and liabilities of the Bank on such terms and conditions as the Treasurer may determine.

Clause 42 sets out the extent of the Government's liability under its guarantees.

Clause 43 appropriates any sums from the Consolidated Fund that are required to fulfil any liability which may arise under the Government's guarantees.

Clause 44 provides that the Board is to provide any information required by the Treasurer concerning the liabilities any obligations of the Bank to which guarantees apply.

Clause 45 provides that the Board is to keep proper accounts and records and administer the Bank in accordance with accepted principles of financial and risk management.

Clause 46 provides that the Board must prepare an annual report for submission to the Minister by 30 September following the financial year; it also sets out the information to be contained in the report.

Clause 47 provides that the financial statements of the Bank must be audited by a registered company auditor appointed by the Board after consultation with the Treasurer.

Clause 48 provides that the Bank is not a prescribed authority for the purpose of the *Freedom of Information Act 1982*.

Clause 49 provides that an action does not lie against a director or officer of the Bank in respect of acts or omissions made in good faith in the performance of their duties.

Clause 50 provides that the Bank is not responsible for trust moneys deposited with it unless it expressly assumes the obligation of trustee in relation to those moneys.

Clause 51 protects the Bank and the Board against any challenge on the ground of non-compliance with a provision of the Act.

Clause 52 provides that the Board may make General Orders which are statutory rules within the meaning of the *Subordinate Legislation Act 1962* and which include the establishment of tribunals with powers relating to the discipline of officers and superannuation.

Clause 53 provides that the Governor in Council may make regulations in relation to the Act.

Clause 54 contains transitional provisions providing *inter alia* that the Bank is the same body as the Corporation established under the *State Bank Act 1958* as "The commissioners of the State Bank of Victoria".

Clause 55 repeals the *State Bank Act 1958*.

Clause 56 amends the *Stamps Act 1958* so that it binds the State Bank.

Clause 57 sets out the consequential amendments to other Acts.

