

19 February 2024

Chris Johnstone
fyi-request-25335-4053909a@requests.fyi.org.nz

Dear Chris

Official information request for shareholder information prior to RBNZ being nationalised in 1936.

We refer to your Official Information Act (OIA) request of 5 January 2024 for:

Can you please provide the list of share holders bought out by the NZ Government when it took over ownership of the Reserve Bank in the 1930's, and the number of shares held.

Please also provide the document that recommends this nationalisation option to the government and the reasons for and against (policy analysis).

Please provide the balance sheet ant, and profit and loss statement for the period immediately prior to, nationalisation.

Response

We have searched through our records and located three documents that are in scope or otherwise relevant to your request. These include a shareholder summary document that sets out a breakdown of the numbers of shareholders, number of shares, and payment totals (or values of shares transferred to New Zealand Government stock) in 1936. This document also appends a list of shareholders who held over 200 shares at the time who applied for repayment in cash.

We have been unable to locate a balance sheet for the Reserve Bank immediately prior to nationalisation in 1936 but have located (and are releasing to you in this response) a half yearly balance sheet as of September 1934.

The final document is a list of shareholders who held 200 or more shares as of April 1936. Please note we have been unable to locate a complete list of shareholders at the time. The records we have located and are releasing to you suggests there were more than 5500 shareholders prior to nationalisation.

Should you choose to do so, you may wish to search for any relevant documents with public access at Archives New Zealand. You can access the search function on the Archives website at the following link: <https://collections.archives.govt.nz/en/web/arena#/>

Information for release

Please find enclosed the information listed in the table below, being released to you in full.

1.	Item	2.	Document / information description
3.	4.		Reserve Bank Shareholder & Share Capital summary document 1936
5.	6.		Preparation of Half-Yearly Balance Sheet (September 1934)
7.	8.		List of shareholders holding 200 or more shares (April 1936)

We intend to publish this response on the Reserve Bank's website at: www.rbnz.govt.nz/research-and-publications/official-information-requests. We do this in order to improve transparency and provide an additional resource for anyone seeking information.

Yours sincerely

Government and Industry Relations
Reserve Bank of New Zealand – Te Pūtea Matua

RESERVE BANK SHAREHOLDERS.

In terms of the Reserve Bank of New Zealand Amendment Act, 1936 the Share Capital of the Bank comprising 100,000 fully paid shares of £5 each was cancelled as at the 31st March, 1936. Holders were given the option to receive for every share registered in their name as at that date either the sum of £6:5:0 in cash or a like amount in New Zealand Government stock bearing interest at 4 per cent per annum and maturing 1st April, 1946. This stock is redeemable by the holder at any time prior to maturity date on giving fourteen days written notice of his intention to require repayment.

Any cash payable by the Bank under the above provisions was recoverable from the Treasury and the whole of the original share capital of £500,000 was transferred to the Bank's Reserve.

No time limit was fixed in the Amendment Act, 1936, but under the Finance Act which was passed in July, 1936 it was provided that if by the 31st August, 1936 the Bank had not received from any shareholder notice of the exercise of his option to receive either cash or stock he should be deemed to have elected to receive stock.

The position at the 31st August, 1936 was as follows:-
2402 holders of 32532 shares had elected to receive cash amounting to £203,325.

1/2/41

3264 holders of 67000 shares had elected to receive cash amounting to £418,750.

39 holders of 468 shares had not made an election and were allotted 4 per cent 1946 stock amounting to £2,925.

Total cash paid to holders £203,325.

Total stock issued to holders £421,675.

Since 31st August, 1936 stock amounting to £16,000 has been redeemed under notice from the holders.

REDEMPTION OF SHARE CAPITAL

SUMMARY OF APPLICATIONS

Stock Applications

	<u>No.</u>	<u>Redemption Value</u>	<u>Nominal Value</u>
1-24	2931	231,362:10:0	185,090:0:0
25-49	150	32,125: 0:0	25,700:0:0
50-99	127	50,562:10:0	40,450:0:0
100-149	43	29,168:15:0	23,335:0:0
150-200	35	40,443:15:0	32,355:0:0
201-500	<u>17</u>	<u>38,012:10:0</u>	<u>30,410:0:0</u>
	3303	<u>£421,675: 0:0</u>	<u>£337,340:0:0</u>

Cash Applications

1-24	2290	146,637:10:0	117,310:0:0
25-49	57	12,468:15:0	9,975:0:0
50-99	33	12,643:15:0	10,115:0:0
100-149	11	7,425: 0:0	5,940:0:0
150-200	2	2,181: 5:0	1,745:0:0
201-500	<u>9</u>	<u>21,968:15:0</u>	<u>17,575:0:0</u>
	2402	<u>£203,325: 0:0</u>	<u>£162,660:0:0</u>

Appended is a list of holders of over 200 shares who applied for repayment in cash:-

Francis J. Miller	3,125: 0:0
Edwin P. Yaldwyn	1,875: 0:0
William P. Cosgriff	1,825: 0:0
Amy K. Boyd	2,318:15:0
George M.I. Adams	2,762:10:0
Howard L. Elliott	3,125: 0:0
Austen W.L. Gibson	3,118:15:0
Beatrice E. Gooch	2,287:10:0
Margaret I. Earl	<u>1,531: 5:0</u>
	<u><u>£21,968:15:0</u></u>

Copies

Pay of dues

PREPARATION OF HALF-YEARLY BALANCE SHEET.

Under the Reserve Bank of New Zealand Act the financial year of the Bank ends on the 31st March, 1934, and it is assumed that as a general rule a half-yearly Profit and Loss Account will be prepared. The question is, therefore, raised as to whether a Profit and Loss Account is to be prepared as at the 30th instant. In view of the fact that the Bank has been trading for a period of two months only I do not think this would be desirable. For instance, there can be no doubt that the initial costs in connection with the issue of shares, alteration to premises, printing and stationery, printing of Bank Notes etc. when set off against the revenue receipts for August and September only will reduce the profits to a very small margin.

I set out hereunder a rough statement of what I assume the position will be at the end of the current month after allowing for outstanding items.

Balance Profit and Loss Account		
15/9/34.	20,000	
Add		
Interest accrued to 30/9/34 on Investments	5,950	
Discounts on British Treasury Bills	2,830	
Interest on Money employed say	<u>120</u>	28,900
Less		
Rebate on Bills	13,000	
Expenses paid by Treasury	7,500	
Salaries and Directors' Fees	2,000	
Miscellaneous & Sundries	<u>1,000</u>	23,500
		<u>£ 5,400</u>

I estimate the profit for the period ending 30th September will be between £5,000 and £6,000, but this amount cannot be taken as an indication of what the profits will be at the end of the current financial year in view of the heavy expenses incurred in connection with the establishment of the Bank, and from this point of view I think that a Profit and Loss Account as at 30th instant would be more likely to give a false conception of the position than to give an indication of the result of the trading transactions. I would recommend, therefore, that half-yearly accounts be not prepared during the current financial year.

It may be explained that this latter sum does not include furniture such as tables, desks, carpets, sofas etc. but comprises small articles only.

The balance of approximately £20,000 in the Suspense (P & L) Account as at 17th September is made up as follows :-

Revenue Receipts		£48,800
Less		
General Charges paid	£28,100	
London Rec. & Pay. Sus.		
A/C.	<u>700</u>	<u>28,800</u>
		<u>£ 20,000</u>

The General Charges include

Salaries and Wages	3,540. 11. 2
Directors' Salaries fees & allowances	5,188. 18. 3
Rent	718. 7. 8
Postages & Telegrams	335. 18. 8
Printing & Stationery	812. 17. 4
Heating & Lighting	98. 13. 0
Office Cleaning	50. 3. 6
Publications & Advertising	37. 3. 7
Travelling Expenses	910. 17. 1
Furniture & Fittings	341. 4. 3
Alterations to Buildings	2,156. 11. 1
Expenses of Note Issue	13,196. 10. 8
Administration & Sundries	<u>751. 6. 6</u>
	<u>£ 28,139. 2. 9</u>

A statement showing the dates of the various services is attached.

The payments in respect of services performed prior to the date of incorporation of the Bank could justifiably be capitalized for the half year.

Also the expenditure on Alterations to Buildings and Furniture and Fittings. It may be explained that this latter item does not include Furniture such as tables, desks, carpets, safes etc., but comprises small articles only.

If the above expenses are capitalized for the present the estimated profit for the half year will be

Estimate as previously given	£5,400
Expenses incurred to 1st April	3,124
Furniture & Fittings & Alterations to Buildings charged to Revenue	<u>2,498</u>
	£ <u>11,022.</u>

There are several other amounts for services prior to the 1st August which could justifiably be capitalized for this half year but the total would not be sufficient to increase the estimated profit to an amount large enough to cover the half year's dividends.

The items referred to are :-

Salaries of Treasury Officers engaged exclusively on Share Issue	451. 11. 5
Heating and Lighting Installation	56. 0. 0
Cost of Common Seal	25. 10. 0
Printing and Stationery say	<u>500. 0. 0</u>
	£ <u>1,033. 1. 5</u>

These items with those set out above totalling £11,022 would be almost sufficient to meet the dividends of £12,500, but as this statement is based on estimates only it would scarcely be safe to recommend payment unless we were reasonably sure of having a margin.

To have a margin would necessitate capitalization of a large portion of the salaries and Directors fees and allowances for period prior to 1st August, or a portion of the expenses of Note Issue.

We estimate that the notes will have to be renewed approximately every nine months and although we might capitalize a portion of the cost for the present half year I think it would be preferable to follow the course previously suggested and not prepare a Profit and Loss Account at 30th September. This, of course, would mean no dividends until after the close of the financial year.

With regard to the authority held by the Bank for the payment of interim dividends the Reserve Bank of New Zealand Act makes no reference thereto. In the case of Companies Section 21 of the Companies Act, 1933, provides that in so far as the Articles of Association of any registered Company do not exclude or modify the regulations contained in Table A those regulations shall as far as applicable be the regulations of the Company in the same manner and to the same extent as if they were contained in duly registered articles. Clause 90 of Table A authorises the Directors from time to time to pay to members such interim dividends as appear to the Directors to be justified by the profits. The position is, therefore, that all Companies have power to pay interim dividends unless such powers are expressly excluded under the articles.

I have also inquired from other Trading Banks and the only case in which there appears to be no express authority for payment of interim dividends is the case of the National Bank of New Zealand. The National Bank as a rule pays dividends half-yearly under the approval of the Directors and at the General Meeting a balance only is recommended making a total of --- per cent for the full year. The Bank considers that the subsequent approval at the General Meeting of the payment of a dividend at a general rate per centum confirms the interim payment authorised by the Directors. In the circumstances it would appear to be undesirable in the case of this Bank to pay an interim dividend unless in the opinion of the Bank's Solicitors such a course may be safely adopted. Personally I felt that it would be better not to pay a dividend for the present half year, but to arrange for suitable amended rules to be submitted to the first Annual General Meeting of Shareholders dealing with :-

1. Payment of interim dividends.
2. Closing of the Share Registers.
3. A method of arriving at the number of votes to which any holder is entitled in the case of joint holdings.
4. Charge of a Transfer Fee.
5. Any other matters which may arise in the meantime.

SALARIES AND WAGES

Treasury Officers engaged on Share Issue

296. 19. 8

451. 11. 5

Bank Officers

1,294. 5.11

1,497. 14. 2

DIRECTORS SALARIES FEES AND ALLOWANCES

1,250. 0. 0

3,029. 3. 4

909. 14.11

RENT

443. 7. 8

275. 0. 0

POSTAGES AND TELEGRAMS

122. 9. 9

131. 12. 6

81. 16. 5

PRINTING AND STATIONERY

209. 7. 6

600. 9. 9

3. 0. 1

HEATING AND LIGHTING - INSTALLATION

56. 0. 0

42. 13. 0

OFFICE CLEANING

15. 16. 2

34. 7. 4

PUBLICATIONS AND ADVERTISING

21. 17. 3

15. 6. 4

TRAVELLING EXPENSES

773. 2.10

110. 2. 6

27. 11. 9

ADMINISTRATION EXPENSES

472. 1. 6

95. 13. 7

183. 11. 5

£ 3,124. 1. 3

£ 6,250. 0. 1

£ 3,070. 15. 5

Attached is a list of Shareholders holding 200 or more shares in the Bank. There have been no alterations to the list since the date of the last Meeting.

A transfer of 100 shares has been registered in the name of George Gibson of Christchurch, these shares being held on account of the New Zealand Farmers Co-operative Association of Canterbury Limited Staff Provident and Pension Fund. A further holding of 325 shares is already registered in the names of W. Machin & J.H. Cunningham, these shares also being purchased on behalf of the above pension fund.

24th April, 1936.

LIST OF SHAREHOLDERS WITH HOLDING OF 200 AND OVER

<u>NAME</u>	<u>OCCUPATION</u>	<u>PRESENT HOLDING SHARES</u>
G.M.I. Adams, Box 1616, Wellington	Auditor & Co. Secretary	442
A.E. Armstrong, 26 Carlton Mill Road, Christchurch.	Company Director	280
Mrs. Amy K. Boyd, 46 Melrose Street, Roslyn, Dunedin.	Married	371
E.T.R. Carlyon, & G.C. Keeble, C/o Bank of New Zealand, Napier.	Farmer	200
G.E. Colombarini & Mrs. H.J.B. Colombarini, 22 Brighton Road, Parnell, Auckland, C.4.	Retired	200
W.P. Cosgriff, P.O. Box 3, Hanmer Springs.		292
Mrs. M.I. Earl 10 Wroxton Terrace, Fendalton, Christchurch.	Married	245
Howard L. Elliott, Brandon Street, Wellington.	Managing Editor	500
J.S. Elliott & A.K.S. Mackenzie, C/o R. Darroch, Lambton Quay, Wellington.		200
Willi Fels, C/o Hallenstein Bros., Dunedin.		500
William A. Flavell, John G. Butler & Alexander Hamilton P.O. Box 197, Dunedin.	General Manager Accountant Branch Manager,	200
Mrs. E.E. Forsyth C/o Willi Fels, Hallenstein Bros., Dunedin.		233
Miss Elsie I. Fry P.O. Box 530, Wellington.	Clerk	200
A.W.L. Gibson, Brandon Street, Wellington.	Company Director	500

<u>NAME</u>	<u>OCCUPATION</u>	<u>PRESENT HOLDING SHARES</u>
Miss Beatrice E. Gooch 46 Melrose Street, Roslyn, Dunedin.	Spinster	366
G.H. Harper & J.H. D'Ath C/o G.H. Harper, Te Horo.	Farmer "	200
Fred Harrison, 3 Margaret Street, Ponsonby, Auckland.	Managing Director	200
Mrs. H.M. Hetley P.O. Box 192, Napier.		500
C.H. Hewlett & H.E. Bell, C/o N.Z. Newspapers Ltd., P.O. Box 987, Christchurch.	Company Manager Clerk	250
Mrs. J.A. Hutton, 10 Hereford Street, Roslyn, Dunedin.	Widow	200
Ernest H. Jecks, 81 Division Street, Riccarton, Christchurch.	Retired	200
Mrs. Sara Jopp, 439 Hereford Street, Christchurch.	Widow	200
Frank Knight, 80 Winchester Street, Christchurch.	Builder	424
L. Lefeaux J.G. Duncan & T.P. Hanna C/o Reserve Bank of N.Z., Wellington.	Bank Director Director Bank Officer	250
Alfred Louisson, C/o Fairbairn, Wright & Co., P.O. Box 427, Christchurch.	Merchant	200
Ultan F. McCabe, P.O. Box 530, Wellington.	Sharebroker	483
W. Machin & J.H. Cunningham, C/o N.Z. Farmers Co-op. Assn. Ltd., Cashel Street, Christchurch.	Co. Secretary Accountant	325
Miss K.E. Mains, 193 St. Heliers Bay Road, St. Heliers, Auckland	Spinster	200

<u>NAME</u>	<u>OCCUPATION</u>	<u>PRESENT HOLDING SHARES</u>
Francis J. Miller, C/o Miller & Ahearn, 110 Wakefield Street, Wellington.	Warehouseman	500
T. O'Shea & A.J. McRae, Wellington.	Archbishop Priest	312
H.C. Ridley, 110 Merivale Lane, Christchurch.	Sales Manager	200
G.C. Roger, R. Dawson & W.E.C. Reid, C/o G.C. Roger, Dawson's Ltd., Princes Street, Dunedin.		286
J.A. Sherriff & E. Anderson C/o N.Z. Newspapers Ltd., P.O. Box 1409, Auckland) On behalf of the Brett Printing and Publishing Company Staff Provident Fund	455
J.A. Sherriff & A. Bullock, C/o N.Z. Newspapers Ltd., P.O. Box 1409, Auckland.		45
Edward A. Shrimpton, 38 Rongotai Terrace, Wellington.	Electrical Engineer	200
Ernest Tapper Clyde.	Orchardist	259
J.A. Taylor, C/o Middows Bros., & Taylor Ltd., Box 25, Wellington.	Merchant	416
Mrs. K. Thompson, C/o Hallenstein Bros., Dowling Street, Dunedin.	Married	200
Edward A. Wallace, P.O. Box 146, Wellington.	Manager	200
Miss Lois R. Wallace, P.O. Box 146, Wellington.	Spinster	200
Mrs. Mary B. Waters, 2 Boulcott Terrace, Wellington.	Widow	200

<u>NAME</u>	<u>OCCUPATION</u>	<u>PRESENT HOLDING SHARES</u>
F.W. Willis, 4 Clive Road, Epsom, Auckland.	Retired	500
Mrs. Belle M. Willis, 4 Clive Road, Epsom, Auckland.	Wife of F.W. Willis	500
Arthur L. Wilson, 7 Upland Road, Remuera, Auckland.		200
Edwin P. Yaldwyn, Commercial Bank of Australia Ltd., Wellington.	Banker	300