

Co-operation (Amendment) Bill

No.

TABLE OF PROVISIONS

Clause

1. Purposes.
2. Commencement.
3. Principal Act.
4. Repeal of Table of Provisions.
5. Interpretations.
6. Credit Society may act as agent for interstate credit society.
7. Requirements and guidelines for continuing credit arrangements.
8. Declarations as to what are liquid funds.
9. No need to provide particulars in certain cases.
10. Change of name.
11. Credit Co-operatives Reserve Board.
12. Contributions.
13. Change of name.
14. Compulsory loans.
15. Change of name.
16. Change of name.
17. Payment to credit society from fund.
18. Change of name.
19. Change of name.
20. Change of name.
21. Insertion of new sections in place of section 33—
 33. Offence of failing to act under direction.
 - 33A. Inspection of books by Reserve Board.
 - 33B. Appointment of Administrator.
 - 33C. Additional powers of Reserve Board when appointing directors.
 - 33D. Stay of proceedings.
 - 33E. Secrecy.
22. Provisions as to auditors appointed by Reserve Board.
23. Insertion of new provision as to Associations—
 - 45A. Associations of credit societies to act as agents.
24. Companies incorporated outside Victoria.
25. Change of name.
26. Companies incorporated outside Victoria.
27. Repeal of section dealing with amalgamated societies.
28. Companies able to be members of co-operative societies.
29. Allowance for contingent liability.
30. Programme to be prepared.
31. Credit societies not required to obtain approval for contracts.
32. Investment of funds.
33. Substitution of new sections for sections 76 and 77—
 76. Investment of funds of credit societies.
 77. Investment of funds of associations of credit societies.
34. Repeal of power to direct transfers of engagements and repeal of membership charges.
35. Insertion of new Division 3A of Part III.—

Division 3A—Mergers

- 84A. Application for merger.
- 84B. Registrar may register as one society societies which have merged.

- 84C. When merger takes effect.
84D. Registrar may direct a merger.
36. Change of name.
 37. Change of name.
 38. Change of name.
 39. Appointment of administrator by Registrar.
 40. Change of name.
 41. Change of name.
 42. Repeal of offence.
 43. Victorian Co-operative Housing Council.
 44. Aggregate liability under indemnities.

LEGISLATIVE COUNCIL

Read 1° 26 November 1985

(Brought from the Legislative Assembly)

A BILL

for

An Act to amend the *Co-operation Act 1981* and the *Co-operative Housing Societies Act 1958* and for other purposes.

Co-operation (Amendment) Act 1985

The Parliament of Victoria enacts as follows:

Purposes.

1. The purposes of this Act are to—
 - (a) deregulate credit societies; and
 - 5 (b) enable the participation of credit societies in national financial arrangements; and
 - (c) provide an improved mechanism for the strengthening of credit societies; and
 - 10 (d) provide for the appointment of a Victorian Co-operative Housing Council; and
 - (e) increase the maximum aggregate level of the Treasurer's indemnities of co-operative housing societies.

Commencement.

2. This Act comes into operation on a day or days to be proclaimed.

Interpretations.**5. In section 5 of the Principal Act—**

(a) the interpretation of “**Advisory committee**” is repealed; and

(b) after the interpretation of “**Board**” insert—

‘**“Books”** includes accounts, records, minutes, registers, deeds, writings, documents and any other sources of information compiled, recorded or stored in writing form, on microfilm or by electronic process or any other means.’; 5

(c) after the interpretation of “**Regulations**” insert— 10

‘**“Reserve Board”** means the Credit Co-operatives Reserve Board constituted under Part II.’.

Credit Society may act as agent for interstate credit society.**6. In section 17 of the Principal Act—**

(a) in paragraph (e) for “**advisory committee**” substitute “**Reserve Board**”; and 15

(b) for paragraph (f) substitute—

“(f) Act as an agent for or on behalf of—

(i) its members or depositors; or

(ii) any other credit society (whether registered in Victoria or in another State or Territory) and its members and depositors— 20

and receive commissions in that capacity;”.

Requirements and guidelines for continuing credit arrangements.**7. In section 18 of the Principal Act for sub-section (2) substitute— 25**

“(2) The Reserve Board must fix the requirements with which credit societies must comply when entering into continuing credit arrangements and providing overdraft facilities and the guidelines with which credit societies must conform when entering into continuing credit arrangements with and providing overdraft facilities for their members. 30

(2A) The Reserve Board may alter or replace any of the requirements or guidelines fixed under sub-section (2).

(2B) Credit Societies must comply with the requirements and conform with the guidelines fixed by the Reserve Board.

Penalty: \$5000.”.

Declarations as to what are liquid funds.

5 8. In section 18 of the Principal Act—

(a) in sub-section (5) for paragraph (b) substitute—

‘(b) “**liquid funds**” means those funds or investments declared by determination of the Minister published in the *Government Gazette* to be liquid funds;’; and

10

(b) sub-section (6) is repealed; and

(c) in sub-section (7) for “investments referred to in sub-section (5)” substitute the words “funds or investments declared to be liquid funds under sub-section (5)”.

15 No need to provide particulars in certain cases.

9. In section 19 of the Principal Act—

(a) paragraph (b) of sub-section (6) is repealed; and

(b) after sub-section (9) insert—

“(9A) Sub-section (9) does not apply to a variation of the particulars required by sub-section (8) if that variation is only a reduction in the interest rate charged to a member under a loan contract.”.

20

Change of name.

10. In section 21 of the Principal Act—

25

(a) in sub-section (1) for “Credit Societies’ Guarantee Fund” substitute “Credit Co-operatives Reserve Fund”; and

(b) in sub-section (3) (c) for “advisory committee” substitute “Reserve Board”.

Credit Co-operatives Reserve Board.

30 11. In section 22 of the Principal Act—

(a) in sub-section (1) for “Credit Societies’ Guarantee Fund Advisory Committee” substitute “Credit Co-operatives Reserve Board”; and

(b) after sub-section (1) insert—

35

“(1A) In addition to any other functions conferred or imposed on the Reserve Board by or under this Act or the regulations the Reserve Board has the following functions:

(a) To advise the Minister and the Registrar on all matters relating to credit societies;

- (b) To provide management advice to credit societies.”; and
- (c) In sub-section (2)—
- (i) for “advisory committee” substitute “Reserve Board”; and 5
- (ii) for “Credit Societies Guarantee Fund Advisory Committee” substitute “Credit Co-operatives Reserve Board”; and
- (d) In sub-section (3) for “advisory committee” (wherever occurring) substitute “Reserve Board”; and 10
- (e) for sub-section (4) substitute—
- “(4) The Reserve Board is to consist of nine members appointed by the Minister of whom—
- (a) one is to be the registrar or his nominee; and
- (b) one is to be nominated by the Treasurer; and 15
- (c) five are to be appointed by the Minister after consultation by the Minister with registered associations of credit societies; and
- (d) two have skills and qualifications appropriate to credit societies.”; and 20
- (f) in sub-sections (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (18), (19) and (20) for “advisory committee” substitute “Reserve Board”; and
- (g) in sub-section (11) for “four” substitute “five” and for “committee” substitute “Reserve Board”; and 25
- (h) in sub-sections (16) and (17) for “advisory committee” (wherever occurring) substitute “Reserve Board”.

Contributions.

12. In section 23 of the Principal Act—

- (a) in sub-section (1) (b) after “credit society” insert “other than moneys on loan to the credit society from the Reserve Board”; and 30
- (b) in sub-sections (2) and (3) (b) for “advisory committee” substitute “Reserve Board”.

Change of name.

13. In section 24 of the Principal Act—

- (a) in sub-sections (1), (2), (4) (b) and (5) for “advisory committee” substitute “Reserve Board”; and
- (b) in sub-sections (1) and (3) for “advisory committee” (wherever occurring) substitute “Reserve Board”. 40

Compulsory loans.

14. In section 25 of the Principal Act—

- 5 (a) in sub-section (3) for “exceeds \$10 000 000 or such greater amount as is prescribed” substitute “exceeds the amount fixed by determination of the Minister published in the *Government Gazette*”; and
- (b) in sub-sections (1) and (6) for “advisory committee” substitute “Reserve Board”; and
- 10 (c) in sub-section (4) for “advisory committee” (wherever occurring) substitute “Reserve Board”.

Change of name.

15. In section 27 of the Principal Act for “advisory committee” (wherever occurring) substitute “Reserve Board”.

Change of name.

- 15 16. In section 28 (2) of the Principal Act for “advisory committee” (wherever occurring) substitute “Reserve Board”.

Payment to credit society from fund.

17. In section 29 of the Principal Act—

- 20 (a) in sub-section (1) omit “that has ceased or is likely to cease to be able to trade profitably”; and
- (b) in sub-section (2) for “advisory committee” substitute “Reserve Board”; and
- (c) for sub-section (3) substitute—
- 25 “(3) Where an application is made by any one or more of the persons specified in sub-section (1) and the Reserve Board is satisfied that if a payment is made to a credit society out of the fund the credit society will or will be likely to be able to trade profitably the Reserve Board may order that a sum not exceeding the amount fixed by Order of the Governor in Council published in the *Government Gazette* be paid from the fund to the credit society on any conditions the Reserve Board thinks fit.”; and
- 30 (d) in sub-section (4) for “advisory committee” (wherever occurring) substitute “Reserve Board”; and
- 35 (e) in sub-sections (5) and (6) for “advisory committee” substitute “Reserve Board”.

Change of name.

18. In section 30 of the Principal Act—

(a) in sub-section (1)—

(i) for “advisory committee” (wherever occurring) substitute “Reserve Board”; and 5

(ii) in paragraph (a) omit “, 60A (9)”; and

(iii) after paragraph (a) insert—

“(aa) a programme prepared by a credit society in accordance with section 60A is not approved;”;
and 10

(b) in sub-section (2) for “advisory committee” substitute “Reserve Board”.

Change of name.

19. In section 31 of the Principal Act—

(a) in sub-section (1) for “advisory committee” (wherever occurring) substitute “Reserve Board”; and 15

(b) in sub-section (2) for “advisory committee” substitute “Reserve Board”.

Change of name.

20. In section 32 of the Principal Act for “advisory committee” (wherever occurring) substitute “Reserve Board”. 20

Insertion of new sections in place of section 33.

21. For section 33 of the Principal Act substitute—

Offence of failing to act under direction.

“33. (1) A director or officer of a credit society which is subject to a resolution made under section 30 (1) must in carrying out the duties of the position of director or officer act in accordance with the directions given by the Reserve Board. 25

Penalty: \$5 000 or imprisonment for two years.

(2) A person who is convicted of an offence under this section must not act as a director or officer of a credit society for the period of three years immediately following that conviction.”. 30

Inspection of books by Reserve Board.

“33A. (1) The Reserve Board may require the production of—

(a) any books kept by a person in respect of a credit society or a foreign credit society registered under Part XI. (whether or not the credit society or foreign credit society has been dissolved); and 35

5 (b) any banker's books kept by a banker who acts or has acted as banker to a credit society or a foreign credit society registered under Part XI., in so far as they relate to the society or foreign society, (whether or not the society or foreign society has been dissolved).

(2) The Reserve Board may inspect make copies of or make extracts from any books produced to it.

10 (3) The Reserve Board may authorize in writing any officer employed by it or any accountant engaged by it to require the production of, inspect, make copies of or make extracts from any books to which sub-section (1) applies.

(4) A person who does not comply with this section is guilty of an offence.

Penalty: \$500.”.

15 Appointment of Administrator.

“33B. (1) The Reserve Board may, with the approval of the Minister, appoint an administrator to conduct the affairs of a credit society and may revoke any such appointment.

(2) The Reserve Board must not appoint an administrator unless—

20 (a) it has certified that any one or more of the events specified in paragraphs (a) to (d) or (g) or (h) of section 192 (3) has occurred; or

(b) the society has traded at a loss for three consecutive months or for four months out of any consecutive six months; or

25 (c) the society has traded for a period of two or more years with an accumulated deficit which has not during that time been reduced; or

30 (d) after carrying out an investigation of the society and its management, the Reserve Board is satisfied that it is in the interest of members, creditors or depositors that the affairs of the society should be conducted by an administrator.

(3) Upon the appointment of an administrator of a credit society—

(a) the directors of the society cease to hold office; and

35 (b) all contracts of employment with the society are terminated; and

(c) all contracts for the provision of services for the society are terminated.

40 (4) An administrator of a credit society has the powers, authorities, duties and functions of the board of the society including the board's powers of delegation.

(5) An appointment or election of a director of a credit society must not be made while the administrator is in office except in the circumstances described in sub-section (9).

(6) An administrator holds office until the administrator's appointment is cancelled. 5

(7) The administrator must prepare and submit immediately upon cancellation of the administrator's appointment a report to the Reserve Board showing how the administration was carried out and for that purpose an administrator has access to the records and books of the society. 10

(8) Upon finishing the report and accounting fully in respect of the administration of the credit society to the satisfaction of the registrar, the administrator is released from any further duty to account in respect of the administration of the credit society other than on account of fraud or dishonesty. 15

(9) Before cancelling the appointment of an administrator of a credit society the Reserve Board must with the approval of the Minister—

(a) appoint another administrator; or

(b) ensure that directors of the society have been elected in accordance with the rules of the society, at a meeting called by the administrator in accordance with those rules; or 20

(c) appoint directors of the society.

(10) Directors elected or appointed under sub-section (9)—

(a) take office upon cancellation of the appointment of the administrator; and 25

(b) in the case of appointed directors, subject to section 33c, hold office until the annual general meeting of the society that next follows the cancellation of the administrator's appointment. 30

(11) The cost of the conduct of the affairs of a society by an administrator are payable from the funds of the society.

(12) The cost of conducting the affairs of the society includes—

(a) if the administrator is not a servant of the Crown—the administrator's remuneration; or 35

(b) if the administrator is a servant of the Crown—any amount that the Reserve Board certifies should be paid to the Crown as repayment of the remuneration of the administrator.

(13) An amount certified under sub-section 12 (b) is a debt due to the Crown. 40

(14) If a credit society incurs any loss because of any fraud, negligence or failure to comply with this Act or the rules of the society

by an administrator of the society, the administrator is liable for that loss.

- 5 (15) An administrator is not liable for any loss which is not a loss to which sub-section (14) applies but may account for that loss in a report given under this section.”.

Additional powers of Reserve Board when appointing directors.

“33C. (1) Where the Reserve Board appoints directors of a society under section 33B (10) the Reserve Board may (having first obtained the approval in writing of the Minister) specify—

- 10 (a) a time during which this section is to apply in respect of the society; and
(b) the terms and conditions on which all or any of the directors hold office; and
(c) the rules which are to be the rules of the society.

15 (2) During the time in which this section applies to a credit society the Reserve Board (having first got the approval of the Minister in writing) may—

- (a) from time to time remove and appoint directors appointed by it; and
20 (b) from time to time vary revoke or specify new terms and conditions in place of all or any of the terms and conditions specified under sub-section (2); and
(c) amend all or any of the rules specified under sub-section (2).

25 (3) The Reserve Board may (having first obtained the approval of the Minister in writing) extend the time for which this section is to apply in respect of a society.

(4) A rule specified by the Reserve Board under this section as a rule of a society—

- 30 (a) is not to be amended or revoked except by the method set out in this section; and
(b) if it is inconsistent with any other rule of the society, prevails over the other rule and the other rule is to the extent of the inconsistency invalid; and
35 (c) has the same evidentiary value as is by this Act accorded to the rules of the society and to copies of them.”.

Stay of proceedings.

40 “33D. (1) Where the Reserve Board appoints an administrator to conduct the affairs of a credit society, a person must not begin or proceed with any proceedings in any court against the society until the appointment of the administrator is cancelled except with the leave of

the Court and, if the Court grants leave, in accordance with any terms and conditions which the Court may impose.

(2) A person intending to apply for leave of the Court under sub-section (1) must give to the Reserve Board not less than ten days notice of his intention to apply.

5

(3) On the hearing of an application under sub-section (1) the Reserve Board may be represented and may oppose the granting of the application.”.

Secrecy.

“33E. (1) The Reserve Board or any person appointed or employed by it for the purpose of carrying out its duties under this Act must not, except to the extent necessary to carry out the Reserve Board’s or that person’s duties, give to any other person any information of which the Reserve Board or that person has knowledge through the carrying out of those duties or make use of that information except in the course of carrying out those duties.

10

15

Penalty: \$2000 or imprisonment for one year or both.

(2) Nothing in sub-section (1) stops a person from producing a document to a court in the course of criminal proceedings or proceedings under this Act or from giving to a court in the course of those proceedings any matter or thing coming to the notice of that person in the carrying out of the duties referred to in the sub-section.”.

20

Provisions as to auditors appointed by Reserve Board.

22. In section 34 of the Principal Act—

(a) in sub-section (1) for “advisory committee” substitute “Reserve Board”; and

25

(b) after sub-section (3) insert—

“(4) If a credit society is under the direction of the Reserve Board or if the Reserve Board has appointed an administrator to conduct the affairs of a credit society then the Reserve Board may (despite section 140) by notice in writing remove the auditor appointed by the society.

30

(5) The Reserve Board may after notifying the Registrar recommend to a credit society to which sub-section (4) does not apply that it remove its present auditor and appoint a new auditor.

35

(6) The Reserve Board may require the auditor of a credit society to produce all or any books or documents kept by the auditor in respect of the society and to furnish any other information which the Reserve Board requires in respect of that society.

40

(7) An auditor who does not produce the books or documents or furnish the information as required under sub-section (6) shall be guilty of an offence.

Penalty: \$1000 or imprisonment for six months or both.

5 (8) The Reserve Board may inspect, make copies of or make extracts from any book or document produced to it by an auditor.”.

Insertion of new provision as to Associations.

10 23. (1) In section 45 of the Principal Act after sub-section (2) insert—

“(3) An association may by special resolution reduce its share capital if the Registrar, after consulting with the Reserve Board, has approved the reduction.”.

(2) After section 45 of the Principal Act insert—

15 **Associations of credit societies to act as agents.**

“45A. (1) An association of credit societies may where to do so would promote co-operative enterprise give services to or be an agent for—

20 (a) any credit society (including a component society or a credit society registered in another State or Territory); or

(b) any member or depositor of a credit society to which paragraph (a) might apply; or

25 (c) any company incorporated in Victoria or in any other State or Territory which is approved by the Registrar for the purposes of this section.

(2) An association of credit societies may receive payment or commission for providing services to or acting as an agent for any credit society, company or person.”.

Companies incorporated outside Victoria.

30 24. In section 47 of the Principal Act after “Victoria” insert “or in another State or Territory”.

Change of name.

25. In section 53 (8) of the Principal Act for “advisory committee” (wherever occurring) substitute “Reserve Board”.

35 **Companies incorporated outside Victoria.**

26. (1) In section 54 (2) of the Principal Act—

(a) after the word “Victoria” insert “or a company which has as its principal objects the provision of services to credit

societies, associations of credit societies or federations of associations of credit societies (whether that company is incorporated in Victoria or in any other State or Territory”); and

(b) after “if that association” insert “or company”.

5

(2) In section 54 (3) of the Principal Act for “outside Victoria (other than a foreign credit society)” substitute “(in Victoria or in any other State or Territory)”.

Repeal of section dealing with amalgamation of societies.

27. Section 56 of the Principal Act is repealed.

10

Companies able to be members of co-operative societies.

28. After section 58 (1) of the Principal Act insert—

“(1A) Any incorporated body which is substantially co-operative in nature may be admitted to membership of another society.”.

Allowance for contingent liability.

15

29. In section 60 of the Principal Act—

(a) in sub-section (8) after “section” insert “and section 60A”; and

(b) for sub-sections (9) and (10) substitute—

“(9) The Reserve Board must determine the minimum proper allowance for contingent liability for loss made by a credit society in respect of a loan made by that credit society.”.

20

Programme to be prepared.

30. In section 60A of the Principal Act for sub-sections (6), (7), (8) and (9) substitute—

25

“(6) If a credit society cannot comply with sub-sections (1) and (2) the credit society must undertake a programme to achieve a minimum reserve fund of the amount required under sub-section (1).

(7) If a credit society is required to undertake a programme it must devise a programme and submit it to the Reserve Board for approval within two months from the end of the relevant year or any other period of time which the Reserve Board in writing allows.

30

(8) The Reserve Board may approve, subject to the adoption of specified changes, or not approve a programme submitted to it.

35

(9) The Minister may refuse to approve any programme approved by the Reserve Board and specify changes to the programme.

(9A) If the Minister refuses to approve a programme the Reserve Board must withdraw its approval of the programme and require the credit society to adopt the changes to the programme specified by the Minister.”.

5 Credit societies not required to obtain approval for contracts.

31. In section 70 of the Principal Act—

- (a) in sub-section (1) after “A society” insert “, other than a credit society,”; and
 10 (b) in sub-section (2) after “a society” insert “, other than a credit society,”; and
 (c) sub-section (4) is repealed.

Investment of funds.

32. In section 75 of the Principal Act—

- (a) in sub-section (1)—
 15 (i) after “a society” insert “, other than a credit society, or an association of credit societies,”; and
 (ii) in paragraph (c) the words “or in the case of a credit society, with the advisory committee” are repealed; and
 20 (b) sub-section (2) is repealed; and
 (c) in sub-section (3) after “A society” insert “other than a credit society or an association of credit societies”; and
 (d) in sub-section (6) after the words “a society” there are
 25 inserted the words “, other than a credit society or an association of credit societies,”; and
 (e) in sub-section (7) for the words “No society shall hold” there are substituted the words “A society, other than a credit society or an association of credit societies, shall not hold”; and
 30 (f) sub-section (10) shall be repealed.

Substitution of new sections for sections 76 and 77.

33. For sections 76 and 77 of the Principal Act substitute:

Investment of funds of credit societies.

35 “76 (1) A credit society may invest any portion of its funds not immediately required for its objects or for purposes incidental to those objects in the manner fixed by determination of the Minister after consultation with the Reserve Board and published in the *Government Gazette*.

40 (2) A credit society may invest any of its funds in the purchase of shares in any company incorporated in Victoria or in any other State

or Territory if the company has agreed in writing to render special services to the society to further the society's objects.

(3) A credit society must not hold shares in a company to which sub-section (2) applies if those shares are of a nominal value which exceeds one-third of the paid up capital of the society or any larger proportion which the Registrar on the recommendation of the reserve Board in any special case permits. 5

(4) A purchase of any shares which a credit society may hold under sub-section (4) must not be made by the credit society unless the purchase is authorised by special resolution of the credit society." 10

Investment of funds of associations of credit societies.

"77. (1) An association of credit societies may invest any portion of its funds in any manner approved by the Registrar.

(2) An association of credit societies may invest any of its funds in the purchase of shares in any company incorporated in Victoria or in any other State or Territory if— 15

(a) the principal objects of the company are to render services to credit societies, associations of credit societies or federations of associations of credit societies (whether those societies, associations or federations are incorporated in Victoria or in any other State or Territory); and 20

(b) if the Registrar has approved the company for the purposes of this sub-section.

(3) An association of credit societies must not hold shares in a company to which sub-section (2) applies if those shares are of a nominal value which exceeds one-third of the paid up capital of the association or any larger proportion which the Registrar on the recommendation of the Reserve Board in any special case permits. 25

(4) A purchase of any shares which an association of credit societies may hold under sub-section (3) shall not be made by the association of credit societies unless the purchase is authorized by special resolution of the association." 30

Repeal of power to direct transfers of engagements, and repeal of membership charges.

34. Sections 78 and 83 of the Principal Act are repealed. 35

Insertion of Division 3A of Part III.

35. After Division 3 of Part III. of the Principal Act insert—

“Division 3A—Mergers”**Application for merger.**

- 5 “84A. (1) If two or more societies propose to consolidate their assets, liabilities and undertakings the societies which are merging may after complying with this section apply for registration as one society.
- (2) The proposed merger must have been approved—
- 10 (a) by a special resolution of each society unless otherwise provided for in the rules of the society in which case the rules are to be observed; or
- (b) if the Registrar determines that one or more of the societies involved in the proposed merger may approve the proposed merger by resolution of the board of directors, by a resolution of the board of directors.
- 15 (3) Unless the Registrar has given an exemption, the societies involved in the proposed merger must—
- (a) give to the Registrar a statement specifying—
- 20 (i) the financial position of the societies; and
- (ii) any interest that any director or officer of any of the societies has in the proposed merger; and
- (iii) any payment or compensation to be paid to any director, officer or member of a society in respect of the proposed merger; and
- 25 (iv) any other matter specified by the Registrar; and
- (b) publish a notice in a daily newspaper generally circulating in Victoria specifying—
- 30 (i) that a merger of the specified societies is proposed; and
- (ii) that a copy of the statement prepared under paragraph (a) may be inspected at any branch of the societies involved in the proposed merger.
- (4) An application for registration as one society must be made in the manner and form required by the Registrar.
- 35 (5) The proposed application must be accompanied by two copies of the proposed rules of the proposed society and other particulars required by the Registrar.”.

Registrar may register as one society societies which have merged.

- 40 “84B. If in respect of an application by societies which are merging for registration as one society the Registrar is satisfied that—
- (a) the societies involved in the merger have complied with section 84A; and

- (b) the proposed rules of the new society are adequate; and
- (c) the certificates of incorporation of the societies involved in the merger have been surrendered—

the Registrar must issue a new certificate of incorporation and cancel the registration of one or more of the societies involved in the merger.” 5

When merger takes effect.

“84C. (1) A merger takes effect upon the issue of a certificate under section 84B.

(2) The following provisions apply on and from the issue of the certificate: 10

- (a) Any person who was a member of a society involved in the merger immediately before the issue of the certificate is a member of the new society in accordance with its rules;
- (b) Any person who was a depositor, lender or other creditor of a society involved in the merger immediately before the issue of the certificate is a depositor, lender or other creditor of the new society on the same terms and conditions; 15
- (c) Any person who was a borrower from a society involved in the merger immediately before the issue of the certificate is a debtor of the new society on the same terms and conditions; 20
- (d) The duties, responsibilities and obligations imposed immediately before the issue of the certificate upon a society involved in the merger and the immunities, rights and privileges of or vested in, exercisable by or available to that society immediately before the issue of the certificate are transferred to the new society and after that the new society is subject to all those duties, responsibilities and obligations and entitled to all those immunities, rights and privileges; 25
- (e) The property and assets that immediately before the issue of the certificate were vested in a society involved in the merger are by force of this section vested in the new society;
- (f) The debts and liabilities of a society involved in the merger immediately before the issue of the certificate are by force of this section debts and liabilities of the new society; 35
- (g) The new society is by force of this section substituted as a party to any proceedings pending in any court to which a society involved in the merger was a party immediately before the issue of the certificate; 40
- (h) The new society is by force of this section substituted as a party to any arrangement or contract entered into by or on behalf of a society involved in the merger as a party and in force immediately before the issue of the certificate;

- 5 (i) Any reference to a society involved in the merger in any agreement, instrument, deed or other document whatsoever is to be construed as a reference to the new society unless inconsistent with the context or subject-matter so far as it relates to any period after the issue of the certificate.”

Registrar may direct a merger.

“84D. (1) The Registrar may with the approval of the Minister direct in writing a society to merge with another society the board of directors of which have by resolution consented to the proposed merger.

- 10 (2) The Registrar must not direct a merger unless—
- (a) the Registrar has certified that any one or more of the events specified in paragraphs (a) to (d) or (g) or (h) of section 192 (3) has occurred; or
- 15 (b) one or both of the societies has traded at a loss for three consecutive months or for four months out of any consecutive six months; or
- (c) one or both of the societies has traded for a period of two years or more with an accumulated deficit which has not during that time been reduced; or
- 20 (d) after conducting an investigation of one or both societies and their management, the Registrar is satisfied that it is in the interests of the members, creditors or depositors of the societies that they should merge.
- (3) A society may within seven days of receiving a direction under sub-section (1) make a submission on the direction to the Reserve Board.
- 25 (4) The Reserve Board must submit a report on a submission under sub-section (3) to the Minister.
- (5) The Minister may after considering a report under sub-section (4) direct the Registrar to revoke the direction to merge.
- 30 (6) Unless sub-section (5) applies, the society directed to merge and the society consenting to the merger must make an application under section 84A within the time specified in the direction.
- (7) An officer of a society who—
- 35 (a) fails to take all reasonable steps to secure compliance by the society with a direction to merge; or
- (b) by a wilful act or omission is the cause of a failure by the society to comply with a direction to merge—
- is guilty of an offence against this Act.
- 40 Penalty: \$20 000.”

Change of name.

36. In section 100 (5) of the Principal Act for “advisory committee” substitute “Reserve Board”.

Change of name.

37. In section 108 of the Principal Act—

(a) in sub-section (3) for “advisory committee” substitute “Reserve Board”; and

(b) in sub-section (4) for “advisory committee” substitute “Reserve Board”; and

(c) in sub-section (5) for “advisory committee” (wherever occurring) substitute “Reserve Board”. 10

Change of name.

38. In section 166 (1) of the Principal Act for the words “advisory committee” (wherever occurring) substitute “Reserve Board”.

Appointment of administrator by Registrar.

39. For section 163 (2) of the Principal Act substitute—

“(2) The Registrar must not appoint an administrator unless—

(a) the Registrar has certified that any one or more of the events specified in paragraphs (a) to (d) or (g) or (h) of section 192 (3) has occurred; or 20

(b) the society has traded at a loss for three consecutive months or for four months out of any consecutive six months; or

(c) the society has traded for a period of two or more years at an accumulated deficit which has not during that time been reduced; or 25

(d) after conducting an investigation of the society and its management, the Registrar is satisfied that it is in the interests of members, creditors or depositors that the affairs of the society should be conducted by an administrator.”.

Change of name.

40. In section 216 (4) of the Principal Act for “advisory committee” (wherever occurring) substitute “Reserve Board”. 30

Change of name.

41. In section 217 (5) of the Principal Act for “advisory committee” (wherever occurring) substitute “Reserve Board”. 35

Repeal of offence.

42. Section 247 of the Principal Act is repealed.

Victorian Co-operative Housing Council.

43. The *Co-operative Housing Societies Act 1958* is amended as follows:

- 5 (a) For the heading to Division 2 of Part IV. substitute—
 “**Victorian Co-operative Housing Council.**”; and
- (b) In section 72, for sub-sections (1) to (4) substitute—
 “(1) There is established a council to be called the
 Victorian Co-operative Housing Council.
 (2) The Council consists of eight members of whom—
 10 (a) one is the registrar; and
 (b) one is an officer of the Department of Management
 and Budget nominated by the Treasurer; and
 (c) four are persons appointed by the Minister after
 consultation with the Federation of Housing
 Societies of Victoria; and
 15 (d) two are persons appointed by the Minister who
 have special expertise which the Minister considers
 is necessary to enable the Council to perform its
 functions and exercise its powers.
 (3) The Minister shall nominate one of the members of
 the Council to be the chairperson.”; and
- 20 (c) In section 72, for sub-section (7) substitute—
 “(7) A member of the Council shall be paid the fees
 fixed by the Governor in Council.”; and
- 25 (d) In sections 1, 59 (2A), 64, 73 (3) and 76 (1A) and (3) for
 “Co-operative Housing Advisory Committee” substitute
 “Victorian Co-operative Housing Council”; and
- (e) In section 72 (5) and (6) for “committee” (wherever
 occurring) substitute “Council”; and
- 30 (f) In section 72 (5) (a) (v) for “Consolidated Revenue”
 substitute “Consolidated Fund”.

Aggregate liability under indemnities.

- 35 44. In section 77 (1) of the *Co-operative Housing Societies Act 1958*
 for “\$15 000 000” substitute “\$30 000 000 or such other amount as is
 prescribed by regulation”.

