

CO-OPERATION (AMENDMENT) ACT.

Act No. 33, 1964.

Elizabeth II, No. 33, 1964 An Act to make further provisions for the indemnification of building societies against loss; to authorise the issue of different classes of shares by permanent building societies; for these and other purposes to amend the Co-operation Act, 1923-1963; and for purposes connected therewith. [Assented to, 1st October, 1964.]

BE 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, 1964".

(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, 1923-1964.

Amendment of Act No. 1, 1924.

Sec. 17A.
(Treasurer may undertake to indemnify building societies against loss in certain circumstances.)

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

(a) by omitting paragraph (c) of subsection (1A) of section 17A and by inserting in lieu thereof the following paragraph :—

(c) the amount proposed to be lent reduced by the value of share capital of the member or the sum of two hundred pounds, whichever is the less, does not exceed the sum of three thousand seven hundred and fifty pounds; and;

Sec. 18D.
(Commencement of advertising by a new building society.)

(b) by omitting from section 18D the words "registered after the commencement of the Co-operation (Amendment) Act, 1961," and by inserting in lieu thereof the words "or an association of building societies";

(c)

- (c) by inserting at the end of section 18E the following new subsection :—
- (5) In this section, the expressions “building society” and “society” include an association of building societies.
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Sec. 18E.
(Power to control advertising by a building society.)
- (d) by inserting in section 18F after the word “society” wherever occurring the words “or an association of building societies”;
- Sec. 18F.
(Interpretation.)
- (e) by inserting at the end of section 18G the following new subsection :—
- (2) In subsection one of this section, the expressions “building society” and “society”, so far as they relate to paragraph (c) or (d) of that subsection, include an association of building societies.
- Sec. 18G.
(Penalty for offences under sections 18B, 18C, 18D and 18E.)
- (f) by omitting from paragraph (ii) of subsection nine of section forty-six the words “trading society” and by inserting in lieu thereof the words “society, not being a building society or an investment society,”;
- Sec. 46.
(Members.)
- (g) (i) by inserting in subsection three of section forty-seven after the word “five” the words “and (5A)”;
- Sec. 47.
(Shares.)
- (ii) by omitting subsection (5A) of the same section and by inserting in lieu thereof the following subsections :—
- (5A) Notwithstanding any other provision of this section, a permanent building society, if authorised by its rules,—
- (a) may issue different classes of shares as provided for in its rules;
- (b) may declare a greater rate of dividend in respect of paid-up shares than in respect of shares that are not paid-up shares.
- (5B) The rules of a permanent building society—
- (a) may provide for the issue of different classes of shares carrying such rights and being subject to such conditions as may

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may be specified in the rules, including rights entitling the holder of any class of shares to receive, instead of a dividend, interest on the shares of that class which are fully paid-up at such rate as may be determined by the board but not exceeding the maximum rate of dividend which by subsection fourteen of this section may be paid by a society in respect of its paid-up share capital; and

(b) shall not provide for the holder of any such class of shares to be repaid his share capital at any specified date or time, but nothing in this paragraph affects the right of a member to withdraw his share in accordance with the rules of the society or the rights of a member upon a winding-up of the society.

(iii) by omitting from subsection eight of the same section the words "terminating building society or of borrowers' shares" and by inserting in lieu thereof the words "building society";

Sec. 48.
(Reserve
Funds of
building
societies
and credit
unions.)

(h) (i) by inserting at the end of paragraph (a) of subsection five of section forty-eight the words "not being shares of a permanent building society upon which the member is entitled to receive interest";

(ii) by inserting in subsection eight of the same section at the end of the definition of "Surplus" the words "but for the purposes of subsection one of this section any sums paid or credited to members by way of interest on share capital shall not be deducted from the income of the society for the purpose of determining the surplus";

Sec. 72.
(Name and
address.)

(i) (i) by inserting in paragraph (a) of subsection one of section seventy-two after the words "credit union" the words "an association of credit unions, a permanent building society or an association of permanent building societies";

(ii)

- (ii) by inserting in paragraph (b) of the same subsection after the words "credit union" where firstly occurring the words "or an association of credit unions".

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3. (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 aforesaid and the Rural Bank of New South Wales (in this section referred to as "the lender") 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.

Variation
of certain
agreements
and rules.

For the purposes of 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

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(3) Where any agreement to which this section applies 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 such agreement or 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 two hundred pounds, whichever is the less, does not exceed the sum of three thousand seven hundred and fifty pounds.

(4) Notwithstanding the rules of any society which is a party to an agreement to which this section applies such society may—

- (a) make an advance to any member of the society up to the maximum amount which it is permitted to advance to such member under such agreement as varied by subsection three of this section; and
 - (b) issue shares to any member of the society of such value as will enable the member to obtain from the society an advance up to such maximum amount.
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