

## CO-OPERATION (AMENDMENT) ACT.

### Act No. 11, 1960.

**Elizabeth II, An** Act to make further provision in relation to the indemnification of building societies against loss; to provide that small loans societies formed under the Co-operation, Community Settlement, and Credit Act, 1923, as amended by subsequent Acts, shall be called credit unions; for these and other purposes to amend that Act, as so amended; and for purposes connected therewith. [Assented to, 30th March, 1960.]

**B**E it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows :—

Short title  
and  
citation.

**1.** (1) This Act may be cited as the "Co-operation (Amendment) Act, 1960".

(2) The Co-operation, Community Settlement, and Credit Act, 1923, as amended by subsequent Acts and by this Act, may be cited as the Co-operation Act, 1923-1960.

Amendment  
of Act No.  
1, 1924.

**2.** (1) The Co-operation, Community Settlement, and Credit Act, 1923, as amended by subsequent Acts, is amended—

Long  
title.

(a) by omitting from the long title the words "small loans societies" and by inserting in lieu thereof the words "credit unions";

(b)

- (b) by omitting from the matter relating to Division 8 of Part II in section two the words "*Small loans societies*" and by inserting in lieu thereof the words "*Credit unions*"; No. 11, 1960.  
Sec. 2.  
(Division into Parts.)
- (c) (i) by inserting in the definition of "Society" in section five after the word "society" the words ", or credit union,"; Sec. 5.  
(Interpretation.)
- (ii) by omitting from the same definition the words "or union" and by inserting in lieu thereof the words ", or union of associations,";
- (d) (i) by inserting in subsection one of section six after the word "union" where firstly and secondly occurring the words "of associations"; Sec. 6.  
(Societies.)
- (ii) by omitting paragraph (g) of the same subsection and by inserting in lieu thereof the following paragraph :—  
(g) a credit union;
- (e) by omitting from subsection one of section 15A the words "small loans society" and by inserting in lieu thereof the words "credit union"; Sec. 15A.  
(Additional objects and powers.)
- (f) by omitting from paragraph (d) of section twenty the words "small loans society" and by inserting in lieu thereof the words "credit unions"; Sec. 20.  
(Powers.)
- (g) by omitting from the heading to Division 8 of Part II the words "*Small loans societies*" and by inserting in lieu thereof the words "*Credit unions*"; Heading to Division 8 of Part II.
- (h) (i) by omitting from subsection one of section twenty-nine the words "small loans society" and by inserting in lieu thereof the words "credit union"; Sec. 29.  
(Objects.)
- (ii) by omitting from paragraph (g) of the same subsection the words "the members of the society" and by inserting in lieu thereof the words "its members";
- (i) (i) by omitting from section thirty the word "society" where firstly, secondly and thirdly occurring and by inserting in lieu thereof the words "credit union"; Sec. 30.  
(Powers.)

(ii)

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- No. 11, 1960. (ii) by omitting from paragraph (d) of the same section the words "small loans society" and by inserting in lieu thereof the words "credit union";
- Sec. 31.  
(Loans to members.) (j) (i) by omitting from subsection one of section thirty-one the word "society" wherever occurring and by inserting in lieu thereof the words "credit union";
- (ii) by omitting from subsection two of the same section the words "small loans society" and by inserting in lieu thereof the words "credit union";
- (iii) by omitting from the same subsection the word "society" where secondly and thirdly occurring and by inserting in lieu thereof the words "credit union";
- Sec. 31A.  
(Loans to members.) (k) by omitting from subsections one, three, five, six, seven, eight, nine, ten and eleven of section 31A the word "society" wherever occurring and by inserting in lieu thereof the words "credit union";
- Sec. 34.  
(Association.) (l) (i) by omitting from subsection one of section thirty-four the words "small loans society" and by inserting in lieu thereof the words "credit union";
- (ii) by omitting from subsection three of the same section the words "small loans societies" and by inserting in lieu thereof the words "credit unions";
- Sec. 36.  
(Acquisition by association of shares in another association, union, etc.) (m) by inserting in section thirty-six after the word "union" wherever occurring the words "of associations";
- Sec. 37.  
(Union.) (n) by inserting in section thirty-seven after the word "union" wherever occurring the words "of associations";
- (o)

- (o) by inserting in subsections eight and nine of section thirty-nine after the word "union" wherever occurring the words "of associations"; No. 11, 1960.  
Sec. 39.  
(Formation.)
- (p) by inserting in subsection six, and in paragraph (1) of subsection nine, of section forty-six after the word "union" wherever occurring the words "of associations"; Sec. 46.  
(Members.)
- (q) by inserting in subsection twelve of section forty-seven after the word "union" the words "of associations"; Sec. 47.  
(Shares.)
- (r) by inserting next after subsection (4A) of section sixty-one the following new subsection :— Sec. 61.  
(Use of  
word co-  
operative.)  
 (4B) No person other than a credit union shall trade or carry on business under any name or title of which the words "credit union" or any other words importing a similar meaning are part or in any manner hold out that the trade or business is that of a credit union.
- (s) by omitting from subsection two of section sixty-six the words "or a small loans society" and by inserting in lieu thereof the words "society or a credit union"; Sec. 66.  
(Loans and  
deposits.)
- (t) (i) by omitting from subsection four of section eighty-two the words "small loans society" and by inserting in lieu thereof the words "credit union"; Sec. 82.  
(Rules.)  
 (ii) by inserting at the end of the same subsection the words "or credit union";
- (u) by inserting in subparagraph (iii) of paragraph (b) of subsection seven, and in paragraph (f) of subsection eleven, of section eighty-four after the word "union" wherever occurring the words "of associations"; Sec. 84.  
(Board of  
directors.)
- (v) (i) by inserting in paragraph (b) of subsection one of section eighty-six after the word "union" wherever occurring the words "of associations"; Sec. 86.  
(Votes of  
members.)

(ii)

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- No. 11, 1960.**  

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- (ii) by omitting from subsection four of the same section the words "or a small loans society" and by inserting in lieu thereof the words "society or a credit union";
  - (iii) by omitting from paragraph (c) of subsection nine of the same section the words "small loans society" and by inserting in lieu thereof the words "credit union";
- Sec. 92.  
(Winding-up.)
- (w) by inserting in paragraph (a) of subsection three of section ninety-two after the word "union" the words "of associations";
- Sec. 102.  
(Restrictions on powers.)
- (x) by omitting from paragraph (b) of subsection one of section one hundred and two the words "or a small loans society" and by inserting in lieu thereof the words "society or a credit union";
- Sec. 103.  
(Too few members.)
- (y) by inserting in subsections one and two of section one hundred and three after the word "union" wherever occurring the words "of associations".

(2) Any small loans society registered under the Co-operation Act, 1923-1958, at the commencement of this Act shall be deemed to be a credit union registered under that Act, as amended by this Act.

**Further amendment of Act No. 1, 1924.**      **3. (1)** The Co-operation, Community Settlement, and Credit Act, 1923, as amended by subsequent Acts, is further amended—

- Sec. 8.  
(Powers.)
- (a) by inserting at the end of paragraph (d) of subsection one of section eight the words "or against any prescribed products to be delivered to the society";
- Sec. 16.  
(Objects.)
- (b) (i) by inserting at the end of subsection one of section sixteen the following new paragraph :—
    - (d) to make loans to its members upon the security of any tenure under the Crown Lands Consolidation Act, 1913, as amended by subsequent Acts, the Closer Settlement Acts or the Returned Soldiers Settlement Act, 1916, as amended by subsequent Acts.

(ii)

- (ii) by inserting next after subsection two of the No. 11, 1960. same section the following new subsection :—

(2A) A building society shall not make any loan on the security of any tenure (not being a leasehold) referred to in paragraph (d) of subsection one of this section without the approval of the Co-operative Building Advisory Committee constituted under this Act.

- (c) (i) by omitting from paragraph (c) of subsection Sec. 17A. (1A) of section 17A the words “two hundred and seventy-five pounds” and by inserting in lieu thereof the words “one hundred and sixty pounds”; (Treasurer may undertake to indemnify building societies against loss in certain circumstances.)
- (ii) by omitting from the same paragraph the words “two thousand five hundred pounds” and by inserting in lieu thereof the words “three thousand and twenty-five pounds”;
- (iii) by omitting from the same subsection the words “ninety per centum” wherever occurring and by inserting in lieu thereof the words “ninety-five per centum”;
- (d) by omitting from subsection seven of section forty-Sec. 46. six the words “appoints any member to represent the society in respect of a share held by it in any other society, the person” and by inserting in lieu thereof the words “or other corporate body appoints any member or person to represent it in respect of a share held in any society, the member or person”;
- (e) (i) by inserting at the end of subsection ten of Sec. 47. section forty-seven the following new para- (Shares.) graphs :—
- (b) Where a member of any society specified in the Second Schedule to this Act, whose name includes the words “building society”, holds shares in excess of the number permitted by or under this subsection, that member shall for every day during which the society carries on business be liable to a penalty not exceeding twenty-five pounds.
- (c)

No. 11, 1960.

(c) Nothing in this subsection shall prevent a member, being a society, from holding, with the approval of the Advisory Council constituted under this Act, shares in another society in excess of the number of shares that it would, but for this paragraph, be permitted to hold by or under this subsection.

(ii) by inserting at the end of the same section the following new subsection : —

(18) (a) Subject to this subsection, the board of a society with limited liability may if authorised by the rules of the society declare to be forfeited the shares of any member who has not for a period of three years had any dealings with the society and whose whereabouts are unknown to the board. Any such declaration shall have effect according to its tenor.

(b) No share of a member of a society shall be forfeited under this subsection where the total amount paid to that society in respect of any shares held by that member exceeds fifty pounds.

(c) The society shall not declare the shares of any member to be forfeited unless it has given, in a newspaper circulating in the district in which the registered office of the society is situated, at least one month's notice of its intention to do so.

(d) Upon forfeiture of any shares under this subsection there shall become payable to the member whose shares are forfeited all moneys subscribed by the member in respect of the forfeited shares.

Sec. 61.  
(Use of  
word co-  
operative.)

(f) by inserting at the end of subsection four of section sixty-one the following new paragraph : —

(b) (i) The companies specified in the Fourth Schedule to this Act shall be exempt from the provisions of subsection one of this section.

This subparagraph shall cease to have effect with respect to any company so specified if the Governor, upon a report of the Advisory Council that

that the company is not in its opinion trading or carrying on business for the purpose of promoting the economic interests of its members substantially in accordance with co-operative principles, determines that the company shall not be exempt from the provisions of subsection one of this section and the registrar sends notice of that determination to the company.

(ii) At least sixty days before making any alteration to its memorandum or articles of association a company specified in the Fourth Schedule to this Act shall file with the registrar a copy of the proposed alteration.

- (g) by omitting subsection two of section sixty-five; Sec. 65.  
(Borrowing powers.)
- (h) by omitting from subsection (3A) of section sixty-eight the words “the paid-up capital of the society” and by inserting in lieu thereof the words “the sum of the paid-up capital of the society and any sums transferred to any reserve or to any reserve fund created out of any surplus referred to in section forty-eight or forty-nine of this Act”; Sec. 68.  
(Investment.)
- (i) by inserting next after subsection (2A) of section seventy-six the following new subsection :— Sec. 76.  
(Returns.)  
(2B) A building society shall in respect of any loan approved or made by it furnish to the registrar in the prescribed manner and within the prescribed time such returns as may be prescribed.
- (j) by omitting from subsection one of section eighty the words “entitled under the rules to vote as may be present in person or by proxy, where the rules allow proxies” and by inserting in lieu thereof the words “as, being entitled so to do, vote in person or, where proxies are allowed, by proxy”; Sec. 80.  
(Special resolution.)
- (k) by omitting section eighty-one; Sec. 81.  
(Model rules.)
- (l) (i) by inserting in paragraph (j) of subsection two of section eighty-two after the word “call” the words “or in the circumstances mentioned in paragraph (a) of subsection eighteen of section forty-seven of this Act”; Sec. 82.  
(Rules.)  
(ii)



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(ii) by inserting in subsection eight of the same section after the word "exceeding" the words "where a sum is prescribed by the rules of the society, the sum so prescribed, or where there is no sum so prescribed, the sum of";

Sec. 84.  
(Board of  
directors.)

(m) (i) by omitting from paragraph (i) of subsection eleven of section eighty-four the words "if he has, except as provided in this section," and by inserting in lieu thereof the words "if, except as provided in this section, he has, or is a partner of, or in the employment of, or the employer of, any other person who has,";

(ii) by inserting in subsection twelve of the same section after the word "director" where firstly occurring the words ", or other person referred to in that paragraph, as the case may be,";

(iii) by inserting in the same subsection after the word "director" where secondly, thirdly, fourthly and fifthly occurring the words ", or such other person,";

(iv) by inserting in paragraphs (d) and (f) of the same subsection after the word "director" wherever occurring the words ", or any such other person,";

(v) by inserting in paragraph (e) of the same subsection after the word "director's" the words ", or any such other person's,";

(vi) by inserting in subsection (12A) of the same section after the word "director" the words ", or other person referred to in that paragraph, as the case may be,";

Sec. 86.  
(Votes of  
members.)

(n) by inserting next after subsection seven of section eighty-six the following new subsection:—

(7A) In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to an additional or casting vote.

(o)

- (o) by inserting in subsection three of section eighty-eight after the word "officer" the words "or person employed by a society"; No. 11, 1960.  
Sec. 88.  
(Officers.)
- (p) by inserting next after subsection two of section one hundred and one the following new subsection :— Sec. 101.  
(Defaults  
by society.)  
 (2A) If a society is guilty of an offence under paragraph (d) of subsection one, or under subsection two, of this section, it shall, for every day after the offence is committed and until the notice, return or information, as the case may be, is transmitted or furnished, be liable to a penalty not exceeding five pounds.
- (q) by omitting from subsection three of section one hundred and fourteen the word "Governor" and by inserting in lieu thereof the word "Minister"; Sec. 114.  
(Advisory  
Council.)
- (r) by inserting at the end of subsection one of section one hundred and seventeen the words "whether or not it is in the course of being wound up and in the case of a society that is being wound up, any minutes, books, records or documents kept by the liquidator in respect of the society"; Sec. 117.  
(Inspection  
by registrar.)
- (s) by omitting from the Third Schedule the words and figures "Sections 18, 52 and 54" and by inserting in lieu thereof the words and figures "Section 18, subsection (10) of section 47; sections 52 and 54; subsection (3) of section 65"; Sch. 3.
- (t) by inserting next after the Third Schedule the following new Schedule :— New Sch. 4.

FOURTH SCHEDULE.

*Companies exempt from section 61 (1).*

The Farmers and Settlers Co-operative Insurance Company of Australia Limited.

The Farmers and Graziers' Co-operative Grain Insurance and Agency Company Limited.

The Producers and Citizens' Co-operative Assurance Company Limited.

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(2) (a) The amendment made by paragraph (k) of subsection one of this section shall commence upon a day to be appointed by the Governor and notified by proclamation in the Gazette.

(b) Where immediately before the day appointed pursuant to paragraph (a) of this subsection, any model rule made under section eighty-one of the Co-operation Act, 1923-1958, formed or was deemed to form part of the rules of a society, that model rule shall continue to form or to be deemed to form part of those rules and may be altered, added to or rescinded as if it were a rule of the society made under that Act, as amended by this Act.

(3) Paragraph (b) of subsection ten of section forty-seven of the Co-operation Act, 1923-1960, as inserted by paragraph (e) of subsection one of this section, and the amendment made by paragraph (s) of that subsection shall commence upon the expiration of a period of three months from the date on which Her Majesty's assent to this Act is signified.

Variation  
of certain  
agreements.

4. (1) This section shall apply to—

- (a) every agreement which was entered into before the commencement of this Act, between a building society duly registered under the Co-operation, Community Settlement, and Credit Act, 1923, as amended by subsequent Acts, and the Treasurer, and which is in force at such commencement, whereby in consideration of the execution by the Treasurer pursuant to the Government Guarantees Act, 1934-1948, of a guarantee in favour of the bank society or body of persons mentioned in the agreement (which bank society or body of persons is in this section referred to as "the lender") the building society undertakes to observe the covenants, stipulations and conditions specified in the agreement; and
- (b) every agreement, being an equitable mortgage, which was entered into before the commencement of this Act between a building society duly registered  
as

as aforesaid and the Rural Bank of New South Wales (in this section referred to as "the lender")<sup>No. 11, 1960.</sup> whereby in consideration of loans made by the said bank to the building society, the building society undertakes to observe the covenants, stipulations and conditions specified in the agreement.

In paragraph (a) of this subsection, "body of persons" includes the Government Insurance Office of New South Wales.

(2) Notwithstanding anything contained in any agreement to which this section applies, the agreement shall not operate to preclude the building society which is a party thereto from making, out of moneys borrowed by it from the lender, advances to a member of the society to the extent and in the circumstances contemplated by section 17A of the Co-operation Act, 1923-1958, as amended by this Act, and authorised by the rules of the society.

(3) Where any agreement referred to in paragraph (a) of subsection one of this section contains a covenant to the effect that the society that is a party to the agreement will not in any case out of money borrowed by it from the lender advance to any one member of the society any greater amount than the amount specified in a notice in writing by the Treasurer to the society as the maximum amount which at the date of the advance is permitted to be advanced to any one member, nothing in that covenant shall preclude the society from advancing out of money borrowed by it from the lender to any one member of the society an amount which when reduced by the value of the share capital of the member or the sum of one hundred and sixty pounds, whichever is the less, does not exceed the sum of three thousand and twenty-five pounds.