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THE LOANS (NATIONAL DEVELOPMENT BONDS)(AMENDMENT) REGULATIONS, 1977

The House of Representatives will recall that on the 22nd of April, 1977, Ministry Paper No. 13 entitled "Incomes Policy 1977" was tabled outlining details of an incomes policy comprised of the following elements:

a) guidelines on profits;
b) guidelines on dividends;
c) a freeze on rentals;
d) a freeze on professional fees and the development of scales of fees for certain professional groups;
e) wage and salary guidelines;
f) a Pay Moratorium during 1977 for a maximum period of six months in each case, depending upon the expiry date of contracts and pay periods.

2. Under the heading mentioned at (f) above, it was stated inter alia, that:

"Where the parties in the private sector or in Government owned companies listed in Schedule I of Ministry Paper No. 12, 1976, negotiate an increase in wages and other benefits, or there is an award of increased wages and other benefits by a Tribunal, the retroactive pay in respect of the period for which the contract is extended will be quantified, and the sum computed disposed of in the following manner:

i) 25% of the sum computed net of statutory deductions such as Income Tax, National Insurance Scheme, National Housing Trust, etc., is payable to the worker on the extended date of the new contract or as soon as possible thereafter;

ii) 75% of the sum computed net of statutory deductions will be used for the purchase of special Savings Bonds on behalf of the workers. 50% of such Bonds purchased will be in line with other savings bonds which have been issued, six months after the date of purchase, and the other 50% redeemable with interest twelve months after the date of purchase."

3. In keeping with the above, a special issue of Development Bonds was instituted as from 16th May, 1977 under which encashment will be permitted only as to 50% at the expiration of six months after issue and the remaining 50% at or after the end of the next six months. Advice from the Attorney General's Department has indicated that this provision is in contravention of regulation 10(i) of the Loans (National Development Bonds) Regulation 1968, which reads as follows:

"The holder of a bond may apply for repayment at any time and the Bank shall, on production of the bond, repay, in cash or by cheque, the amount of the bond together with any interest payable or other sum accrued on the bond in accordance with the terms of issue of the bond:

Provided that the Bank may, in its discretion -

a) require the production of such other documents and information as it thinks fit; and

b) require a period of notice (not being more than six days), before making payment as aforesaid".

4. It has thus become necessary to amend the regulation 10(i) and since Section 9(2) of the Loans (National Development Bonds) Act states that regulations made under this Act shall be subject to affirmative resolution of the House of Representatives, the amendment will not come into operation unless and until affirmed by a resolution of the House.

5. The House of Representatives is accordingly asked to approve under Section 9(2) of the Loans (National Development Bonds) Act the amendments incorporated in the Loans (National Development Bonds)(Amendment) Regulations, 1977 which has been tabled in this Honourable House.

6. I shall move a resolution to this effect in due course.

DAVID H. COORE
Deputy Prime Minister and
Minister of Finance
June 6, 1977