

# STATE SAVINGS BANK (AMENDMENT) BILL.

## NOTES ON CLAUSES.

*Clause 1* covers the short title and provides that the several provisions of the Act shall come into operation on a day or the respective days to be fixed by proclamation or successive proclamations.

*Clause 2* amends section 7 of the present Act by the inclusion of additional sub-sections requiring a Commissioner to disclose, except in relation to his association with a company in which he is one of at least 25 members and as a depositor of the Bank or the holder of State Bank Deposit Stock, any direct or indirect pecuniary interest in any matter coming before the Commissioners. The amendments provide for such a disclosure to be recorded in the minutes of the meeting at which it is made and regulates the conduct of the Commissioner making the disclosure in respect of the consideration of the matter by the Commissioners. A Commissioner who makes a full and accurate disclosure and takes no part in any consideration of the matter shall be deemed not to be in breach of any duty owed by him to the Commissioners by reason of his pecuniary interest in the matter in respect of which the disclosure was made.

*Clause 3.* Section 26A of the State Savings Bank Act already provides, *inter alia*, a power for the Commissioners to enter into an agreement or arrangement with any firm or body where this is advantageous relevant or incidental to carrying on the business of the Bank. This section also empowers the Commissioners to become a member of any such company, firm or body and provides for any Commissioner or officer to be a director of or hold office in the company, firm or body concerned.

Clause 3 of the Bill confers on the Commissioners the power to promote and form, or participate in the promotion and formation of, a partnership or company and to enter into an arrangement or agreement with any such company for any purpose which is advantageous, relevant or incidental to carrying on the business of the Bank in accordance with the provisions of the Act.

*Clause 4* provides a re-statement of the powers of the Commissioners, including investment powers, to bring them into line with the present range of accepted banking practices and operations.

The new section 27A inserted by clause 4 (*a*) extends the present powers of the Commissioners in relation to operations in the area of bills of exchange and promissory notes.

It also provides the power to buy and sell debentures and other securities of any company and to effect transfers of money. Specific provision is made in relation to the implied power of the Bank to make loans and advances, establish credits and otherwise provide financial accommodation for its customers and to make charges for its services and facilities in accordance with the provisions of the Act.

*Clause 4 (b)* contains a number of amendments to section 50 of the Act which authorizes the manner in which the funds of the State Savings Bank Department may be invested.

*Sub-clause 4 (b) (i)* enables the Bank to invest in debentures or other securities of any company and *sub-clause 4 (b) (ii)* extends the Bank's powers to include investments in promissory notes. The following *sub-clause (iii)* is a consequential amendment following the insertion of the new section 26B in the Principal Act to allow, with the Treasurer's consent, the investment of funds in subscribing for or purchasing shares in or debentures or other securities of any company or partnership promoted or formed pursuant to the provisions of section 26B. The Commissioners have power under the present Act to invest in similar securities of any company or partnership with which they have entered into an arrangement or agreement pursuant to the existing provisions of section 26A of the Principal Act.

The Bill provides in *sub-clause (iv) of clause 4 (b)* an expanded statement of the powers of the Commissioners to invest funds in land and buildings in a substituted paragraph (*f*) of section 50. *Sub-clause (v)* allows for investment in secured financial accommodation generally, as well as by way of conventional loan or advance, in order to enable the Bank to be in a position to meet the demand for other lending methods, such as leasing, if required by its customers in the future.

*Sub-clause (vi)* amends the existing provisions in the Act for unsecured lending by including other financial accommodation as a further category of authorized investment and by providing for approval by the Treasurer, in lieu of the Governor in Council, of the maximum amounts of lending to any one depositor. The amendment in sub-clause (vii) authorizes the Commissioner, with the approval of the Treasurer in particular instances, to make other investments not specified in section 50.

*Clause 5.* The Bank presently has limited powers to provide overdraft accommodation. Clause 5 extends those powers to permit the Commissioners to grant overdraft accommodation to small businesses as defined for the purposes of the *Small Business Development Corporation Act 1976* and to any company or partnership in which the Commissioners have invested funds with the consent of the Treasurer pursuant to the provisions of sub-section (ea) of section 50 of the Act.

*Clause 6* empowers the Bank to hold property of any depositor for safe custody and replaces the former section 36 which restricted the provision of safe custody facilities to the holding of government and semi-government securities and sealed parcels and boxes which may contain deeds and other documents.

*Clause 7* amends the existing provision concerning the witnessing of minors' receipts for withdrawals and removal of safe custody items by allowing the Commissioners to determine, by General Order, the requirements under which such receipts shall be witnessed.

*Clause 8.* The Commissioners are presently empowered to pay up to \$1,200 of the balance in the account or accounts of a deceased depositor, and to deliver up to a value of \$1,200 any holdings of bonds, debentures or other securities to the person or persons who would be entitled to them had the depositor died intestate (without production of Probate or Letters of Administration of the estate).

The present monetary limit was fixed in 1955 and it is necessary for it to be reviewed.

The amendment provided for in clause 8 will allow for a limit to be determined by regulation and relaxes the present requirement that payment or delivery must be made to the statutory next of kin, thus enabling the Bank to distribute according to an unproved will or otherwise as might appear equitable in the circumstances.

*Clause 9* repeals an out-dated section in the Act concerning payment out of moneys of an illegitimate depositor who dies intestate. Section 41 of the present Act being repealed is inconsistent with the philosophy underlying the *Status of Children Act 1974*.

*Clause 10* amends the name of the Bank's Fixed Deposit Stock to "State Bank Deposit Stock". The amendment is desirable because variations of the present expression "State Savings Bank Fixed Deposit Stock" have led to confusion of the stock with the Bank's own term deposits which are often referred to as "fixed deposits".

*Clause 11.* As a consequence of amendments to section 26B of the Act, it has been necessary to amend section 53 which presently prohibits the making of loans to any company in or of which any Commissioner or any employé of the Commissioner is a director or member. This clause contains a re-draft of section 53.

*Clause 12.* Under the amendments proposed in clause 12, the Bank's insurance powers will be made more flexible by granting the Commissioners the power to hold mortgage borrowers insured against public risk liability, with power to pay amounts in settlement of claims arising from such risks out of the Bank's Insurance Trust Fund. The clause also gives the Commissioners the power to undertake insurance cover on an intended security from the time a person applies to the Commissioners for a loan. This provision will enable a prospective borrower, if he so desires, to insure his insurable interest in a property with the Bank until a loan is approved and the necessary mortgage documents have been completed. At present the Bank is not empowered to meet an applicant's request to carry his insurance in these circumstances.