

NORTHERN TERRITORY OF AUSTRALIA

Regulations 1987, No. 1*

Regulations under the *Building Societies Act*

I, ERIC EUGENE JOHNSTON, the Administrator of the Northern Territory of Australia, acting with the advice of the Executive Council, hereby make the following Regulations under the *Building Societies Act*.

Dated this twelfth day of January, 1987.

E.E. JOHNSTON
Administrator

AMENDMENT OF THE BUILDING SOCIETIES REGULATIONS

1. PRINCIPAL REGULATIONS

The Building Societies Regulations are in these Regulations referred to as the Principal Regulations.

2. NEW REGULATION

The Principal Regulations are amended by inserting after regulation 1 the following:

"1A. INTERPRETATION

"(1) In these regulations -

'capital adequacy', in relation to a building society, means the maintenance by the society of its designated capital at an amount equal to or exceeding the minimum amount applicable to the society;

* Notified in the *Northern Territory Government Gazette* on 21st January, 1987.

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'designated capital', in relation to a building society, means the aggregate of the value of -

- (a) fixed shares in the society to the extent to which they are paid up, being fixed shares that, in the event of the winding up of the society, rank in priority after all withdrawable shares in the society;
- (b) realized profits of the society, including realized profits transferred to reserves;
- (c) 50% of revaluation reserves in respect of real property owned by the society;
- (d) subordinated deposits not repayable by the society within a period of 3 years after the deposits were made; and
- (e) any other capital not referred to above;

'fixed share' means a share in the share capital of a building society that, under the rules of the society, but subject to the Act, is not -

- (a) withdrawable by the member whose share it is; or
- (b) withdrawable by the member whose share it is, except at the direction or with the approval of the society;

'minimum amount', in relation to a building society, means -

- (a) the weighted amount applicable to the society; or
- (b) 3% of the value of the assets of the society,

whichever is the greater;

'prescribed security' means an investment made by a building society pursuant to section 43(1)(a) of the Act;

'subordinated deposit', in relation to a building society, means money invested with the society on deposit under an agreement whereby, in the event of the winding up of the society, any claim of the depositor against the society in respect of the deposit shall rank in priority -

- (a) equally with the claim of any other depositor who is party to a similar agreement; and

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- (b) except as provided by paragraph (a), after the claims of any other creditor of the society and after the claims of members to repayment of any share capital in the society, other than capital comprised of fixed shares;

'weighted amount', in relation to a building society, means an amount equal to the sum of the amounts obtained by multiplying the value of each class of assets referred to in the Schedule by the percentage shown in relation to that class;

'withdrawable share' means a share in the share capital of a building society that, under the rules of the society, but subject to the Act, is withdrawable by the member whose share it is; but does not include a fixed share.

"(2) For the purposes of the definition of 'designated capital' in subregulation (1) -

- (a) a revaluation reserve shall be disregarded if the overall property to which the reserve relates has not, within a period of 3 years, been valued by a person in respect of whom an approval under section 31 of the Act is in force; and
- (b) where real property to which a revaluation reserve relates has been revalued by a person, and within a period, referred to in paragraph (a), the reserve shall be disregarded to the extent to which the reserve is not supported by the valuation."

3. NEW REGULATION

The Principal Regulations are amended by inserting after regulation 13 the following:

"13A. UNSECURED ADVANCES

"(1) For the purposes of section 29(aa) of the Act, a building society shall, if it makes unsecured advances to members, comply with the conditions of these Regulations relating to the maintenance of capital adequacy.

"(2) A building society to which this regulation applies must maintain its capital adequacy on a daily basis.

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"(3) A building society to which this regulation applies that knowingly or negligently fails to maintain its capital adequacy on a daily basis commits an offence.

Penalty: \$200.

"(4) A building society to which this regulation applies that has failed to maintain its capital adequacy on a daily basis shall, as soon as practicable but not later than 7 days after becoming aware of the failure, notify the Registrar of the failure.

Penalty: \$200.

"(5) Where the Registrar has been notified or otherwise becomes aware that a building society to which this regulation applies has failed to maintain its capital adequacy on a daily basis, the Registrar shall, by notice in writing, direct the society to restore its capital adequacy within the period referred to in the notice, and may also in the notice prohibit the society from making further unsecured loans within that period.

Penalty: \$200."

4. NEW SCHEDULE

The Principal Regulations are amended by adding at the end the following:

"SCHEDULE 2

Regulation 1A

"CAPITAL ADEQUACY REQUIREMENTS

Column 1 Item	Column 2 Class of Asset	Column 3 Percentage
1.	Cash on hand	0.0
2.	Deposits at call with a bank and investments in the short term money market	0.0
3.	Deposits with a bank, not being deposits at call, where the term of the deposits is -	
	(a) less than 2 years	0.2
	(b) not less than 2 years but less than 5 years	1.0
	(c) not less than 5 years	5.0

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SCHEDULE 2 - continued

Column 1 Item	Column 2 Class of Asset	Column 3 Percentage
4.	Prescribed securities where the term of the securities is	
	(a) less than 2 years	0.2
	(b) not less than 2 years but less than 5 years	1.0
	(c) not less than 5 years but less than 10 years	5.0
5.	Loans secured by registered mortgage over freehold or leasehold land -	
	(a) either for the purchase price of the land or 75% of the valuation of the land, whichever is the lesser; or	
	(b) which are insured with a mortgage insurer approved by the Registrar	1.0
6.	Loans secured against -	
	(a) members funds of an equivalent amount	1.0
	(b) the assignment of a life assurance policy having a surrender value equivalent to or greater in value than the amount of the loan	1.0
	(c) a letter of credit issued or confirmed or a guarantee given by a bank within Australia	1.0
	(d) a mortgage over securities issued or guaranteed by the Commonwealth of Australia or by a State or Territory of Australia	1.0
7.	Loans secured in a manner not specified	5.0

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SCHEDULE 2 - continued

Column 1 Item	Column 2 Class of Asset	Column 3 Percentage
8.	Loans which are not secured but which are insured by an insurer approved by the Registrar, to the extent of the amount of the insurance cover	7.5
9.	Loans which are not secured in any manner (including amounts not covered by insurance under item 8)	10.0
10.	Any other assets not specified	10.0
11.	Realizable value of assets (including land and buildings) used by the Society in the ordinary course of business	5.0

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