

## BUILDING SOCIETIES.

No. 50 of 1962.

AN ACT to amend the *Building Societies Act 1876*.  
[ 20 November 1962. ]

**B**E it enacted by His Excellency the Governor of Tasmania, by and with the advice and consent of the Legislative Council and House of Assembly, in Parliament assembled, as follows:—

**1**—(1) This Act may be cited as the *Building Societies Act 1962*. Short title and citation.

(2) The *Building Societies Act 1876*, as subsequently amended, is in this Act referred to as the Principal Act.

**2** Section sixteen of the Principal Act is amended—

Power to borrow money.

- (a) by inserting in paragraph (a), after the word “may”, the words “, subject to this section,”;
- (b) by omitting from that paragraph the words “, within the limits in this section provided,”;
- (c) by omitting paragraph (b);
- (d) by omitting from paragraph (c) the words “such two-thirds as aforesaid” and substituting therefor the words “two-thirds of the amount for the time being secured to the society by mortgages from its members”; and
- (e) by omitting from paragraph (e) the words “the fifteenth and sixteenth sections” and substituting therefor the words “sections fifteen, sixteen, and twenty-six”.

**3** Section twenty-six of the Principal Act is repealed and the following sections are substituted therefor:—

“26—(1) A permanent society may, subject to its rules, invest any of its funds in any manner in which trustees may by law invest trust funds and any investments which a permanent society may make under this subsection are in this section referred to as trustee investments. Investments by permanent societies.

“(2) Subject to subsection (3) of this section, a permanent society shall secure that so much of its funds are invested in trustee investments as is necessary to secure that the value of those investments is not less than seventy-five per centum of the amount borrowed by that society and not for the time being repaid.

“(3) If at the end of the relevant accounting period the value of the trustee investments held by a permanent society was less than seventy-five per centum of the amount borrowed by the society before the end of that period and not then repaid, subsection (2) of this section does not apply to that society until the expiration of a period of seven years from the commencement of the *Building Societies Act 1962*, but, during that period of seven years, the society shall secure that so much of its funds are invested in trustee investments as is necessary to secure that the proportion which the value of those investments bears to the amount borrowed by the society and not for the time being repaid is not less than the proportion which the value of the trustee investment held by the society at the end of the relevant accounting period bore to the amount borrowed by the society before the end of that period and not then repaid.

“(4) In subsection (3) of this section ‘relevant accounting period’, when used in relation to a society, means the period last expiring before the first day of July 1962 in respect of which the accounts of the society were or are prepared for the purposes of section thirty-six.

“(5) References in this section to money borrowed by a society shall be construed as references to—

- (a) any money received by the society in respect of the issue by the society of shares (other than permanent shares);
- (b) any money borrowed by means of an overdraft at a bank; and
- (c) any money received on deposit or loan,

and, for the purposes of determining the amount of money borrowed by the society there shall be deducted from the amount so borrowed the amount of any sums that have been lent out of that money to any member of the society, or to the holder of any shares (other than permanent shares) issued by the society, or to a person from whom the society has received any deposit and that have not been repaid.

“(6) For the purpose of determining, for the purposes of this section, the value of any investment made by a society, the value of any debentures, stock, or other securities shall be deemed to be the nominal value at which they were created or issued.

“(7) Where at any time this section is not complied with in respect of a society each director of that society and each member of the committee of management of the society is guilty of an offence.

“(8) A person guilty of an offence under subsection (7) of this section is liable to a penalty of one hundred pounds or a penalty of twenty pounds for each day on which he was a

director or a member of the committee of management of the society and on which this section was not complied with in respect of the society.

“26A—(1) Subject to this section and to the rules of the society, a permanent society may make loans to any person who holds a share (other than a permanent share) issued by the society and to any person from whom the society has received a deposit that is for the time being held by the society.

Loans to depositors and shareholders in permanent societies.

“(2) No loan may be made by a society under this section to any person and no sum received by the society in respect of the issue of any share held by him or received by the society on deposit from him may be repaid if, after the making of the loan or the repayment, the total amount of the loan made by the society to him under this section would exceed the total amount paid to the society in respect of the issue of the share or the total amount of the sums held by the society on deposit from him, as the case may be.

“(3) Nothing in this section applies to the making of an advance by a society to any of its members upon security of freehold or leasehold estate.

“26B A terminating society may, subject to its rules, invest any portion of the funds of the society not immediately required for its purposes in any manner in which trustees may by law invest trust funds in their hands or with any permanent society or any other terminating society.”

Investment of surplus funds by terminating societies.

**4** Section three of the *Building Societies Act 1958* is amended by inserting in subsection (5), after the word “twenty,”, the word “twenty-six,”.

Amendment of *Building Societies Act 1958*.

**5** Notwithstanding anything in the Principal Act, any investment made by a society before the commencement of this Act shall be deemed to have been lawfully made and that investment may, in whole or in part, be retained after the commencement of this Act, but nothing in this section authorizes a society, after the commencement of this Act, to make any investment otherwise than in accordance with the Principal Act.

Validation of existing investments.