

COMMONWEALTH BANK.

No. 15 of 1924.

An Act to amend the *Commonwealth Bank Act* 1911-1920 and for other purposes.

[Assented to 20th August, 1924.]

BE it enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

1.—(1.) This Act may be cited as the *Commonwealth Bank Act* 1924. Short title and citation.

(2.) *The Commonwealth Bank Act* 1911-1920 is in this Act referred to as the Principal Act.

(3.) The Principal Act, as amended by this Act, may be cited as the *Commonwealth Bank Act* 1911-1924.

2. This Act shall commence on a date to be fixed by Proclamation. Commencement.

3. The Principal Act is amended as set out in the Schedule. Minor amendments of Principal Act.

4. Section four of the Principal Act is amended— Definitions.

(a) by inserting after the word “ appears—” the following definition:—

“ ‘ Director ’ means a Director of the Bank, and includes the Governor;” and

(b) by adding at the end of the section the following definition:—

“ ‘ the Board ’ means the Board of Directors appointed in pursuance of this Act.”.

5. Section nine of the Principal Act is repealed and the following sections inserted in its stead:—

“ 9.—(1.) The capital of the Bank shall be Twenty million pounds, consisting of the following:— Capital of Bank.

(a) The sum of Four million pounds transferred to the Capital Fund from the Bank Reserve Fund and the Redemption Fund in accordance with the next succeeding section;

(b) Such sum not exceeding Six million pounds as is granted to the Bank by the Commonwealth from moneys borrowed by the Commonwealth in pursuance of this Act; and

(c) Such sum (if any) as is raised by the sale and issue of debentures in pursuance of Part VI. of this Act.

“(2.) The capital of the Bank shall be available for all the purposes of the Bank.

Transfer from
Bank Reserve
and Redemption
Funds to Capital
Account.

“9A.—(1.) Of the amount standing to the credit of the fund known as the Bank Reserve Fund on the thirty-first day of December One thousand nine hundred and twenty-three the sum of Two million pounds shall be transferred to the Capital Account, and of the amount standing to the credit of the fund known as the Redemption Fund on that date the sum of Two million pounds shall be so transferred.

“(2.) Any amount standing to the credit of the Redemption Fund after the transfer directed by the last preceding sub-section has been made shall be transferred to the Bank Reserve Fund.”

6. Section ten of the Principal Act is repealed and the following section inserted in its stead :—

Power of
Commonwealth
to borrow
moneys to grant
to Bank:

“10.—(1.) The Treasurer may, from time to time, under the provisions of the *Commonwealth Inscribed Stock Act* 1911–1918, or under the provisions of any Act authorizing the issue of Treasury Bills, borrow moneys not exceeding in the whole the amount which it is necessary to borrow in order to grant to the Bank the sum of Six million pounds.

“(2.) The amount borrowed shall be issued and applied only for the expenses of borrowing and for the purposes of the appropriation made by the next succeeding sub-section.

“(3.) There may be issued and applied out of the proceeds of any loan raised under the authority of this section the sum of Six million pounds for the purpose of a grant to the Bank.

“(4.) The Bank shall pay to the Treasurer, half-yearly, interest on the grants made in pursuance of this section.

“(5.) The rate of interest payable by the Bank shall be the rate equivalent to the effective rate of interest payable by the Commonwealth on the loan raised for the purpose.

“(6.) For the purposes of the last preceding sub-section, the effective rate of interest payable by the Commonwealth on any loan raised for the purpose of this section shall be such rate as is certified in writing by the Auditor-General as being the effective rate of interest payable by the Commonwealth on that loan.”

7. Sections eleven to fifteen, both inclusive, of the Principal Act are repealed, and the following sections inserted in their stead :—

Management.

“11.—(1.) The Bank shall be managed by a Board of Directors composed of the Governor and seven other Directors.

“(2.) Subject to this Act, the seven other Directors shall consist of—

(a) the Secretary to the Treasury ; and

(b) six other persons who are or have been actively engaged in agriculture, commerce, finance or industry.

" 12.—(1.) The Governor and a Deputy Governor shall be appointed by the Governor-General, and shall hold office for a period not exceeding seven years, and shall be eligible for re-appointment.

Appointment of Governor, Deputy Governor and Directors.

"(2.) The Directors specified in paragraph (b) of sub-section (2.) of the last preceding section shall be appointed by the Governor-General.

" (3.) Of the six Directors first appointed in pursuance of paragraph (b) of that sub-section, one shall be appointed for a term of seven years, one for a term of six years, one for a term of five years, one for a term of four years, one for a term of three years, and one for a term of two years.

" (4.) Thereafter each Director shall be appointed for a term of seven years.

" (5.) Each person who is appointed a Director shall, upon the expiration of the term for which he was appointed, be eligible for re-appointment.

" (6.) In the event of the office of one of the Directors specified in paragraph (b) of sub-section (2.) of the last preceding section becoming vacant otherwise than by effluxion of time, the Governor-General may appoint a Director to that office for the remainder of the term for which his predecessor in that office was appointed.

" 12A.—(1.) The Governor shall be the Chief Executive Officer of the Bank.

Duties, &c., of Governor and Deputy Governor.

" (2.) The Deputy Governor shall perform such duties as are directed by the Board.

" (3.) The Governor and the Deputy Governor shall severally devote the whole of their time to the duties of their office.

" 12B.—(1.) There shall be a Board of Advice in London hereinafter called the London Board.

London Board of Advice.

" (2.) The London Board shall consist of three members to be appointed by the Governor-General upon the recommendation of the Board of Directors.

" (3.) The members of the London Board shall subject to this Act hold office for four years and be eligible for re-appointment.

" (4.) The duties and powers of the London Board shall be such as may be delegated to it from time to time by the Board of the Bank.

" 13.—(1.) The Governor and the Deputy Governor shall be entitled to remuneration by way of salary at such rates as are fixed by the Governor-General.

Remuneration of Directors and members of London Board.

" (2.) Each Director, other than the Governor, shall be entitled to remuneration by way of salary at the rate of Six hundred pounds per annum, or, if he is Chairman of Directors, One thousand pounds per annum, and each member of the London Board shall be entitled to such remuneration as is fixed by the Governor-General on the recommendation of the Board of Directors.

Offices to be held subject to good behaviour.

“ 14. Notwithstanding anything contained in this Act, the Governor, the Deputy Governor, each Director and each member of the London Board shall hold office only during good behaviour.

Provision in case of illness or absence of Governor, Deputy Governor, &c.

“ 15. In case of the illness of the Governor, the Deputy Governor, or any Director, or a member of the London Board, or in case of his absence for a period exceeding two months, the Governor-General may appoint a person to act as Deputy of the Governor, Deputy Governor, Director, or member of the London Board, as the case may be, during his illness or absence, and the deputy shall, while so acting, have all the powers and perform all the duties of the Governor, Deputy Governor, Director, or member of the London Board, as the case may be.

Declaration of fidelity and secrecy.

“ 15A. Each Director and each member of the London Board shall, before entering upon his duties or exercising any power under this Act, make before a Justice of the Peace or a Commissioner for taking Affidavits, or a Commissioner for Declarations, a declaration of fidelity and secrecy in the prescribed form.

Disqualifications from becoming Director or member of London Board.

“ 15B. A person who is—

- (a) a Director of any corporation (other than the Commonwealth Bank) the business of which is wholly or mainly that of banking ; or
- (b) an officer of any corporation (other than the Commonwealth Bank) the business of which is wholly or mainly that of banking,

shall not be capable of appointment, or of continuing to act, as a Director or a member of the London Board.

Office of Governor, Deputy Governor, Director or member of London Board—how vacated.

“ 15C. The Governor, the Deputy Governor, a Director or a member of the London Board shall be deemed to have vacated his office if—

- (a) being the Governor or the Deputy Governor, he engages, during his term of office, in any paid employment outside the duties of his office ;
- (b) he becomes bankrupt or insolvent, or applies to take the benefit of any Act or State Act for the relief of bankrupt or insolvent debtors, or compounds with his creditors, or make an assignment of his remuneration for their benefit ;
- (c) being a Director, he absents himself (except on leave granted by the Governor-General) from all meetings of the Board held during two consecutive months, or during any three months in any period of twelve months, or, being a member of the London Board, he absents himself (except on leave granted by the Governor-General) from his duties for a period of two consecutive months, or for each of three months in any period of twelve months ; or
- (d) he becomes permanently incapable of performing his duties.

Meetings of Board.

“ 15D.—(1.) The Board shall meet at least once a month, and at such other times as the Chairman directs.

“(2.) At meetings of the Board four Directors shall form a quorum.

“(3.) The Board shall in each year choose one of its members to be Chairman of Directors for the ensuing twelve months, and the member so chosen shall preside over meetings of the Board.

“(4.) At meetings of the Board the Chairman shall have a deliberative, and, in the event of an equality of votes, a second or casting vote.

“(5.) All questions arising at any meeting of the Board shall be decided by a majority of the votes of the Directors present :

Provided that a decision of the Board which affects the Note Issue Department of the Bank shall not be effective unless six Directors vote for it at a meeting at which all the Directors are present or five Directors vote for it at a meeting from which any of the Directors are absent.

“15E.—(1.) The Board may appoint from among its members an Executive Committee of not less than three members to carry on the business of the Bank between the meetings of the Board.

Appointment
of Executive
Committee.

“(2.) The Executive Committee shall have such powers and duties as are conferred or imposed on it by the Board, and shall be subject to such directions as are given by the Board.”

8. After section 16A of the Principal Act the following section is inserted :—

“16B.—(1.) Where an officer of the Bank is affected in his employment by the action of any authority of the Bank other than the Board, the officer may, within the prescribed time, submit in writing an appeal to the Board.

Appeals by
officers of the
Bank.

“(2.) An appeal under this section shall state fully the action appealed against and the grounds of the appeal.

“(3.) The Board shall refer the appeal to an Appeal Board consisting of three members, one of whom shall be appointed by the Board and one of whom shall be elected by the officers of the Bank in the manner prescribed, with an independent Chairman chosen by mutual agreement between the other two members or, if those members fail to agree, appointed by the Board.

“(4.) The Appeal Board shall consider any appeal referred to it under this section and shall submit its report thereon to the Board, which shall determine the appeal and notify the appellant of its determination, which shall be final and conclusive.”

9. Section seventeen of the Principal Act is repealed and the following section inserted in its stead :—

“17.—(1.) Subject to this section, the Directors and officers of the Bank shall not borrow money from the Bank.

Borrowing
from Bank by
Directors and
officers.

“(2.) An officer of the Bank may, with the consent of the Board borrow money from the Bank for the purchase or erection of a home in which he intends to reside.”.

10. After section twenty-nine of the Principal Act the following section is inserted :—

Publication of rates at which bills of exchange will be discounted.

“ 29A. After a date to be fixed by Proclamation, the Board shall fix and publish from time to time the rates at which the Bank will discount and re-discount bills of exchange.”.

11. Section thirty of the Principal Act is repealed and the following section inserted in its stead :—

Profits of Bank—how dealt with.

“ 30.—(1.) The net profits of the Bank in each half-year shall be dealt with as follows :—

- (a) One-half shall be placed to the credit of a fund to be called the Bank Reserve Fund ; and
- (b) One-half shall be paid into the National Debt Sinking Fund as soon as practicable after the preparation of each balance-sheet.

“(2.) The Bank Reserve Fund shall be available for the payment of any liabilities of the Bank.”.

Investment of Funds.

12. Section thirty-four of the Principal Act is amended by omitting from sub-section (2.) thereof the word “ Governor ” and inserting in its stead the word “ Board ”.

Priority of debts due to Bank by other Banks.

13. Section thirty-four A of the Principal Act is amended by inserting after the word “ insolvency ” the words “ or the winding up of companies ”.

Definitions in Part VIA.

14. Section sixty A of the Principal Act is amended by omitting the definition of “ the Board ”.

Management of Note Issue Department.

15. Section sixty D of the Principal Act is repealed.

Remuneration of Directors of Note Issue Department.

16. Section sixty E of the Principal Act is repealed.

Issue of Notes to Commonwealth Bank for general business.

17. Section sixty O of the Principal Act is amended by omitting the word “ Board ” and inserting in its stead the words “ Note Issue Department ”.

18. After section sixty O of the Principal Act the following section is inserted :—

Issue of notes on money or securities lodged in London.

“ 60OA. The Board may issue Australian notes to the Bank or to other banks in Australia in exchange for money or securities lodged with the London branch of the Bank.”.

Repeal of section 60P.

19. Section sixty P of the Principal Act is repealed.

20. After section sixty AB of the Principal Act the following sections are inserted in Part VII. :—

“ 60AC. On and after a date to be fixed by Proclamation such corporations as are specified by Proclamation, which carry on the business of banking, shall settle, as between themselves, by means of cheques drawn on and paid into the Commonwealth Bank, the balances arising between those corporations out of any customary general clearance effected in any capital city in Australia.

Settlement of balances between Banks to be conducted through Commonwealth Bank.

Penalty : Fifty pounds.

“ 60AD.—(1.) Every Bank shall, at the close of business on Monday of every week, prepare and make up a full and correct account and statement in writing, exhibiting details in accordance with the classification of liabilities and assets which is set out in the Schedule.

Supply of banking statistics to Treasurer.

“ (2.) From the weekly accounts and statements prepared in pursuance of the last preceding sub-section, every Bank shall, on the last Monday of each quarter ending on the thirty-first day of March, the thirtieth day of June, the thirtieth day of September, and the thirty-first day of December in every year, prepare a general abstract in writing in accordance with the Schedule.

“ (3.) Every such quarterly abstract shall be verified by the statutory declaration of the Managing Director, the Manager, the Chief Cashier or Clerk of the Bank making the abstract ; and shall, within one month after the close of the quarter, or so soon thereafter as is practicable, be delivered to the Treasurer and published in the *Gazette*.

“ (4.) If any Bank fails to keep the weekly accounts specified in sub-section (1.) of this section or to deliver to the Treasurer the quarterly abstract specified in sub-section (2.) of this section, it shall forfeit for every such offence the sum of Five hundred pounds.

“ (5.) If any such quarterly abstract is wilfully false in any detail, the Bank shall forfeit for every such offence the sum of Five hundred pounds ; and, in addition to any other penalty, the Managing Director, Manager, Chief Cashier or Clerk who has verified the abstract by statutory declaration, shall forfeit for every such offence the sum of One hundred pounds.

“ (6.) The penalties fixed by the last two preceding sub-sections may be recovered respectively by action of debt in any Court of competent jurisdiction.

“ (7.) In this section the word ‘ Bank ’ means a person or corporation carrying on the business of banking, and includes any person or corporation which receives deposits from the public and allows interest thereon and which is proclaimed by the Governor-General to be a bank for the purposes of this section.”.

21. After section sixty-two of the Principal Act the following section is inserted :—

Bank as trustee
for charitable
or public
purposes.

“ 62A. The Bank shall have power to accept any trust for charitable or public purposes only and to perform and discharge all the accounts and duties of a trustee for charitable or public purposes only as fully and effectively as a private individual may when appointed such a trustee.”.

22. The Principal Act is amended by adding at the end thereof the following Schedule :—

Schedule.

“ THE SCHEDULE.

AUSTRALIAN BANKING STATISTICS.

GENERAL ABSTRACT showing the average Amount of the Liabilities and Assets within the Commonwealth of Australia taken from the several weekly statements of theduring the Quarter from the.....to the19....., not including as Liabilities or Assets any accounts between the Head Office and a Branch, or between different branches of such bank, and not including contingent liabilities.

Liabilities.	Details.	Total.	Assets.	Total.
Notes in circulation ..			Coin	
Bills in circulation ..			Bullion	
Balances due to other Banks			Australian Notes and cash	
Deposits—			with Commonwealth Bank	
Bearing interest.. ..			Government and Municipal	
Not bearing interest ..			Securities	
All other Liabilities (not in-			Landed and house property	
cluding capital, reserved			Balances due from other	
profits, and balance of			Banks, not including	
Profit and Loss Account)			current account with Com-	
			monwealth Bank ..	
			Notes and Bills of other Banks	
			All other Assets	
Total amount of Liabilities	..	£	Total amount of Assets	.. £

CAPITAL AND PROFITS.

Amount of Capital authorized	..	..	..	..	£
Amount of Capital subscribed	..	..	..	..	£
Amount of Capital paid-up	..	..	..	..	£
Total Reserve Liability of Shareholders	..	..	..	..	£
Last Dividend declared—					
Rate per cent. per annum of paid-up Capital	..	..	..	..
Amount .. .. .	..	..	..	..	£
Period in respect of which Dividend declared	..	..	..	..
Amount of Reserved Funds	..	..	..	..	£
Balance carried forward to next half-year	..	..	..	..	£

Place and Date—

General Manager, Manager,

or Chief Cashier.”

THE SCHEDULE.

CONSEQUENTIAL AMENDMENTS IN THE PRINCIPAL ACT.

Title or Section as the case may be.	Extent of Amendment.
Title.	After "to provide for a Commonwealth Bank", add "and for other purposes".
16	Omit "The Governor", insert "The Board". Omit "he", insert "the Board".
18	Omit "The Governor", insert "The Board".
20	Omit "The Governor", insert "The Board".
21	Omit "the Governor", insert "the Board".
22	Omit "The Governor", insert "The Board".
23	Omit "The Governor", insert "The Board".
25	Omit "The Governor", insert "The Board".
27	Omit "the Governor", insert "the Board".
28	Omit "the custody of the Governor or Deputy Governor of the Bank", insert "such custody as the Board determines".
29	Omit "the Governor", insert "the Board".
32	Omit "The Governor", insert "The Board".
35	Omit "The Governor", insert "The Board". Omit "he", insert "the Board".
36A	Omit "the Governor", insert "the Board".
38	Omit "the Governor", insert "the Board".
43	Omit "the Governor", insert "the Board". Omit "he", insert "the Board".
44	Omit "the Governor" (wherever occurring), insert "the Board".
46	Omit "the Governor", insert "the Board".
47	Omit "the Governor" (wherever occurring), insert "the Board". Omit "he", insert "the Board".
51	Omit "The Governor", insert "The Board". Omit "his" (first occurring), insert "its". Omit "the Governor", insert "the Board".
52	Omit "he", insert "the Board".
60H	Omit "The Governor", insert "The Board".
	Omit "Chairman of Directors", insert "Governor".