



ANALYSIS

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1987, No. 7

An Act to establish and maintain a reserve of authorised coins and notes equal in value to the coins and notes issued

(28 July 1987)

1. Short Title and commencement - (1) This Act may be cited as the Currency Reserves Act 1987.

(2) This Act shall come into force on a date to be determined by the Minister by notice in the Gazette.

2. Interpretation - In this Act unless the context otherwise requires -

"Authorised currency" means those coins and notes authorised as legal tender pursuant to the Currency Act 1986-87 and includes such other currency as may be declared to be authorised currency under section 4;

"Department" means the Department of Treasury of the Government of the Cook Islands or such other authority as may be prescribed by Order in Executive Council;

"Issued currency" means those coins and notes issued as legal tender pursuant to the Currency Act 1986-87 for circulation within the Cook Islands;

"Minister" means the Minister of Finance;

"Trading bank" means a bank licenced to carry on banking business pursuant to the Banking Act.

3. Reserves of authorised currency to be established and maintained - (1) It shall be the duty of the Department to establish reserves of authorised currency.

(2) Reserves of authorised currency shall be maintained at a level equal to the value of issued currency.

(3) The Department may from time to time by notice in writing to trading banks determine the maximum amount or amounts that those banks may hold in authorised currency in respect of their Cook Islands business in all its forms and may require those banks to either -

- (a) sell to the Department all or part of their authorised currency in respect of their Cook Islands business in excess of the maximum amount or amounts so determined; or
- (b) disclose to the Department the amount of authorised currency in respect of their Cook Islands business in excess of the maximum amount or amounts so determined.

(4) In the exercise of its powers under subsection (3) it shall be the duty of the Department to ensure that there is no unfair discrimination among trading banks.

(5) It shall be the duty of every trading bank to which a notice under this section relates to comply with the notice within 2 business days after the delivery thereof; or within such further time as the Department may allow.

4. Minister may declare currency to be authorised currency - (1) For the purposes of establishing and maintaining reserves in accordance with subsections (1) and (2) of section 3 the Minister may, in addition to coins and notes authorised as legal tender pursuant to the Currency Act 1986-87, declare by notice in the Gazette a currency of another country to be an authorised currency.

(2) Any currency declared to be an authorised currency pursuant to subsection (1) shall for the purposes of subsections (1), (2) and (3)(a) of section 3 have such rates of exchange as may from time to time be prescribed or approved by the Reserve Bank of New Zealand for the conversion of notes or coins authorised pursuant to the Currency Act 1986-87 into the currency so declared, or the conversion of currency so declared into the coins or notes authorised pursuant to the Currency Act 1986-87.

5. Cook Islands currency - For purposes of clarification the currency of the Cook Islands shall consist of those notes and coins issued and authorised pursuant to the provisions of the Currency Act 1986-87 and the provisions of section 5 of that Act shall be construed accordingly so as to permit any transaction dealing matter and thing whatsoever relating to money or involving the payment of or a liability to pay money to be made executed entered into or done according to the currency of the Cook Islands without specifying whether such currency is authorised or issued.

This Act is administered in the Department of Treasury