

INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Savings and Loan Societies (Amendment) Act 1995*

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GENERAL ANNOTATION

ADMINISTRATION

The administration of this Chapter was vested in the Minister for Finance at the date of its preparation for inclusion.

The present administration may be ascertained by reference to the most recent Determination of Titles and Responsibilities of Ministers made under Section 148(1) of the Constitution.

References in or in relation to this Chapter to—

“the Departmental Head”—should be read as references to the Secretary for Finance;

“the Department”—should be read as references to the Department of Finance.

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<sup>1</sup>Subsidiary legislation has not been up-dated.

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*Savings and Loan Societies (Amendment) Act 1995*

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INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Savings and Loan Societies (Amendment) Act 1995*

Being an Act relating to Savings and Loan Societies.

**PART I. —PRELIMINARY**

**Compliance with Constitutional Requirements**

This Act, to the extent that it regulates or restricts a right or freedom referred to in Subdivision III.3.C. (*qualified rights*) of the *Constitution*, namely—

- (a) the right to freedom from arbitrary search and entry conferred by Section 45 of the *Constitution*; and
- (b) the right to privacy conferred by Section 49 of the *Constitution*; and
- (c) the right to freedom of information conferred by Section 51 of the *Constitution*,

is a law that is made for the purpose of giving effect to the public interest in public order and public welfare.

**1. Interpretation**

In this Act, unless the contrary intention appears—

“association” means an association of societies formed under Part IV.;

“bank” means the Rural Development Bank of Papua New Guinea, the Central Bank or any other bank carrying on business in the country and approved by the Registrar for the purposes of this Act;

“the Board”, in relation to a society, means the Board of Directors of the society;

“Central Bank” means the Bank of Papua New Guinea established under the *Central Banking Act (Chapter 138)*;

“Director”, in relation to a society, means a member of the Board of Directors of the society;

“the Federation” means the association authorized under Section 37(2);

“financial year”, in relation to a society, means the financial year of the society as defined in the Rules;

“Governor” means the Governor of the Central Bank appointed under Section 15 of the *Central Banking Act (Chapter 138)*;

“League” means an association other than the Federation;

“the Loans Committee”, in relation to a society other than an association, means the Loans Committee (if any) of the society established in accordance with Section 26;

“management” means the chief executive officer of a society;

“member” means a member of a society;

“officer”, in relation to a society, means the chairman, deputy chairman and secretary, and any other person empowered under the rules to give directions in regard to the business of the society;

“the Registrar” means the Registrar of Savings and Loan Societies in accordance with Section 2;

“the regulations” means any regulations made under this Act;

“the Rules”—

- (a) in relation to a society other than an association, means the standard rules as applying to the society, and as added to or amended by rules made and approved under Section 17; and
- (b) in relation to a League, means the rules of the League applying in accordance with Section 38(2); and
- (c) in relation to the Federation, means the rules approved under Section 28(1);

“savings”, in relation to a society, means the savings deposits of the members of the society;

“society” means a Savings and Loan Society registered under Section 11, and includes an association;

“the standard rules” means rules made, approved and published under Section 16;

“the Supervisory Committee”, in relation to a society other than an association, means the Supervisory Committee of the society elected under Section 25;

“this Act” includes the regulations.

## PART II.—ADMINISTRATION

### 2. Registrar and Deputy Registrars

- (1) The Governor of the Central Bank shall be the Registrar of Savings and Loan Societies.
- (2) The Registrar is charged with the administration of this Act and has such powers, functions and duties as are conferred on him by this Act.
- (3) The Registrar shall have a seal of office approved by the Governor.
- (4) The Registrar may, by notice in the National Gazette, appoint an officer or officers of the Central Bank to be a Deputy Registrar or Deputy Registrars.
- (5) During the absence from duty of the Registrar by reason of illness, leave of absence or other cause, the powers and functions of the Registrar may be exercised by a Deputy Registrar.
- (6) During the absence of both the Registrar and the Deputy Registrar or Deputy Registrars, the Governor shall appoint a person to act as Registrar and that person shall exercise the powers and functions of the Registrar under this Act.

### 3. Functions and Powers of the Registrar

Subject to any directions by the Governor, the functions and powers of the Registrar are to—

- (a) register groups as societies where he is satisfied that registration is advisable; and
- (b) inspect or investigate the operations of a society; and
- (c) make Rules for a society; and
- (d) appoint his representatives to the Board of Directors and Supervisory Committee of a society, where he is of the opinion that the society is carrying on business detrimental to the best interests of the members; and
- (e) suspend the operations of a society; and
- (f) suspend or remove a member or members of a Board of Directors, Supervisory Committee, Loans Committee or management of a society; and
- (g) wind-up the operations of a society; and
- (h) appoint a member or all the members of the Board of Directors and Supervisory Committee of a society; and
- (i) set guidelines for investments for savings and loans for societies; and
- (j) set lending guidelines for societies; and
- (k) require a society to submit such information as he specifies; and
- (l) appoint an Administrator to manage a society; and
- (m) direct a society to apply for a licence as a licensed financial institution in accordance with the *Banks and Financial Institutions Act (Chapter 137)*; and
- (n) direct a society to do such things as he specifies; and
- (o) do all things necessary or convenient to be done for or in connection with the achievement of the objects and the performance of the functions of a society.

**4. Audit**

- (1) The Registrar, or a person authorised by him, shall inspect and audit the accounts and records of financial transactions of a society and records relating to its assets or assets in its custody, and shall promptly draw the attention of the Board to any irregularity disclosed by the inspection and audit that is, in the opinion of the Registrar, of sufficient importance to justify his so doing.
- (2) The Registrar, or the authorised person may, in his discretion, dispense with the whole or any part of the detailed inspection and audit of any accounts or records referred to in Subsection (1).
- (3) The Registrar shall, at least once in each year, report to the Board the results of the inspection and audit carried out under Subsection (1).
- (4) The Registrar, or a person authorised by him is entitled at all reasonable times to full and free access to all accounts, records, documents and papers of a society relating directly or indirectly to the receipt or payment of moneys by it, or to the acquisition, receipt, custody or disposal of assets by it.
- (5) The Registrar, or a person authorised by him may make copies of, or take extracts from, any such accounts, records, documents or papers.
- (6) The Registrar, or a person authorised by him may require any person to furnish him with such information in his possession or to which he has access as the Registrar, or authorised person thinks necessary for the purposes of the functions of the Registrar or authorised person under this section, and the person must comply with the requirement.
- (7) A person who contravenes Subsection (6) is guilty of an offence.  
Penalty: A fine not exceeding K5,000.00

**4A. Consequences of Audit**

- (1) Where the Registrar is of the opinion that any irregularities disclosed by the inspection and audit of a society under Section 4 are serious in nature, he may suspend a part or the whole of the operations of the society.
- (2) The Registrar may, in addition to any suspension under Subsection (1), take such other action as is necessary to restore normality to the operations of the society.
- (3) Where any—
  - (a) suspension effected under Subsection (1); and
  - (b) action taken under Subsection (2),are unable to restore normality to the operations of a society, the Registrar may take such action under Section 51 as he considers necessary.

**4B. Protection of Persons Supplying Information to the Registrar**

Where a member, Director, officer or staff member of a society—

- (a) supplies information to the Registrar, either on his own initiative or in pursuance of a requirement by the Registrar; and
- (b) the information supplied discloses, or the manner of supplying the information constitutes, a ground for disciplining the member, Director, officer or staff member supplying the information,

the Supervisory Committee, Board or management of the society shall not commence disciplinary procedures against that member, Director, officer or staff member until the completion by the Registrar of any investigation in respect of the information supplied.

**5. Delegation**

The Registrar may delegate, in writing, all or any of his powers and functions under this Act (except this power of delegation).

**6. Annual Report**

The Registrar shall, not later than three calendar months after the end of each financial year, furnish a report to the Minister on his proceedings, the principal matters transacted by him and the operation of this Act during the period of 12 months ended on the preceding 31 December.

*(Amended by No. 47 of 1977, Schedule 1.)*

**7. Advisers**

- (1) The Registrar may, by writing under his hand, appoint a person to act as adviser to a society.
- (2) The duties of an adviser to a society are—
  - (a) to assist the society, in an honorary capacity, in the interpretation of this Act and the Rules; and
  - (b) to carry out such other functions for the furtherance of the aims of the society as are agreed on in writing between the adviser and the Registrar.
- (3) An adviser to a society may attend and take part in meetings of the society and the Board, but is not entitled to vote on a question at a meeting.

**PART III—SOCIETIES OTHER THAN ASSOCIATIONS***Division 1. —Preliminary***8. Application of Part III**

Subject to Part IV, this Part does not apply to or in relation to an association.

*Division 2. —Registration***9. Savings and Loan Societies**

Subject to this Act, a group of persons the objects of which are—

- (a) to promote thrift among its members; and
- (b) to educate its members in financial responsibility; and
- (c) to receive the savings of its members as contributions in the form of savings deposits; and
- (d) to make loans to its members for any of the purposes specified in Part V., may be registered as a Savings and Loan Society under this Act.

**10. Application for Registration**

- (1) A minimum of 500 persons or such other number as is determined by the Registrar, qualified to be members of a Savings and Loan Society who desire to associate themselves together as a group for the objects specified in Section 9 may apply for registration as a Savings and Loan Society under this Act.
- (2) An application for registration shall be forwarded to the Registrar, together with—
  - (a) details of the proposed name and address of the society; and
  - (b) a description of the group of persons to which membership is to be limited; and
  - (c) a list of prospective members, together with their addresses and a statement of—
    - (i) their qualifications for membership of the society; and
    - (ii) the amount that each prospective member proposes to deposit; and
  - (d) the name and address of the provisional secretary; and
  - (e) a copy of the proposed rules of the society; and
  - (f) such other particulars as are prescribed or required by the Registrar.

**11. Registration**

- (1) If the Registrar is satisfied that registration is advisable and in particular that—
  - (a) the proposed society is viable; and
  - (b) the group to which membership is limited is such that reasonable personal contact is assured among the members,
 he shall register the society and issue to the provisional secretary a certificate in the prescribed form that the society is incorporated under this Act.
- (2) Except with the consent of the Minister, a society shall not be registered by a name that, in the opinion of the Registrar, is undesirable or is a name, or a name of a kind, that the Minister responsible for the administration of the *Companies Act* has, under Section 22



of that Act, directed the Registrar of Companies not to accept for registration under that Act.

- (3) Where a society is registered in contravention of Subsection (2), the Registrar may direct the society to change its name.

## 12. Change of Name of Society

- (1) Subject to this section, a society may, by special resolution, change its name.
- (2) Section 11 (2) applies in relation to a name to which it is intended to change the name of a society.
- (3) Within one month after a society passes a special resolution under Subsection (1), it must forward to the Registrar—
- (a) notice of the special resolution; and
  - (b) its certificate of incorporation; and
  - (c) the prescribed particulars.

Penalty: A fine not exceeding K1,000.00 and in addition a fine not exceeding K20.00 for every day during which the offence continues.

- (4) If the Registrar is satisfied that the provisions of this Act with respect to the change of the name of a society have been complied with, he shall register the change of name in the prescribed manner, and the change of name has effect from the date of registration.
- (5) No right or obligation of a society, a member of a society or any other person is affected by a change of the name of the society, and no legal proceedings by or against the society are made defective by reason of the change.
- (6) Any legal proceedings that might have been commenced or continued against a society by its former name may be commenced or continued against it by its new name.

## 13. Incorporation

- (1) A society is a corporation by the name under which it is registered.
- (2) The corporation—
- (a) has perpetual succession; and
  - (b) shall have a seal; and
  - (c) has power—
    - (i) to hold property; and
    - (ii) to enter into contracts; and
    - (iii) to institute and defend actions, suits and legal proceedings; and
    - (iv) to do all things necessary or convenient for the purposes of its constitution.
- (3) The name of a society shall end with the word “Limited” or the abbreviation “Ltd”.

### 13A. Registrar May Require a Society to be Licensed as a Financial Institution

The Registrar may, where he considers it appropriate, either at the time of registration or at any time thereafter, direct a society to apply for a licence as a licensed financial institution under the *Banks and Financial Institutions Act (Chapter 137)*, and the society shall comply with such direction.

## 14. Liability of Members

The liability of a member of a society is limited to the amount of outstanding loan and interest thereon less savings and interest thereon credited to the account of the member.

## 15. Powers of Societies

For the purpose of carrying out its objects, a society may, subject to this Act—

- (a) deposit money with an association of which it, or of which an association of which it is a member, is a member; and
- (b) deposit money in a bank; and
- (c) raise money on loan, subject to the approval of the Registrar, for the objects of the society and mortgage or pledge its property as security for the loan; and

- (d) invest funds in securities of or guaranteed by the State, or in other prescribed securities; and
- (da) invest funds in any institution, subject to the approval of the Registrar, and
- (f) insure its loans, funds or property against loss; and
- (g) hold, buy, lease, sell, surrender, exchange, mortgage or otherwise deal in property; and
- (h) do all other acts and things that are incidental or conducive to, or consequential on, the attainment of its objects.

### *Division 3.—Constitution*

#### **16. Standard Rules**

- (1) The Registrar may from time to time prepare rules, not inconsistent with this Act, for the constitution and management of societies.
- (2) Subject to Section 17, rules made under Subsection (1), when approved by the Governor and published in the National Gazette, apply to all societies.
- (3) The Registrar shall supply a copy of the standard rules to an applicant on payment of the prescribed fee.

#### **17. Supplementary Rules**

- (1) At an annual general meeting or at a special general meeting called for the purpose, a society may, by resolution passed by at least two-thirds of the members present and entitled to vote, make rules, not inconsistent with this Act, in addition to or amending the standard rules.
- (2) Rules made under Subsection (1) have no force until they have been approved and registered as prescribed by the Registrar.
- (3) The Registrar may direct that a society include in its rules such additional procedural rules as he thinks necessary for the efficient operation of the society and such additional rules shall be binding.

#### **18. Binding Effect of Rules**

Subject to this Act, the Rules of a society bind the society and its members to the same extent as if—

- (a) each member had subscribed his name and affixed his seal to the Rules; and
- (b) there were in the Rules a covenant on the part of himself, his successors and legal representatives to conform to the Rules.

#### **19. Membership**

- (1) The membership of a society shall be limited to a group of persons having a common bond of occupation, association or interest or to groups of persons residing within a well-defined community or area.
- (2) A person who is—
  - (a) one of a group of persons referred to in Subsection (1); and
  - (b) a citizen; and
  - (c) not otherwise disqualified under this Act or the Rules,
 is qualified to be admitted as a member of a society formed in respect of the group.
- (3) Except with the written permission of the Registrar, a person shall not be a member of more than one society.
- (4) Subject to this section, a person under or apparently under the age of 21 years but above or apparently above the age of 16 years may—
  - (a) unless there is provision to the contrary in the Rules—be a member of a society; and
  - (b) when a member, and subject to the Rules—
    - (i) enjoy all the rights of a member; and
    - (ii) execute such instruments and give such acquittances as are necessary to be executed or given by him under this Act or the Rules.

- (5) A person is not entitled to be or to remain a member of a society if he is in default under the terms of a loan made to him by another society.
- (6) The Board may admit to membership of a society a person who is qualified for membership, but he shall not exercise any of the rights of membership unless he has paid an amount, not being less than the initial amount prescribed by the Rules, in respect of savings deposits made for by him.
- (7) Any question as to the right of a person to be or to remain a member of a society shall be decided by the Registrar<sup>2</sup>.

#### **20. Group Membership**

- (1) This section applies to any body of persons (corporate or unincorporate) whose objects—
  - (a) are, in whole or in part, similar to the objects of societies; or
  - (b) are not incompatible with those objects.
- (2) A body of persons to whom this section applies may become a member of a society—
  - (a) if all the members of the body are persons who are, apart from this section, eligible to be members of the society; and
  - (b) with the specific approval of the Registrar; and
  - (c) on such terms and conditions as are determined by the Registrar with a view to—
    - (i) protecting the interests of other members of the society; and
    - (ii) ensuring that the benefits of membership of the society are passed on to the members of the body.

#### **21. Savings**

- (1) The capital of a society shall—
  - (a) be unlimited in amount; and
  - (b) be not less than the total amount of the savings deposits of its members.
- (2) A member shall receive interest or additional interest on his savings deposits.

#### **22. Lien on Savings**

In respect of any debt due from a member, past member or deceased member to a society or of a guarantee by a member, past member or deceased member of a loan under this Act, a society has a lien on—

- (a) his savings deposits; and
- (b) any interest or additional interest or accumulated funds payable to him by the society, and may set off any sum credited or payable to him on or towards payment of the debt or satisfaction of the guarantee.

#### **23. Death of Member**

Subject to this Act and to the Rules, on the death of a member, the society shall transfer his savings deposit and any money due to him by way of interest or additional interest or otherwise, under this Act—

- (a) to his nominee; or
- (b) if there is no nominee—to his legal personal representative; or
- (c) if there is no nominee or legal personal representative—to his next of kin.

#### **24. Annual General Meeting**

- (1) The first annual general meeting of a society shall be held within one month after the registration of the society under this Act.
- (2) Subject to Subsection (1), the annual general meeting of a society shall be held within three months, or such other period as is determined by the Registrar, after the close of the financial year.
- (3) Where a society has a nation-wide membership, the full members of the Board and the Supervisory Committee elected in accordance with Section 25(2), present at the annual

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<sup>2</sup> But see Constitution, Section 37(11).

or special general meeting shall be a quorum and shall discuss the business of that meeting.

- (4) Subject to Subsection (2), the Registrar may extend the period within which an annual general meeting of a society is to be held, but the annual general meeting shall be held within a period of four months after the close of the financial year.
- (5) The Registrar, or the representative of the Registrar, may be present at the annual general meeting or special general meeting of a society.

#### **25. Election of Board and Supervisory Committee**

- (1) Where a society does not have a nation-wide membership, at each annual general meeting the members of a society shall elect—
  - (a) a Board of Directors of not less than five members of the society; and
  - (b) a Supervisory Committee of not less than three members of the society who are not members of the Board.
- (2) Where a society has a nation-wide membership, the members shall elect a Board of Directors and a Supervisory Committee by ballot through a competent authority appointed by the Registrar.
- (3) Where the Registrar is of the opinion that a society is carrying on business detrimental to the best interests of the members, he may appoint his representatives to the Board of Directors and to the Supervisory Committee of that society.
- (4) All members of a Board of Directors and of a Supervisory Committee (except members appointed by the Registrar) shall—
  - (a) retire from office after the expiry of three years from the date of election; and
  - (b) are eligible for re-election.
- (5) Subject to this Act, members of the Board and of the Supervisory Committee of a society hold office, cease to hold office and may be removed from office, in accordance with the Rules or may be appointed to or removed from office by the Registrar.

#### **26. Loans Committee**

- (1) The Rules of a society may provide for the establishment of a committee, to be known as the Loans Committee, consisting of—
  - (a) members of the Board; or
  - (b) members of the society elected by the members, or both.
- (1A) Subject to Subsection (1), the Registrar may appoint members of the Loans Committee, if so requested by a society.
- (2) A member of the Supervisory Committee is not eligible to be a member of the Loans Committee.
- (3) A Loans Committee shall consist of not less than three members.

#### **27. Remuneration**

- (1) Members of the Board, the Supervisory Committee or the Loans Committee may be paid an amount as meeting allowances determined by the annual or special general meeting.
- (2) Notice of intention to make a payment referred to in Subsection (1) shall be given to the Registrar who may, by written notice to the society, direct that the payment—
  - (a) shall be made; or
  - (b) shall not be made; or
  - (c) shall be varied in the manner specified in the direction.
- (3) A society shall not make a payment in contravention of a direction under Subsection (2).  
Penalty: A fine not exceeding K1,000.00.

#### **28. Powers of Board**

Subject to this Act and the Rules, the Board shall manage and control the business and operations of the society and, in particular, may—

- (a) determine the maximum loan that may be made to any member under this Act; and
- (b) approve, defer or reject applications for membership; and

- (c) expel or discipline members in accordance with the Rules; and
- (d) subject to Sections 42 and 48, fix interest rates on loans and savings deposits; and
- (e) determine general policy on, and security requirements for, loans under this Act; and
- (f) subject to Section 48, recommend any interest rate in excess of 7% on savings deposits to the annual general meeting; and
- (g) fill casual vacancies among its own number; and
- (h) appoint, suspend or terminate management of the society; and
- (i) subject to the approval of the Registrar, determine investment policy; and
- (j) perform such other duties as are prescribed by this Act or the Rules.

#### **28A. Functions of Board**

Subject to this Act and the Rules, the Board of a society shall formulate, supervise and monitor the operations of the society and in particular shall—

- (a) establish policies, systems, procedures and programmes in connection with the operations of the society; and
- (b) manage savings deposits and loans of members in a proper manner; and
- (c) make investments of the society's funds in a professional manner; and
- (d) submit bi-annual and annual financial statements and reports to the Registrar and to the Central Bank promptly and not later than—
  - (i) in the case of bi-annual accounts and reports - one month;
  - (ii) in the case of annual accounts and reports - two months, after the end of the period covered by the accounts and reports; and
- (e) make reports to members of the society of their savings deposits and loan balances after the end of each financial year; and
- (f) perform such other functions required by or consistent with this Act and the Rules.

#### **28B. Functions of Management**

Subject to this Act and the Rules, the Management of a society shall properly conduct the day-to-day operations of the society and in particular shall—

- (a) manage the day-to-day affairs of the society; and
- (b) implement the policies and directions of the Board; and
- (c) maintain proper records of all members of the society; and
- (d) provide the day-to-day services to members of the society; and
- (e) manage the investments of the society in a proper and professional manner; and
- (f) undertake cash and liquidity management of the society's funds; and
- (g) undertake effective management and recovery programmes on lending operations; and
- (h) assist and supervise staff of the society in accordance with the policies and procedures of the society; and
- (i) manage the organisation and staff of the society including appointment, disciplining and termination of staff; and
- (j) provide regular returns to the Board, Supervisory Committee and the Registrar; and
- (k) provide regular reports of savings deposits and loans balances to members of the society; and
- (l) perform such other functions as are consistent with the Act and the Rules.

#### **29. Procedures on Applications for Loans**

- (1) Subject to this section, the Board—
  - (a) shall deal with applications to the society for loans; and
  - (b) subject to this Act and to the Rules, may—
    - (i) approve or refuse loans for amounts up to an amount fixed by the Registrar; and
    - (ii) fix the rate of interest applicable to each loan.
- (2) The Board shall not consider an application for a loan unless a majority of the Board is present, and a loan shall not be approved otherwise than by the unanimous decision of the members present.
- (3) The Board shall—

- (a) not approve loans in excess of an amount fixed by the Registrar; and
- (b) subject to this Act determine—
  - (i) the security and guarantors required for each loan; and
  - (ii) the conditions of repayment of each loan.
- (4) The Board may delegate to the Loans Committee and management its powers and functions under this section and Section 42(2), to be exercised and performed by the Committee and management subject to the Rules and to any policy laid down by the Board, and this section applies to the Loans Committee and management as it does to the Board.

### 30. Functions of Supervisory Committees

- (1) The Supervisory Committee of a society is responsible for the general supervision of the operations of the society with a view to protecting the interests of the members and, in particular—
  - (a) shall—
    - (i) conduct an examination of the society's affairs and audit its books at least quarterly; and
    - (ii) conduct or provide for an annual audit and submit a report on the audit to the annual general meeting; and
  - (b) may—
    - (i) call a special meeting of the society to consider any matters arising out of the examination or audit that it thinks should be placed before the members; and
    - (ii) if, in its opinion, it is necessary to do so in the interests of the society— discipline, suspend or dismiss any officer, Director, management or member of the Loans Committee of the society and report to the annual general meeting or special general meeting of the members, giving reasons for such disciplinary action, suspension or dismissal; and
    - (iii) fill casual vacancies among its own members; and
    - (iv) review for reasonableness, the decisions and the management of the affairs of a society by the Board and management of the society; and
  - (c) shall refer any dispute over a discipline, suspension or dismissal under Paragraph (b) (ii) to be dealt with under Section 60.
- (2) For the purposes of Subsection (1), the Supervisory Committee may inspect the books and records of the society and question any member, Director, officer or management of the society whom it has reason to believe can give information relating to the affairs or management of the society.
- (3) The Supervisory Committee of a society shall not be involved in the management and control of the business and operations of the society referred to under Section 28A or exercise powers under Sections 15 and 28.
- (4) The Supervisory Committee of a society shall be entitled to receive any information from the Board or management of the society to perform its functions.
- (5) Where, for any reason, the Registrar is of the opinion that a Supervisory Committee is following improper practices, he may—
  - (a) suspend or dismiss a member or members of the Supervisory Committee; and
  - (b) appoint a new member or members in their stead in accordance with Section 3A.

### 31. Votes of Members

- (1) A question arising at a meeting of a society, or of the Board, the Loans Committee or the Supervisory Committee of a society, shall, except where otherwise provided by this Act or the Rules, be determined by a majority of members of the society, Board or Committee, as the case may be, personally present at the meeting.
- (2) Subject to the Rules and to Subsection (3), a member of a society, or of the Board, the Loans Committee or the Supervisory Committee of a society, attending a meeting of the society, Board or Committee, as the case may be, has one vote, and a member may not vote by proxy.

- (3) The member presiding at a meeting of a society, or of the Board, the Loans Committee or the Supervisory Committee of a society, has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.

### 32. Minutes

- (1) Minutes of meetings of a society, and of the Board, the Loans Committee and the Supervisory Committee of a society, shall be kept as prescribed.
- (2) The Registrar may require copies of minutes referred to in Subsection (1) to be made available to him.

### 33. Fines

A society may, in the manner prescribed by the Rules, impose a fine, not exceeding such amount as is fixed by the Registrar in the standard rules, for an infringement of the Rules.

## Division 4. —Conversion of Cooperative Companies<sup>3</sup>

### 34. Registration of Co-operative Companies as Societies

- (1) A co-operative company may, as prescribed, apply to the Registrar for registration as a society under this Act.
- (2) Notice of an application under this section shall be given by the company to the Registrar of Companies.
- (3) Where application is made to the Registrar under this section and the Registrar is of the opinion that the company is suitable for registration and may conveniently be registered under this Act, he may give such directions as he thinks necessary for the reconstitution of the company and for enabling its registration under this Act.
- (4) No act, matter or thing done or performed by a co-operative company or a member of such a company in or towards compliance with any directions of the Registrar under this section is a ground for any action or proceeding under the *Companies Act*.
- (5) Where a company—
- (a) withdraws its application under this section; or
  - (b) does not comply with the directions of the Registrar within such time as the Registrar thinks reasonable,
- the Registrar may, by written notice to the applicant and to the Registrar of Companies, cancel the application, and thereupon the provisions of Subsection (4) do not apply to or in relation to the company or its members except as to acts, matters or things done or performed before the date of the notice but after the date of the application.
- (6) On compliance with the directions of the Registrar under this section, the Registrar may register a co-operative company as a society under this Act.
- (7) Notice of the registration of a society under this section shall be given to the Registrar of Companies.
- (8) On registration by virtue of this section of a co-operative company as a society under this Act, the registration of the company under the *Company Act* is cancelled without the necessity for winding-up under that Act.
- (9) A right of any kind that was enforceable by or against a co-operative company immediately before its registration under this Act by virtue of this section is, on that registration, enforceable by or against the society as registered under this Act.
- (10) All the estate, right, title and interest, legal or equitable, in and to any property vested in a co-operative company immediately before its registration under this Act by virtue of this section is, on that registration, and without the necessity of any formal deed of

<sup>3</sup> As at the effective date, references throughout this Division to co-operative companies, the *Companies Act*, the Registrar of Companies, etc., were references to co-operative societies registered under the pre-independence *Co-operative Societies Act 1965*, to that Act and to the Registrar of Co-operatives. By the *Companies (Co-operative Societies) Act 1975* (No. 106 of 1975) the former co-operative societies were converted into co-operative companies under the *Companies Act* (see footnote to Part XII.5 of that Act as printed in Chapter 146): as the 1975 Act came into force on 22 January 1976, Section 34 has been included in this Chapter as affected by that Act.

assurance, divested from the company and vested in the society as registered under this Act.

- (11) Where any property vested in a society under this section is land registered under the *Real Property Act, 1913* of the former Territory of Papua (Adopted), or the *Lands Registration Act 1924* of the former Territory of New Guinea (Adopted), the Registrar of Titles shall, without formal transfer and without fee, on application by the society, enter or register the society in the appropriate Register and on the grant, certificate of title, lease or other instrument evidencing title to the land as the owner of the land within the meaning of that Act.

#### **PART IV. —ASSOCIATIONS**

##### **35. Registration of Associations**

- (1) Subject to this Part, any two or more societies desiring to federate with the objects of—
- (a) assisting in the development of societies generally or in a particular area; and
  - (b) conducting activities on behalf of the members of all or some of them that may contribute to their common benefit; and
  - (c) promoting interest and co-operation between other societies and similar organizations, whether within or outside the country; and
  - (d) furthering the common interests of their members for the benefit of them or their members<sup>4</sup>,
- or with any of those objects, may, in the prescribed manner, apply for registration as an association of societies.
- (2) If the Registrar is satisfied that—
- (a) the rules of the proposed association comply with this Act; and
  - (b) there is no objection to the formation of the association,
- he may register the association and issue a certificate in the prescribed form that the association is incorporated under this Act.
- (3) Section 13(1) and (2) apply to and in relation to an association.
- (4) An association shall not be or become a member of another association, other than the Federation, without the consent of the Registrar.

##### **36. Boundaries, etc. of Associations**

Where an association, or electorates or divisions of an association, is or are defined, or is or are proposed to be defined, by or by reference to geographical boundaries, any resolution or other act proposing, fixing or altering any such boundary is of no effect until confirmed by the Registrar.

##### **37. Names of Associations**

- (1) Sections 11(2) and (3), 12 and 13(3) apply to and in relation to an association.
- (2) The Registrar may, by notice in the National Gazette, authorize one association to take the title of the Federation of Savings and Loan Societies Limited and may, by notice in the National Gazette, revoke the authorization.
- (3) An association other than the Federation shall, unless the Registrar otherwise approves, be known as a League of Savings and Loan Societies.

##### **38. Rules of Associations**

- (1) The Rules of the Federation shall be as approved by the Registrar.
- (2) Section 16, with the necessary modifications, applies to and in relation to the Rules of an association.

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<sup>4</sup> Sic.



**39. Liability of Members of Associations**

Subject to the Rules of the association, the liability of a member of an association is limited to any amount due to the association for any contribution or levy payable to the association in accordance with the Rules.

**40. Powers of Associations**

- (1) Subject to this Act, Section 15 applies to and in relation to an association.
- (2) In addition to the powers conferred on it by this Act, the Federation has power, with the approval of the Registrar, to conduct a scheme for the protection of the funds of its constituent societies.

**41. Employees**

In addition to its other powers and functions under this Act, an association may, with the approval of the Registrar and subject to such conditions as are prescribed or as are imposed in the Rules, employ such persons as it thinks necessary for the performance of its functions.

**PART V. —MANAGEMENT AND FINANCE****42. Loans**

- (1) Loans to members may be made by a society in accordance with this section and subject to directions and guidelines issued from time to time by the Registrar.
- (2) A loan may be made by a society (other than an association) only to a member of the society, and in the manner prescribed in the Rules, to assist the member for purposes as specified in the Rules and subject to any directions of the Governor and for any other purpose approved by the Registrar.
- (3) Subject to this Act, a loan under this Act shall be made on such conditions as the Board of the society making the loan determines in any particular case.
- (4) A member of the Board, the Loans Committee or the Supervisory Committee of a society shall not be granted a loan of an amount exceeding, or that would when aggregated with any other amounts then owing by the member to the society exceed, the value of his savings deposits, except on separate resolutions by the Board, the Loans Committee and the Supervisory Committee, made at meetings at which the member is not present.
- (5) The interest rate on a loan made by a society shall not exceed 1% per month on the unpaid balance of the loan.
- (6) A society may charge any interest rate in excess of 1% per month on the unpaid balance of a loan, subject to the approval of the Registrar.
- (7) Notwithstanding Subsections (5) and (6), a society may in any case charge a minimum amount of interest of K2.00 per month.
- (8) Interest may be calculated to the nearest whole month during which a portion of the loan remains unpaid.
- (9) Any interest charged on the loan under Subsections (5) or (6), not repaid for six months after the last date of repayment, cease to accumulate any additional interest in the member's loan account but shall continue to be charged to the interest suspense account.
- (10) A society may charge a levy or fee for the administration of a loan account, subject to the approval of the Registrar.
- (11) A borrower may repay his loan in whole or in part on any day on which the office of the society is open for business.
- (12) All money due to a society by a member is a debt due from him to the society.
- (13) Subject to Subsection (14), all monies due to a society by a member, not being repaid for 18 months after the last date of repayment, shall be provided as bad debt of the member.
- (14) The society shall continue to recover from a member moneys referred to in Subsection (13).

**43. Loans by Associations**

- (1) Subject to Subsection (2), a loan under this Act may be made by an association—
  - (a) in the case of a League—to a member of the League; or

- (b) in the case of the Federation—
  - (i) to an association; or
  - (ii) to a member of an association; or
  - (iii) to a society,  
that is a member of the Federation.
- (2) A loan referred to in Subsection (1) may be made only subject to and in the manner prescribed by the Rules; and—
  - (a) for the furtherance of the objects of the lending association; or
  - (b) on such conditions as are approved by the Registrar, for the furtherance of the objects of the member to which the loan is or is to be made.

**44. Limitation on Loans**

Notwithstanding this Act, the Registrar may, by written notice to a society (other than an association), limit the total amount that may be outstanding at any time by way of loan to a member of the society.

**45. Borrowing**

- (1) With the approval of the Registrar, a society may raise money, by way of mortgage of its assets or otherwise, up to an amount not exceeding, or that would when aggregated with any other amount borrowed by the society and then outstanding not exceed 25% of the sum, at the time of the borrowing, of money deposited with it under Section 46.
- (2) This section does not apply to or in relation to a loan raised by an association, and an association may raise loans under Section 15(c) only with the approval of the Registrar and subject to such conditions as he determines.
- (3) The Registrar may from time to time issue directions and guidelines on borrowing by a society, and any borrowing by a society shall be in accordance with such directions and guidelines.

**46. Deposits**

- (1) A society may accept money on deposit from its members.
- (2) Subject to the approval of the Registrar, the conditions under which deposits may be accepted and repaid and the rates of interest that may be paid on deposits shall be determined by the Board.

**47. General Reserve Fund**

- (1) A society shall maintain a General Reserve Fund into which shall be paid such income of the society, other than contributions for savings deposits, repayments of and interest on loans and income from investments, as is specified in the Rules for the purpose.
- (2) Subject to Subsection (3), a society shall, at the end of each financial year and before declaring additional interest, set aside for payment into the General Reserve Fund at least 20% of the net earnings of the society for that year.
- (3) A society shall not be required to set aside or pay into the General Reserve Fund under this section a sum that, when aggregated with the amount standing to the credit of the Fund, would exceed 10% of the total liabilities (actual and contingent) of the society.
- (4) Money standing to the credit of the General Reserve Fund may be invested—
  - (a) in any securities of, or guaranteed by, the State; or
  - (b) in any manner in which a trustee may by law invest trust money in his hands; or
  - (c) on deposit with a bank or a licensed financial institution; or
  - (d) in any other prescribed manner.
- (5) Any income earned by the investment of money under Subsection (4) shall be paid into the general revenue of the society.
- (6) The General Reserve Fund of a society—
  - (a) shall be held as a reserve against bad loans or losses other than operating deficits; and
  - (b) shall not be used for any other purpose except on the winding-up of the society.

- (7) This section does not, unless otherwise provided in the Rules, apply to or in relation to an association.

**48. Interest**

- (1) Subject to this Act and the Rules, a society may pay interest on a member's savings deposits.
- (2) Except with the approval of the Registrar, interest in excess of 7% per annum shall not be paid under this section.

**49. Books of Account**

A society shall keep such books and accounts in the form prescribed or as the Registrar directs.

**50. Annual Statements**

- (1) Not later than two months after the end of each financial year, each society shall send to the Registrar an audited statement of the receipts and expenditure, assets and liabilities of the society and such other information as is required by the Registrar.
- (2) In addition to information required under Subsection (1), a society shall submit to the Registrar its bi-annual accounts, no later than one month after the expiry of the period to which those accounts relate, and such other accounts and information as required by the Registrar.

**PART VI. — WINDING-UP**

**51. Order for Winding-Up**

- (1) Subject to this Act, the Registrar may, by notice in the National Gazette, order the winding-up of a society, where—
- (a) at least two-thirds of the members request, in the prescribed manner, that the society be wound up; or
  - (b) except in the case of an association---the number of members is reduced and the Registrar is of opinion that the society is unable to operate efficiently; or
  - (c) the society has not commenced business within six months from the date of its registration under this Act, or has suspended business for a period of more than six months; or
  - (d) the period (if any) fixed for the duration of the society has expired; or
  - (e) an event has occurred on the occurrence of which the regulations or the Rules provide that the society shall be wound up; or
  - (f) the registration of the society has been obtained by mistake or fraud; or
  - (g) the society exists for an illegal purpose; or
  - (h) the society has wilfully, and after notice from the Registrar, contravened or failed to comply with this Act or the Rules; or
  - (i) the society is unable to pay its debts; or
  - (j) a creditor of the society referred to in Subsection (2) requests, in the prescribed manner, that the society be wound up; or
  - (k) in the case of an association---the Registrar is of opinion that the association is unable to operate efficiently; or
  - (l) in the opinion of the Registrar, it is in the best interests of the members that the society should be wound up; or
  - (m) accumulated losses of a society have eroded members' savings deposits; or
  - (n) irregularities disclosed by the inspection and audit are serious in nature and remedial actions taken do not achieve normality of operations of a society.
- (2) A society shall be deemed to be unable to pay its debts where—
- (a) a creditor to whom the society is indebted in an amount exceeding K100.00 then due has served on the society a demand under his hand requiring the society to pay the sum so due and the society has, for the period of four weeks after the service of the demand, failed or neglected—
    - (i) to pay the amount; or

- (ii) to secure or compound for the amount to the reasonable satisfaction of the creditor; or
- (b) execution issued on a judgement of a court in favour of a creditor of the society is returned unsatisfied in whole or in part; or
- (c) it is shown to the satisfaction of the Registrar that the society is unable to pay its debts.

**52. Liquidator**

- (1) In the notice ordering the winding-up of a society or in a subsequent notice, the Registrar may appoint a competent person to be the liquidator of the society.
- (2) A liquidator appointed under Subsection (1)—
  - (a) has such powers, functions and duties; and
  - (b) shall give such security; and
  - (c) shall be paid such fees,as are prescribed.
- (3) The Registrar may require a liquidator to furnish to him progressive reports on the winding-up of the society.
- (4) Where the Registrar is unable to appoint a liquidator under Subsection (1), he may proceed with the winding-up of the society under Section 53.

**53. Commencement of Winding-Up**

- (1) For the purposes of this Act, the winding-up of a society commences on the date of publication in the National Gazette of the order by the Registrar for the winding-up.
- (2) The Registrar may determine the period of winding-up of a society, but such period shall not exceed three years.

**54. Liability of Past and Present Members on Winding-Up**

- (1) Where a society is being wound up under this Act, every past and present member is, subject to this section, liable to contribute to the assets of the society an amount sufficient for payment of—
  - (a) the debts and liabilities of the society; and
  - (b) the costs, charges and expenses of the winding-up; and
  - (c) any sums required for the adjustment of the rights of the contributories among themselves.
- (2) A past member is not liable to contribute to the assets of the society if he had ceased to be a member for one year or more before the commencement of the winding-up.
- (3) A past member is not liable to contribute to the assets of the society in respect of any of its debts or liabilities that were contracted after he ceased to be a member.
- (4) A past member is not liable to contribute to the assets of the society unless it appears to the liquidator that the existing members are unable to make the contributions required to be made by them in order to satisfy all just demands on the society.
- (5) A contribution shall not be required from any member in excess of the amount (if any) unpaid on the shares in respect of which he is liable as a past or present member, together with any fees payable by him; or in the case of a member that is a society any contribution or levy payable by it, to the society in accordance with the Rules.
- (6) A sum due to a member as such, by way of interest, profits or otherwise, shall not be deemed to be a debt of the society payable to the member in the case of competition between him and any other creditor who is not a member, but any such sum may be taken into account for the purpose of the final adjustment of the rights of contributories among themselves.
- (7) This section does not affect any right of the liquidator or the society to the recovery of any debt due to the society by any person.

**55. Association taking over Liabilities, etc. of Society in Liquidation**

With the approval of the Registrar, and subject to such conditions as he imposes, an association may accept the transfer by the liquidator of a society of all or any of the assets and liabilities of the society.

**56. Return by Liquidator**

The liquidator of a society must, within one month after the affairs of the society have been fully wound up, send to the Registrar an account and balance sheet—

- (a) signed and certified by the liquidator as correct; and
- (b) showing—
  - (i) the assets and liabilities of the society at the commencement of the winding-up; and
  - (ii) the mode in which the assets and liabilities have been applied and discharged.

Penalty: A fine not exceeding K1,000.00, and in addition a fine not exceeding K20.00 for every day during which the offence continues.

**57. Dissolution**

A society is not dissolved until—

- (a) a certificate, signed by the Registrar, that all property vested in the society has been duly transferred by the society to the persons entitled to it; and
- (b) the statement and balance sheet referred to in Section 56, have been received by the Registrar.

**58. Cancellation of Registration**

As soon as practicable after the dissolution of a society, the Registrar shall—

- (a) register the dissolution; and
- (b) cancel the registration of the society; and
- (c) cause to be published in the National Gazette notice of the dissolution and of the cancellation of the registration of the society.

**PART VII—MISCELLANEOUS****59. Inspection of Documents**

- (1) A person may, on payment of the prescribed fee—
  - (a) inspect at the office of the Registrar the certificate of registration and the Rules of a society; and
  - (b) obtain from the Registrar a certified copy of the certificate of registration of a society and a certified copy of its Rules; and
  - (c) with the permission of the Registrar, inspect at his office and obtain from him a certified copy of, or extract from, the register of Directors, members or savings deposits of a society and the last statement of receipts and expenditure, assets and liabilities, together with the report on the annual audit referred to in Section 30(1), of a society.
- (2) At all reasonable times and without fee, a member or creditor of a society may, at the office of the society, inspect and take extracts from—
  - (a) copies of this Act, the regulations and the standard rules; and
  - (b) a copy of the Rules; and
  - (c) a copy of the last statement of receipts and expenditure, assets and liabilities, together with the report on the annual audit referred to in Section 30(1); and
  - (d) the register of Directors, members or savings deposits; and
  - (e) the register of loans raised and securities given by the society.

**60. Disputes**

Where a dispute concerning the business of a society arises—

- (a) among members, past members and persons claiming through members, past members or deceased members; or
  - (b) between a member, past member or person claiming through a member, past member or deceased member and the society, the Board or an officer of the society; or
  - (c) between the society or the Board and an officer, Director, management or staff of the society; or
  - (d) between the society and any other society; or
  - (e) between the Supervisory Committee of the society and the member, officer, Director, management or member of the Loans Committee of the society,
- it shall be referred to the Registrar for decision.

#### 61. Judicial Notice

All courts, Judges and persons acting judicially shall take judicial notice of the seal of the Registrar or the seal of a society affixed to a document, and shall presume that it was duly affixed.

#### 62. Appeals

- (1) A person aggrieved by a decision of the Registrar or of a liquidator may, within 30 days after the decision or within such further time as the National Court in any particular case allows, appeal as prescribed to the National Court, whose decision is final<sup>5</sup>.
- (2) On an appeal under Subsection (1), the National Court may make such order, including an order as to the costs of the appeal, as it thinks proper.

#### 63. Unauthorized Savings and Loan Societies

- (1) A person who—
  - (a) forms or takes part in the formation of; or
  - (b) manages or takes part in the management of; or
  - (c) carries on the business of.
 a savings and loan society otherwise than in accordance with this Act is guilty of an offence.  
 Penalty: A fine not exceeding K10,000.00.  
 Default Penalty: A fine not exceeding K50.00 for everyday during which the offence continues.
- (2) In Subsection (1), “savings and loan society” means any association, organization or body (corporate or unincorporate) the objects or some of the objects of which are—
  - (a) the raising of a fund by subscriptions of its members; and
  - (b) the making of loans or the granting of credit out of the fund to its members.
- (3) Subsection (1) does not apply to or in relation to—
  - (a) a corporation within the meaning of the *Companies Act*, or
  - (b) the Rural Development Bank of Papua New Guinea or a bank within the meaning of the *Banks and Financial Institutions Act*.

#### 64. Prohibition on Use of Title

A person other than a society who trades or carries on business under any name or title of which the words “Savings and Loan” or “Credit Union”, or any other words importing a similar meaning, form part is guilty of an offence.

Penalty: A fine not exceeding K10,000.00, and in addition a fine not exceeding K100.00 for every day during which the offence continues.

#### 65. Default by Society

- (1) A society that fails—
  - (a) to keep any register, account or document, or to make any entry in a register, account or document, in accordance with the requirements of this Act; or

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<sup>5</sup> But see Constitution, Section 155.

- (b) to have at its office and open for inspection copies of—
    - (i) this Act, the regulations and the standard rules; and
    - (ii) the Rules; and
    - (iii) the last statement of receipts and expenditure, assets and liabilities, together with the report on the annual audit referred to in Section 30(1); and
    - (iv) any register, as required by this Act; or
  - (c) to transmit to the Registrar any notice or return as required by this Act, is guilty of an offence.
- (2) A society that uses a name other than the name by which it is registered under this Act is guilty of an offence.
- Penalty: A fine not exceeding K10,000.00, and in addition a fine not exceeding K100.00 for every day during which the offence continues.

**66. Obstruction, etc.**

A person who—

- (a) hinders or obstructs a person in the exercise of his powers or the performance of his functions under this Act; or
- (b) refuses or fails, without reasonable excuse (proof of which is on him), to comply with a notice, order, direction or requirement given or made under this Act; or
- (c) refuses or fails, without reasonable excuse, to answer questions asked of him under this Act,

is guilty of an offence.

Penalty: A fine not exceeding K1,000.00 and in addition, a fine not exceeding K50.00 for every day during which the offence continues.

**67. Liability of Directors, etc.**

Where a society contravenes or fails to comply with a provision of this Act, each of the Directors and officers of the society shall be deemed to have contravened or failed to comply with the provision, and where contravening or failing to comply with a provision constitutes an offence against this Act, are guilty of that offence.

Penalty: A fine not exceeding K1,000.00 and, in addition, a fine not exceeding K50.00 for every day during which the offence continues.

**68. Regulations**

The Minister, acting on advice of the Governor, may make regulations, not inconsistent with this Act, prescribing all matters that by this Act are required or permitted to be prescribed, or that are necessary or convenient to be prescribed for carrying out or giving effect to this Act, and in particular for prescribing—

- (a) the powers and duties of the Registrar; and
- (b) the notices to be given, returns and reports to be made and records to be kept under this Act, and the form of such notices, returns, reports and records; and
- (c) the fees (if any) to be paid in connection with a matter arising under this Act; and
- (d) the manner of doing any act or thing required by this Act to be done; and
- (e) penalties of fines not exceeding K1,000.00 for offences against the regulations, and in addition in the case of continuing offences a fine not exceeding K50.00 for every day during which the offence continues.

INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Savings and Loan Societies Regulation*

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INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Savings and Loan Societies Regulation*

MADE under the Savings and Loan Societies Act.

**PART I. —PRELIMINARY**

**1. Directions by Registrar**

The Registrar may—

- (a) direct that a society—
  - (i) remove from office an officer or member; or
  - (ii) remove from employment an employee, whom he thinks to be unfit for the discharge of his duties; and
- (b) direct that the society maintain such special reserve funds and apply the money of those funds in such manner as he thinks proper; and
- (c) require that any transaction of a society be evidenced by such contract or agreement as he thinks necessary.

**2. Audit**

Following an inspection under Section 4 of the Act, the Registrar—

- (a) shall advise the society of the results of the audit; and
- (b) may give such directions as he thinks proper to correct any irregularities disclosed by the audit.

**PART II. —SOCIETIES OTHER THAN ASSOCIATIONS**

**3. Application for registration**

An application under Section 10 of the Act shall be in Form 1.

**4. Certificate of Registration**

On the registration of a society other than an association, the Registrar shall issue under his seal a Certificate of Registration and Incorporation in Form 2.

**5. Change of name**

Except in the case of an association, a notice under Section 12 of the Act—

- (a) shall be in Form 3; and
- (b) shall be accompanied by the society's Certificate of Registration and Incorporation.

**6. New Certificate of Registration**

On the registration of a change of name of a society other than an association, the Registrar shall—

- (a) issue under his seal a Certificate of Registration and Incorporation in the new name in Form 4; and
- (b) destroy the Certificate issued in the society's previous name.

**7. Seal of society**

The devise of the seal of a society shall be the name of the society within two concentric circles, the whole encircling the word "Seal".

**8. Application for membership of society**

An application for membership of a society other than an association shall be in Form 5.

**9. Registers of Members and Directors**

A society shall maintain Registers of Members and Directors in Forms 6 and 7 respectively.

Penalty: A fine not exceeding K40.00, and in addition a fine not exceeding K10.00 for every day during which the offence continues.

**10. Charges for copies of standard rules**

- (1) Subject to Subsection (2), the fee for a copy of the standard rules is K0.10.
- (2) The Registrar shall supply a copy of the standard rules, without fee to any person bona fide applying for a copy for a purpose relating to the proposed formation of a society.

**11. Amendments to standard rules**

- (1) A notification to the Registrar of any additions to, or amendments of, the standard rules proposed under Section 17(1) of the Act by a society shall include the following particulars, and shall be signed by the chairman and secretary of the general meeting at which the additions or amendments were approved: —
  - (a) the date of the general meeting; and
  - (b) the number of persons in attendance at the meeting and the number who favoured the additions or amendments; and
  - (c) the reasons for the additions or amendments.
- (2) The Registrar shall maintain a full record of all variations from the standard rules in the Rules of each society.

**12. Minute books**

The minute books of a society and of the Board, the Loans Committee and the Supervisory Committee of a society shall record—

- (a) the date, place and time of each meeting; and
- (b) the names or numbers of persons present at the meeting; and
- (c) the purpose of the meeting; and
- (d) any resolutions passed by the meeting; and
- (e) the particulars of any correspondence received and submitted to the meeting.

**PART III. —ASSOCIATIONS****13. Application for registration**

An application for registration as an association made under Section 35(1) of the Act—

- (a) shall be in Form 8; and
- (b) shall be accompanied by a copy of the proposed rules of the association.

**14. Certificate of Registration**

On the registration of an association, the Registrar shall issue under his seal a Certificate of Registration and Incorporation in Form 9.

**15. Change of name**

- (1) In the case of an association, a notice under Section 12 of the Act—
  - (a) shall be in Form 10; and
  - (b) shall be accompanied by the association's Certificate of Registration and Incorporation.
- (2) On the registration of a change of name of an association, the Registrar shall—
  - (a) issue under his seal a Certificate of Registration and Incorporation under the new name in Form 11; and
  - (b) destroy the Certificate issued in the association's previous name.

**16. Seal**

The device of the seal of an association shall be as approved by the Registrar.

**17. Application for membership**

An application for membership of an association shall be in Form 12.

**PART IV. —MANAGEMENT AND FINANCE****17A. Prescribed securities**

(1)<sup>6</sup>

(2) For the purposes of Section 15(d) of the Act, the PSA Savings and Loan Society Limited may subscribe for a maximum of 250 000 "B" class shares issued by Pubsave Pty. Limited, a company incorporated in Papua New Guinea, in accordance with the Memorandum and Articles of Association dated 1 April 1976 and lodged with the Registrar of Companies, under which it is proposed to issue 250 000 "B" class shares at K1.00 each. (*Added by No. 12 of 1976*)

(3) For the purposes of Section 15(d) of the Act, a society may invest sums which in aggregate do not exceed 10% of the total deposits of the society either—

- (a) as an equity; or
  - (b) as a deposit; or
  - (c) as a combination of equity and a deposit,
- in any one or more of the following companies: —
- A.G.C. (Pacific) Limited,
  - Credit Corporation (PNG) Limited,
  - I.A.C. (New Guinea) Pty. Limited.
- (*Added by No. 11 of 1978*)

**18. Other prescribed securities**

- (1) For the purposes of this section, "the Investment Corporation" means the Investment Corporation of Papua New Guinea established by the Investment Corporation Act.
- (2) For the purposes of Section 15(d) of the Act, a society may Purchase, subscribe for or otherwise acquire—
  - (a) any shares in oversea enterprises that the Investment Corporation resolves to dispose of; and
  - (b) any share, unit or subunit in any company, trust or fund established or managed by the Investment Corporation, in accordance with or under Section 6(1)(b) or (e) of the *Investment Corporation Act*.

**19. Accounts**

- (1) Each society must keep an account of—
  - (a) all money received and paid by the society, and every matter in respect of which the receipts and payments are made; and
  - (b) the assets and liabilities, and the debtors and creditors, of the society; and
  - (c) the profit or loss made by the society, and the application of the profit or loss.
- (2) The accounts referred to in Subsection (1) must be kept by double entry, and the whole of the income must be taken into account in the financial year in which it is received and the whole of the expenditure in the financial year in which it is disbursed.
- (3) A list must be kept of the fixed assets of a society and of the value of each, and where any of them have depreciated the value must be written-down yearly by an amount. to be approved by the Board.
 

Penalty: A fine not exceeding K40.00, and in the case of a continuing offence a fine not exceeding K10.00 for every day during which the offence continues.

<sup>6</sup> Omitted editorially from the Revised Edition.

**20. Statement of receipts and expenditure, etc.**

The annual statement of receipts and expenditure, assets and liabilities referred to in Section 50 of the Act shall be in a form approved by the Registrar.

**PART V. —WINDING-UP****21. Request to wind up a society**

A request to wind up a society under Section 51(1)(a) or (j) of the Act shall be made to the Registrar in Form 13 or 14 as the case requires.

**22. Powers of liquidator**

A liquidator of a society may, in respect of the society—

- (a) act as arbitrator in all disputes; and
- (b) determine the contributions to be made by members and past members respectively to the assets of the society; and
- (c) investigate all claims against the society and decide questions of priority arising between claimants; and
- (d) determine from time to time by what persons and in what proportions the costs of the liquidation are to be borne; and
- (e) take possession of the books, documents and assets of the society; and
- (f) give such directions in regard to the collection and distribution of the assets of the society and the disposal of the books and documents of the society as appear to him to be necessary for winding up the affairs of the society; and
- (g) convene a special general meeting or meeting of the Board of the society.

**23. Security by liquidator**

- (1) A liquidator of a society shall furnish security to the satisfaction of the Registrar for accounting correctly for all money received and paid by him or paid to him on account of the society.
- (2) A security referred to in Subsection (1) shall be in an amount specified by the Registrar, and the liquidator shall give a personal recognizance in the same amount.

**24. Fees to liquidator**

The Registrar shall determine the fees (if any) to be paid to a liquidator of a society, but in no case shall the fees exceed 5 of the realized value of the assets of the society being wound up, plus any out-of-pocket expenses reasonably incurred as a result of the liquidation.

**PART VI. —MISCELLANEOUS****25. Inspection of documents**

- (1) The fee to be paid for an inspection under Section 59 of the Act is K0.25.
- (2) The fee to be paid for a certified copy or extract referred to in Section 59 of the Act is K0.25.

**26. Register**

The Registrar shall maintain a register in which he shall record details of—

- (a) registrations of societies under Section 11 of the Act; and
- (b) changes of names of societies under Section 12 of the Act; and
- (c) registrations of associations under Section 35(2) of the Act.

**27. Appeals**

An appeal under Section 62 of the Act may be made by lodging a notice of appeal in the National Court and serving a copy on the Registrar.

**28. Returns as to membership, etc.**

- (1) The Registrar may, by written notice, require a society other than an association to submit to him a return of its membership, as at the date specified in the notice, in Form 15.
- (2) The Registrar may, by written notice, require an association to submit to him a return of its membership, as at the date specified in the notice, in Form 16.
- (3) The Registrar shall require a society other than an association to submit to him, within 14 days after the society's annual general meeting, a list in Form 17 of members elected to hold office.
- (4) The Registrar shall require an association to submit to him, within 14 days after the association's annual general meeting, a list in Form 18 of persons elected to hold office.

**29. Failure to comply with directions, etc.**

A person who fails to comply with a direction, order or requirement under this Regulation is guilty of an offence.

Penalty:           A fine not exceeding K40.00, and in addition in the case of a continuing offence a fine not exceeding K10.00 for every day during which the offence continues.

SCHEDULE

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Act, Sec. 10

Form 1

Reg., Sec. 3

APPLICATION FOR REGISTRATION OF SOCIETY

To the Registrar of Savings and Loan Societies.

1. We, the undersigned, apply for registration as a society under the *Savings and Loan Societies Act*.
2. The proposed name of the society is .....
3. The provisional secretary is .....(full name), of .....(full address).
4. Membership of the society is limited to .....(describe bond of association).
5. The names and addresses of the undersigned, the amount that each has subscribed for shares and the number of shares are as follows:—

Names	Addresses	Amount subscribed for shares	No. of shares held

6. This application is accompanied by a copy of the proposed rules of the society.
7. We certify that we are within the bond of association mentioned above.

Dated ..... 19 .....

.....  
(Signature(s) of Witness(es))

.....  
(Signature(s) of Applicant(s))

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Act, Sec. 11(l)

Form 2

Reg., Sec. 4

CERTIFICATE OF REGISTRATION AND INCORPORATION

I certify that .....Savings and Loan Society Limited has been duly registered as a society and is incorporated under the *Savings and Loan Societies Act*.

Dated ..... 19 .....

.....  
Registrar

(L.S.)



PAPUA NEW GUINEA

Savings and Loan Societies Act

Act, Sec. 12

Form 3

Reg., Sec. 5

APPLICATION FOR REGISTRATION OF CHANGE OF NAME OF SOCIETY

To the Registrar of Savings and Loan Societies.

1. At a Special Meeting of the .....Savings and Loan Society Limited, properly called and convened on .....19 ....., at which ..... members were present, the following resolution was approved by .....votes to .....votes:—  
 “that this society change its name to .....Savings and Loan Society limited.”
2. The reasons for the proposed change are—  
 .....  
 .....
3. Application is made for registration of the change of name and for the issue of a Certificate of Registration and Incorporation in the new name.
4. The society's present Certificate of Registration and Incorporation is enclosed.
5. We certify that the present membership of the society numbers  
 .....

Dated ..... 19 .....

Secretary

Chairman of Meeting

PAPUA NEW GUINEA

Savings and Loan Societies Act

Act, Sec. 12

Form 4

Reg., Sec. 6

CERTIFICATE OF REGISTRATION AND INCORPORATION ON CHANGE OF NAME

I certify that the .....Savings and Loan Society Limited has registered a change of its name, and is now registered and incorporated under the above Act in the name of ..... Savings and Loan Society Limited.

Dated ..... 19 .....

Registrar

(L.S.)

PAPUA NEW GUINEA

Savings and Loan Societies Act

Reg., Sec. 8

Form 5

APPLICATION FOR MEMBERSHIP

Name of society:.....

Full name of applicant:.....

Occupation of applicant:.....

Address of applicant:.....

Age of applicant:.....

I apply to be admitted as a member of the above society and I lodge the joining fee of ..... together with the sum of .....(not less than 10% of the value of one share) to purchase shares in my name.

If the above share(s) is/are\* allotted to me, I agree to pay all charges required by the Rules of the society and by any amendments of the Rules registered in accordance with the *Savings and Loan Societies Act*.

Dated ..... 19 .....

.....  
(Signature of Witness)

.....  
(Signature of Applicant)

\*Strike out whichever is inapplicable.

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Reg., Sec. 9

Form 6

REGISTER OF MEMBERS

.....Savings and Loan Society  
Ltd.

Names	Address	Date membership approved	Secretary's initials

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Reg., Sec. 9

Form 7

REGISTER OF DIRECTORS

.....Savings and Loan Society  
Ltd.

Year	Names	Date elected	Date Retired

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PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Act, Sec. 35(1)

Form 8

Reg., Sec. 13

APPLICATION FOR REGISTRATION OF ASSOCIATION

To the Registrar of Savings and Loan Societies.

1. At duly constituted Special Meetings of each of the societies mentioned below it has been decided by a majority of members present at each meeting to further the common interests of those societies and to seek additional benefits for the members through the formation of an association.
2. The proposed name of the association is .....Ltd.
3. The address of the association is .....
4. The provisional secretary is ....., of .....
5. A copy of the proposed rules of the association accompanies this application.
6. Application is made for the registration of the association as an association under the *Savings and Loan Societies Act*.

Dated ..... 19.....

.....  
(Signature of Applicants)

.....  
(Name of Society)

.....  
(Signature of Witnesses)

(To be signed by the President or Vice-president of each Society.)

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Act, Sec. 35(2)

Form 9

Reg., Sec. 14

CERTIFICATE OF REGISTRATION AND INCORPORATION OF ASSOCIATION

I certify that .....Limited has been duly registered as an association of Savings and Loan Societies and is incorporated under the above Act.

Dated ..... 19 .....

.....  
Registrar

(L.S.)

PAPUA NEW GUINEA

Savings and Loan Societies Act

Act, Sec. 12

Form 10

Reg., Sec. 15(1)

APPLICATION FOR REGISTRATION OF CHANGE OF NAME OF ASSOCIATION

To the Registrar of Savings and loan Societies.

1. At a Special Meeting of the ..... Limited held in accordance with the Rules on ..... 19 ....., and at which ..... Presidents of Societies (or as the case may be) were present, the following resolution was approved by ..... votes to ..... votes:—  
 “that this association change its name to ..... Limited.”
2. The reasons for the proposed change are—  
 .....  
 .....
3. Application is made for the registration of the change of name and for the issue of a Certificate of Registration and Incorporation in the new name.
4. The association's present Certificate of Registration and Incorporation is enclosed.
5. We certify that the present membership of the association numbers .....

.....  
 President Secretary/Manager  
 Dated ..... 19 ..... Dated ..... 19 .....

PAPUA NEW GUINEA

Savings and Loan Societies Act

Act, Sec. 12(4)

Form 11

Reg., Sec. 15(2)

CERTIFICATE OF REGISTRATION AND INCORPORATION ON CHANGE OF NAME OF ASSOCIATION

I certify that ..... Limited has registered a change of its name, and is now registered and incorporated under the above Act in the name of .....

Dated ..... 19 .....  
 .....  
 Registrar

(L.S.)

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Reg., Sec. 17

Form 12

APPLICATION FOR MEMBERSHIP OF ASSOCIATION

Name of association:.....  
 Name of applicant:.....  
 Registered office:.....  
 Number of members at date of application:.....

In accordance with a resolution passed at a duly constituted meeting of the above society/League\* held on .....19 ....., application is made for membership of the abovementioned association. Membership fees of .....are enclosed.

If this application is approved, the .....Limited agrees to be bound by the Rules of the association and by any amendments of the Rules.

For the .....Limited.

.....  
 President Secretary

Dated .....19 ..... Dated .....19 .....

\*Strike out whichever is inapplicable.

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Act, Sec. 51(1)(a)

Form 13

Reg., Sec. 21

REQUEST FOR WINDING-UP OF SOCIETY BY MEMBERS

To the Registrar of Savings and Loan Societies.

1. We, the undersigned, comprising at least two-thirds of the members of the ..... Savings and Loan Society Limited, request, in accordance with Section 51(1)(a) of the *Savings and Loan Societies Act*, that the affairs of the society be wound up and the society be dissolved.
2. The reasons for this request are—  
.....  
.....  
.....
3. The names and addresses of the undersigned, the amount which each has subscribed for shares and the number of shares held are as follows:—

Names	Addresses	Amounts subscribed for shares	No. of shares held

Dated ..... 19 .....

.....  
(Signature(s) of Witness(es))

.....  
(Signature(s) of Applicant(s))



PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Act, Sec. 51(l)(j)

Form 14

Reg., Sec. 21

REQUEST FOR WINDING-UP OF SOCIETY BY CREDITORS

To the Registrar of Savings and Loan Societies.

1. I/We\* .....(name(s)) of  
 .....(address(es)), .....(occupation(s))  
 request, in accordance with Section 51(l)(j) of the *Savings and Loan Societies Act*, that the affairs  
 of the .....Savings and Loan Society Limited be wound up and the society  
 be dissolved.
2. The society is indebted to me/us\* in .....(amount in words) in respect of  
 the following matters:—  
 .....  
 .....  
 .....  
 (full particulars to be given)
3. Documentary evidence in respect of the above items is tendered herewith/available for perusal at  
 .....\*

Dated ..... 19 .....

.....  
(Witness)

.....  
(Signature(s) of Applicant(s))

.....  
(Witness)

\*Strike out whichever is inapplicable.

PAPUA NEW GUINEA

Savings and Loan Societies Act

Reg., Sec. 28(1)

Form 15

MEMBERSHIP RETURN FOR SOCIETY

To the Registrar of Savings and Loan Societies.

The following constitutes a full and complete list of members of .....Savings and Loan Society Limited as at the close of business on .....19

.....

Names	Dates membership approved	Amounts paid for shares	No. of shares held

Dated ..... 19 .....

.....  
President

.....  
Secretary

PAPUA NEW GUINEA

Savings and Loan Societies Act

Reg., Sec. 28(2)

Form 16

MEMBERSHIP RETURN FOR ASSOCIATION

To the Registrar of Savings and Loan Societies.

The following constitutes a full and complete list of the members of .....Limited, as at the close of business on .....19

.....

Name of association, etc.	Date membership approved	No. of members

Dated ..... 19 .....

.....  
President

.....  
Secretary

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Reg., Sec. 28(3)

Form 17

RETURN OF OFFICE BEARERS OF SOCIETY

To the Registrar of Savings and Loan Societies.

At the Annual Meeting of the .....Savings and Loan Society Limited, held on .....19 ....., elections were conducted in accordance with Section 25 of the *Savings and Loan Societies Act* and the undermentioned members will hold office in the society during the following year.

Names	Amounts for shares	No. of shares held
Directors Loans Committee Supervisory Committee		

The Officers appointed by the Board of Directors are:—

President:.....(full name).

Vice-president:.....(full name).

Secretary:.....(full name).

Treasurer:.....(full name).

Dated ..... 19 .....

.....  
President

.....  
Secretary

PAPUA NEW GUINEA

*Savings and Loan Societies Act*

Reg., Sec. 28(4)

Form 18

RETURN OF OFFICE BEARERS OF ASSOCIATION

To the Registrar of Savings and Loan Societies.

At the Annual Meeting of .....(*name of association*) Limited, held on .....19 ....., elections were conducted in accordance with the Rules of the association, and the undermentioned persons will hold office in the association during the following year:—

	Names	Name of Association
Board of Directors— President Vice-president Secretary/Manager Assistant Secretary/Manager Other Officers—		

At the end of the financial year (19 ..... ) there were .....members in the association.

Dated ..... 19 .....

.....  
President

.....  
Secretary

INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Standard Rules for Savings and Loan Societies*

---

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4. Registered office, etc.
5. Objects
6. Powers

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INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Standard Rules for Savings and Loan Societies*

---

**PART I. —PRELIMINARY**

**1. Interpretation**

- (1) In these Rules, unless the contrary intention appears—  
“the Act” means the *Savings and Loan Societies Act*;  
“month” means calendar month;  
“the Society” means.....
- (2) Expressions used have the same meaning as that ascribed to them by the Act.
- (3) Words in the singular include the plural and vice versa.
- (4) Words importing the masculine gender include females.
- (5) References in these Rules to the Secretary or the Treasurer shall, where there is a Secretary/Treasurer, be read as including references to the Secretary/Treasurer.

**PART II. —CONSTITUTION OF THE SOCIETY**

**2. Name**

- (1) The name of the Society shall be .....Savings and Loan Society Limited (or Ltd.).
- (2) The Society may change its name only with the consent of the Registrar and as provided by Section 12 of the Act.

**3. Type of Society**

The Society is a Savings and Loan Society under the Act.

**4. Registered office, etc.**

- (1) The registered office of the Society shall be at .....or such other place as the Board determines from time to time.
- (2) The Board shall notify the Registrar of any change of Secretary or in the address of the registered office within 14 days.

**5. Objects<sup>7</sup>**

The objects of the Society are—

- (a) to promote thrift among its members; and
- (b) to educate its members in financial responsibility; and
- (c) to receive the savings of its members as contributions for shares or on deposit; and
- (d) to make loans to its members for the purposes set down in Section 25.

**6. Powers**

The Society has power, in accordance with Section 15 of the Act—

- (a) to deposit money with an association of which it, or of which an association of which it is a member, is a member, or in a bank; and

---

<sup>7</sup> See Act, Section 9.

- (b) to raise money on loan for the objects of the Society, and to mortgage or pledge its property as security for the loan; and
- (c) to invest funds in securities of or guaranteed by the State, or in other prescribed securities; and
- (d) to insure its loans, funds or property against loss; and
- (e) to hold, buy, lease, sell, surrender, exchange, mortgage or otherwise deal in property; and
- (f) to do all other acts and things that are incidental or conducive to, or consequential on, the attainment of its objects.

### **PART III. —MEMBERSHIP**

#### **7. Conditions of membership<sup>8</sup>**

- (1) Membership of the Society shall be limited to persons who—
  - (a) in the opinion of the Board are honest, industrious and of good habits; and
  - (b) are above or apparently above the age of 16 years; and
  - (c) are ..... ; and
  - (d) are residents of Papua New Guinea; and
  - (e) have signed the application form prescribed in the regulation and have paid an entrance fee of.....; and
  - (f) are not in default under the terms of a loan made by another society.
- (2) No person shall exercise any of the rights of membership unless he has subscribed for at least one share in the Society and has paid the first installment on it as required by Section 11.
- (3) No person who is a member of another society shall be admitted as a member of the Society except with the written permission of the Registrar.
- (4) An applicant shall not be admitted to membership of the Society except by the affirmative vote of a majority of the Directors present at the meeting of the Board at which the application is acted on.
- (5) These Rules are binding on each member of the Society.

#### **8. Cessation of membership generally**

- (1) A member of the Society who withdraws, or transfers to another member, all his shares ceases to be a member.
- (2) Subject to the general conditions contained in these Rules, a member who leaves the common bond of membership of the Society may retain his membership, but may not borrow from the Society an amount in excess of his shareholding.

#### **9. Expulsion**

- (1) A member may be expelled for a breach of these Rules by a vote of not less than two-thirds of the Board at a Special Meeting of the Board called for the purpose.
- (2) The Secretary shall notify the expelled member in writing of his expulsion within seven days of the meeting.
- (3) Within 30 days of the receipt of the notice the member may appeal in writing to the next general meeting of the Society.
- (4) At the general meeting the majority of the members present may confirm or rescind the action taken by the Board.
- (5) Expulsion takes effect-
  - (a) if no appeal is made on the expiration of the time for appealing; or
  - (b) if an appeal is made—on the date on which the expulsion is confirmed by members at the general meeting.

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<sup>8</sup> See also Act, Sections 10 (2) (b) and 19.



**10. Effect of cessation of membership**

- (1) A person who by withdrawal, transfer of shares or expulsion ceases to be a member of the Society has no further rights in the Society, but shall not be released from any remaining liability to the Society.
- (2) Any debt due from such a person to the Society becomes due and payable immediately on his ceasing to be a member.

**PART IV. —MEMBERS' FUNDS****11. Capital and shares**

- (1) The capital of the Society shall be unlimited in amount, and may vary in amount according to the value of the shares issued from time to time.
- (2) Shares, which shall be of one class, all ranking equally, shall be of a nominal value of ..... each. (*Not less than K1.00*)
- (3) An applicant for membership of the Society shall, on application, subscribe for one share and pay in respect of that share a sum not less than ..... (*10% of the value of the share*)
- (4) Except as provided in Subsection (3), shares may be subscribed for in full or by any number of instalments, but a member shall not hold more than one partly-paid share at any time. (*Funds standing to the credit of a member's share account shall be regarded as comprising as many fully-paid shares as the funds would purchase and one partly-paid share paid to an amount equal to the amount in excess, if any*)
- (5) No member shall hold more than 20% of the fully-paid shares issued by the Society, or such lesser proportion or number as the Board, from time to time, determines.

**12. Disposal of shares**

- (1) Shares may be transferred only from one member to another, and with the approval of the Board.
- (2) Shares shall be transferred by a form of instrument approved by the Registrar.
- (3) The Board may decline to register a transfer of any shares on which the Society has a lien.
- (4) The Board may suspend the registration of a transfer during the 14 days immediately preceding the Annual Meeting in each year.
- (5) The Board may decline to recognize any instrument of transfer unless the instrument of transfer is accompanied by such evidence as the Board may reasonably require to show the rights of the transferor to make the transfer.
- (6) Subject to Subsection (7), money paid on account of shares or deposits may be withdrawn, in whole or in part, subject to any indebtedness to the Society, on any day when the Society is open for business, but the Board may, in any case, require up to 90 days' notice of intention to withdraw.
- (7) A withdrawal shall not be permitted except with the written approval of the Loans Committee if the withdrawal will reduce the members shareholding and deposits to an amount that is less than his total liability to the Society as borrower or guarantor.
- (8) Subject to Subsection (10), no officer of the Society shall withdraw, transfer or otherwise dispose of any of his shares or deposits so long as he remains an officer of the Society, and any such withdrawal, transfer or disposition is void and of no effect.
- (9) The Board shall cause a record of all transfers to be made in the proper books of the Society.
- (10) Subsection (8) does not apply to or in relation to any case where the Registrar otherwise approves.

**13. Death or bankruptcy<sup>9</sup>**

- (1) On the death of a member, the Society shall transfer his shares and any money due to him by way of dividend, deposit or otherwise—

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<sup>9</sup> See Act, Section 23.

- (a) to his legal personal representative; or
  - (b) if there is no legal personal representative, to his next-of-kin.
- (2) Where a person to whom shares are required by Subsection (1) to be transferred is not entitled to be a member of the Society or entitled to hold the shares, the Society shall, instead of transferring the shares, cancel them and pay to the person, within a reasonable time, the amount paid up on them, together with any deposit, dividend or any other money payable in respect of the shares or otherwise.
  - (3) A person who becomes entitled to a share by reason of the death of the holder is entitled to the dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he is not, before being registered as a member in respect of the share, entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Society.
  - (4) Any person who becomes entitled to money held in the name of a member in consequence of the bankruptcy of the member is, on such evidence being produced as is from time to time required by the Board, entitled to receive the money in cash.

#### 14. Deposits

- (1) The Society may accept money on deposit from its members.
- (2) Subject to the approval of the Registrar, the conditions under which deposits may be accepted and repaid and the rates of interest that may be paid on deposits shall be determined by the Board.
- (3) The Society has a lien on a member's deposits and interest in respect of any loan made to him, or in respect of any liability under a guarantee given by him.

#### 15. Lien on members' funds

The Society has a lien on the shares and deposits of a member, past member or deceased member, and on any dividend or accumulated funds payable to him by the Society, in respect of any debt due from him to the Society or of any guarantee by him of a loan made by the Society, and may set off any sum credited or payable to him in or toward payment of the debt or satisfaction of the guarantee.

#### 16. Passbooks

- (1) A passbook in a form approved by the Registrar shall be issued to each member, recording payments made by and to the member.
- (2) Payments referred to in Subsection (1) include all money paid in or paid out on account of entrance fees, shares, deposits, interest, loans, fines and other collections.
- (3) Every entry in the passbook shall be initialled by the Treasurer or other person specifically authorized by the Board.
- (4) Subject to Subsection (5), if the passbook given to the member by the Society is lost, stolen or destroyed—
  - (a) immediate notice of the loss shall be given to the Treasurer or the Board; and
  - (b) written application shall be made by the member for the issue of a duplicate passbook.
- (5) If the member does not wish to continue his membership, written application must be made for money due as recorded in the passbook lost, stolen or destroyed.
- (6) The Board may require an indemnity to protect the Society in the event that it issues a duplicate passbook or makes payment of money without the passbook lost, stolen or destroyed.

**PART V. —MEETINGS OF THE SOCIETY****17. General and special meetings<sup>10</sup>**

- (1) A general meeting of the Society, to be known as the Annual Meeting, shall be held each year within three months after the end of the financial year.
- (2) The order of business at the Annual Meeting shall be—
  - (a) minutes of the last Annual Meeting and any general meetings held since that meeting; and
  - (b) reports of the Board, Treasurer, Loans Committee and Supervisory Committee; and
  - (c) determination of the rate of dividend on share capital; and
  - (d) other business other than elections; and
  - (e) elections.
- (3) The order of business prescribed by Subsection (2) may be varied on a vote of at least two-thirds of the members present at the meeting.
- (4) At the request of the Board or the Supervisory Committee, or at the written signed request of at least 10 members, the Secretary shall call a Special Meeting of the Society.
- (5) A request under Subsection (4) shall state the object of the proposed meeting, and only such business as is specified in the request shall be discussed at the meeting.
- (6) At least seven days' notice of any Annual or Special Meeting shall be given, and the notice shall state—
  - (a) the place and time of the meeting; and
  - (b) the business to be discussed,
 and shall be displayed in the Society Office.
- (7) No business shall be discussed at a general meeting unless a quorum of members is present.
- (8) Subject to Subsection (9), 25% of the members of the Society are a quorum.
- (9) If at the time and place fixed in accordance with Subsection (6) for a general meeting a quorum is not present, the meeting shall be adjourned to a date not less than seven, nor more than 15, days later, and the members present at the adjourned meeting are a quorum regardless of their number.
- (10) The President, or in his absence, the Vice-president, shall preside at all general meetings of the Society, and if neither the President nor Vice-president is present at the meeting the members shall elect one of their number to be Chairman.
- (11) Any question arising at a general meeting shall, except as otherwise provided, be determined by a simple majority of members personally present at the meeting.
- (12) Subject to Subsection (13) each member present has one vote, and no vote shall be permitted by proxy.
- (13) The member presiding has a deliberative vote and, in the case of an equality of votes on a matter, also a casting vote.

**PART VI. —MANAGEMENT OF THE SOCIETY****18. Nomination and election<sup>11</sup>**

- (1) At the first Annual Meeting of the Society, the members shall elect from amongst their number—
  - (a) a Board of Directors of [not less than five]members; and
  - (b) a Loans Committee of [not less than three] members who may also be members of the Board but shall not be members of the Supervisory Committee; and
  - (c) a Supervisory Committee of [not less than three] members, who are not members of the Board.

<sup>10</sup> See also Act, Section 24.

<sup>11</sup> As far as the Board of Directors and the Supervisory Committee are concerned, Subsections (1) – (4) merely follow Section 25(1) – (5) of the Act, and should be read subject to any amendments to that section. See also Section 26 of the Act.

- (2) At each subsequent Annual Meeting, one half of the members of the Board, the Loans Committee and the Supervisory Committee shall retire from office, but are eligible for re-election.
- (3) Where the number of members of the Board, the Loans Committee or the Supervisory Committee is not evenly divisible by two, the number of members of the Board or Committee to retire shall be 50% of the number next below the number of the members of the Board or Committee.
- (4) The members of the Board, the Loans Committee and the Supervisory Committee to retire from office at any Annual Meeting shall be those members who have been longest in office without re-election, and in a case where more members are available for retirement than are required owing to an equality in the length of time in office between two or more members shall be determined by ballot between those last-mentioned members.
- (5) Persons appointed to fill casual vacancies retire at the first Annual Meeting following their appointment.
- (6) At least 30 days before each Annual Meeting, the Board shall appoint a Nominating Committee of three members.
- (7) It is the duty of the Nominating Committee—
  - (a) to prepare nominations of at least one member for each vacancy for which elections are being held; and
  - (b) to submit its nominations at the Annual Meeting.
- (8) The Chairman shall call for and accept further nominations supported either in writing or personally by two members.
- (9) At elections—
  - (a) each member is entitled to one vote only, irrespective of the number of his shares; and
  - (b) no member may vote by proxy; and
  - (c) when there are two or more candidates for any vacancy, a secret ballot shall be taken, but if only one member is nominated for the vacancy, the Chairman shall declare his elected; and
  - (d) elections shall be decided on the number of primary votes recorded.
- (10) The order of election at an Annual Meeting shall be as follows:—
  - (a) Directors; and
  - (b) the Loans Committee; and
  - (c) the Supervisory Committee.
- (11) Within 14 days of the election, the names and addresses of all persons elected and their positions shall be forwarded to the Registrar by the Secretary.

#### **19. Board of Directors**

- (1) The general management and control of the Society shall be in the hands of the Board of Directors elected as set out in Section 18.
- (2) The Board shall, in addition to the duties normally performed by a Board of Directors—
  - (a) determine—
    - (i) the maximum number, being no greater than 20% of the shares on issue by the Society, of shares that may be held by any one member; and
    - (ii) the maximum loan that may be made to any one member; and
  - (b) approve, defer or reject applications for membership; and
  - (c) expel or discipline members as provided in these Rules; and
  - (d) fix interest rates on loans within the maximum set in the Act and on deposits subject to the approval of the Registrar; and
  - (e) determine general policy on, and security requirements for, loans; and
  - (f) recommend the dividend rate on shares to the Annual Meeting; and
  - (g) fill casual vacancies among its own number, the members of the Loans Committee or the officers of the Society; and
  - (h) have general responsibility for the investment of the funds of the Society.

- (3) The Board shall hold meetings regularly and at least once in each month.
- (4) The Secretary shall, at the request of a Director or the Treasurer, summon a meeting of the Board.
- (5) At a meeting of the Board—
  - (a) a majority of members are a quorum; and
  - (b) the President or, in his absence, the Vice-president shall act as Chairman, and in the absence of both the Directors may appoint a Chairman from among their number; and
  - (c) all matters shall, except as otherwise provided, be decided by a majority of votes; and
  - (d) the Chairman has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.
- (6) The Board shall cause—
  - (a) minutes of general and Board Meetings to be made in books provided for the purpose; and
  - (b) the following documents and books to be kept at the registered office of the Society and open for inspection, at all reasonable times and without fee, by a member or creditor:—
    - (i) a copy of the Act, the regulations made under the Act and these Standard Rules; and
    - (ii) a copy of the Rules; and
    - (iii) a copy of the last statement of receipts and expenditure, assets and liabilities, together with the report on the last annual audit; and
    - (iv) Registers of Directors, Members and Shares; and
    - (v) a Register of Loans Raised and Securities Given by the Society; and
  - (c) all returns and notices required by the Act or any regulations made under the Act to be prepared and forwarded to the Registrar; and
  - (d) such Registers and accounts to be kept as are required by the Act or any regulations made under the Act.
- (7) If a vacancy occurs on the Board it shall be filled by the Board, but a person so appointed holds office only until the next Annual Meeting of the Society.

## 20. Officers

- (1) The Directors shall, within seven days after the Annual Meeting, meet to appoint from their own number a President and Vice-president, and shall also appoint—
  - (a) a Secretary and a Treasurer; or
  - (b) a Secretary/Treasurer,
 who shall be members but may or may not be Directors.
- (2) The Board may, from time to time as required, appoint persons to act as assistants to the Secretary, Treasurer or Secretary/Treasurer.
- (3) The President—
  - (a) shall preside at all meetings of the members and at all meetings of the Board at which he is present; and
  - (b) together with the Treasurer, shall sign all documents required to be signed under the Society's seal; and
  - (c) shall perform such other duties as are customarily the function of a President or as he is directed to perform by a resolution of the Board not inconsistent with the Act, any regulations made under the Act or these Rules.
- (4) The Vice-president has and shall exercise all the powers, authorities and duties of the President during the latter's absence from a meeting or in the event of his inability to act.
- (5) The Secretary or Secretary/Treasurer shall—
  - (a) prepare and maintain full and correct records of all meetings of the members and of the Board; and
  - (b) ensure that proper notice is given as required by these Rules, of all meetings of the members; and

- (c) perform such other duties as he is directed to perform by a resolution of the Board not inconsistent with the Act any regulations made under the Act or these Rules.
- (6) Subject to the control and direction of the Board, the Treasurer or Secretary/Treasurer shall—
  - (a) have custody of the seal of the Society and of all funds, securities, valuable papers and other assets of the Society; and
  - (b) deposit all cash within a reasonable time. (*Note—48 hours is to be considered a reasonable time for those Societies that have ready access to a bank or bank agency*); and
  - (c) sign all cheques issued by the Society, and other instruments involving liability of the Society; and
  - (d) keep full and complete records of all assets and liabilities of the Society; and
  - (e) within 15 days after the close of each month, prepare a statement showing the financial position of the Society as at the close of the month and supply a copy to each Director; and
  - (f) prominently display a copy of the statement referred to in Paragraph (e) at the registered office of the Society, where it shall remain displayed until replaced by the financial statement for next month.
- (7) If the Secretary, Treasurer or Secretary/Treasurer is not a Director, he shall attend and may enter into discussion at meetings of the Board, but is not entitled to vote.
- (8) An Assistant Treasurer or Assistant Secretary/Treasurer—
  - (a) shall, under the direction of the Treasurer, perform such duties as the Board may authorize, including the signing of cheques; and
  - (b) may act as Treasurer if the Treasurer is absent or unable to act.
- (9) If a vacancy occurs among the officers, it shall be filled by the Board.

## 21. Loans Committee

- (1) The loans Committee shall be elected as set out in Section 18.
- (2) The members of the Loans Committee shall choose, from among their number, a Chairman and a Secretary.
- (3) The Secretary of the Loans Committee shall—
  - (a) prepare and maintain a full record of all actions taken by it; and
  - (b) cause a report to be presented to the Board each month, and to the members at the Annual Meeting.
- (4) The offices of Chairman and Secretary of the loans Committee may be held by the same person.
- (5) The Loans Committee shall meet as often as is necessary to deal with the business of the Society, but in any case shall meet at least once in each month.
- (6) The method of calling meetings and the notice to be given are as decided by the members of the Loans Committee.
- (7) If a vacancy occurs on the Loans Committee it shall be filled by the Board, but a person so appointed holds office only until the next Annual Meeting of the Society.
- (8) The Loans Committee—
  - (a) shall deal with all applications from members for loans; and
  - (b) subject to the policy laid down by the Board, may approve or refuse loans and fix the rate of interest applicable to each loan; and
  - (c) shall, before granting an application for a loan, ensure that the loan would be in the best interests of the applicant or his family; and
  - (d) shall require security to be given on all loans in excess of such amount as is fixed by the Registrar; and
  - (e) subject to the policy laid down by the Board, shall determine the security and guarantors required for each loan and the conditions of repayment of the loan; and
  - (f) where more applications for loans are pending than can be granted from the funds available, shall give preference to loans of an urgent nature and to those

that in the opinion of the Committee are likely to confer the most benefit to the applicants (except that where loans of an equally beneficial nature are involved, the application which has been pending for the longer period shall take preference); and

- (g) shall not consider an application for a loan unless a majority of the Committee is present.
- (9) A loan may be approved only by the unanimous decision of the members of the Loans Committee present.
- (10) An applicant whose application has been rejected may appeal to the Board, who may, by a majority vote, reverse the decision of the Loans Committee.

## 22. Supervisory Committee

- (1) The Supervisory Committee shall be elected as set out in Section 18.
- (2) No officer, Director or member of the Loans Committee shall be a member of the Supervisory Committee.
- (3) The Supervisory Committee shall choose, from among their number, a Chairman and a Secretary.
- (4) The Secretary of the Supervisory Committee shall—
  - (a) prepare and maintain a full record of all actions taken by it; and
  - (b) cause a report to be presented to the Board at least once in each quarter, and to the members at the Annual Meeting.
- (5) The offices of Chairman and Secretary of the Supervisory Committee may be held by the same person.
- (6) If a vacancy occurs in the Supervisory Committee it shall be filled by a vote of the remaining members, but a person so appointed holds office only until the next Annual Meeting of the Society.
- (7) At a meeting of the Supervisory Committee—
  - (a) a majority of the members shall constitute a quorum; and
  - (b) questions arising shall, except as otherwise provided, be decided by a majority of votes; and
  - (c) the Chairman has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.
- (8) The Supervisory Committee
  - (a) is responsible for the general supervision of the operations of the Society with a view to protecting the interest of the members and in particular shall
    - (i) conduct an examination of the Society's affairs and audit its books at least quarterly; and
    - (ii) conduct or provide for an annual audit and submit a report on the audit to the Annual Meeting; and
  - (b) may call a Special Meeting of the Society to consider any matter arising out of any audit or examination conducted by it that it thinks should be placed before the members; and
  - (c) subject to Subsection (9), may, if in its opinion it is in the interests of the Society to do so, suspend an officer, any or all of the Directors or any or all members of the Loans Committee; and
  - (d) may inspect the books and records of the Society and question any member of the Society who it has reason to believe can give information relating to the affairs or management of the Society.
- (9) Suspension action under Subsection (8)(c) may be taken only on the unanimous vote of the members of the Supervisory Committee present at a meeting called for the purpose, and within 10 days of any such suspension, the Committee shall cause a Special Meeting of the Society to be called to consider its action and the events leading to it.

## 23. Remuneration

- (1) No member of the Society shall receive any remuneration for serving as a member of the Board, the Loans Committee or the Supervisory Committee, but a member performing

the duties of Secretary, Treasurer or Secretary/Treasurer of the Society may be paid an amount determined at any Annual or Special Meeting.

- (2) The Board shall notify the Registrar of the Society's intention to make a payment, referred to in Subsection (1), and shall refrain from making the payment until authorized by the Registrar to do so.
- (3) If the Registrar directs that the payment shall not be made or shall be varied, the Registrar's direction shall be observed.

#### 24. Removal from office

- (1) An officer, and a member of the Board, the Loans Committee or the Supervisory Committee, ceases to hold office if—
  - (a) he becomes bankrupt, or assigns his estate for the benefit of, or compounds with, his creditors; or
  - (b) he becomes incapable of performing his duties; or
  - (c) he becomes lunatic or insane; or
  - (d) he is convicted of an offence against the Act; or
  - (e) he absents himself from three consecutive meetings of the Board, the Loans Committee or the Supervisory Committee, as the case may be, without an excuse satisfactory to the other members of the Board or Committee; or
  - (f) he ceases to be a member of the Society; or
  - (g) he gives one month's written notice to the President of his intention to resign, and his resignation is duly accepted by the Board; or
  - (h) he is removed from office by resolution of a general meeting of the Society.
- (2) The Board may, in its discretion, remove or suspend an officer of the Society.

### PART VII. —LOANS<sup>12</sup>

#### 25. Loans

- (1) Loans shall be made by the Society only to its members.
- (2) A written application shall be made for each loan, and an application shall be made only on a form of a type approved by the Registrar.
- (3) Subject to any directions of the Board, a loan shall be made on such conditions as the Loans Committee in the particular case determines.
- (4) A loan may be made to a member only—
  - (a) to assist him to purchase furniture for a home; or
  - (b) to assist him to pay the expenses of removing household furniture and effects; or
  - (c) to assist, him to acquire tools of employment, machinery, and material or stock in trade for a business, trade or industry; or
  - (d) to assist him to commence, acquire or carry on any business, trade or industry; or
  - (e) to assist him to pay a deposit in respect of the purchase or lease of a home or place of business, trade or industry; or
  - (f) to assist him to defray the cost of painting or effecting additions or repairs to his home; or
  - (g) to assist him to pay off a mortgage on a home; or
  - (h) to assist him or his dependants to defray expenses incurred in connection with any accident, sickness or death to or of a member or any of his dependants; or
  - (i) to assist him in the formal education of himself or any of his dependants; or
  - (j) with the approval of the Registrar—to assist him to discharge any financial liability reasonably incurred by him; or
  - (k) for any other purpose approved by the Registrar.
- (5) A member of the Board, the Loans Committee or the Supervisory Committee shall not be granted a loan that would result in the total of loans to him outstanding exceeding the value of his shares and deposits, except on the authority of resolutions of each of the

<sup>12</sup> This part merely follows Section 42 and 44 of the Act, and shall be read subject to any amendments to those sections.



- Board, the Loans Committee and the Supervisory Committee at meetings at which he is not present.
- (6) No members shall borrow from the Society so that the total loans outstanding to him exceed—
    - (a) 20% of the value of shares issued by the Society plus the deposits held by it; or
    - (b) such lesser proportion or amount as the Board from time to time determines.
  - (7) When an additional loan is made to a member—
    - (a) his total indebtedness to the Society shall be amalgamated; and
    - (b) terms of repayments of the total shall be determined by the Loans Committee.
  - (8) The interest rate to be charged on loans shall be determined by the Board from time to time, but—
    - (a) the interest rate shall not in any case exceed 1% per month on the unpaid balance of the loan; and
    - (b) a society may in any case charge a minimum amount of interest of K0.10 per month; and
    - (c) interest may be calculated to the nearest whole month during which a portion of the loan remains unpaid.
  - (9) All money due to the Society by a member is a debt due by him to the Society, and is recoverable as such in any court of competent jurisdiction.
  - (10) The Registrar may, by written notice to a Society, limit the total amount that may be outstanding by way of a loan or loans to any one member of the Society at any one time.

**26. Security**

Security to be taken on loans made by the Society shall be in such form as is approved by the Registrar from time to time.

**27. Repayments**

- (1) Repayments as required by the conditions of a loan may be made on any day on which the office of the Society is open for business.
- (2) Interest owing to the Society is a first charge against payments made from time to time to the Society in discharge of loan obligations.
- (3) A borrower may repay his loan in full or reduce it in excess of the approved conditions on any day on which the office of the Society is open for business.

**PART VIII. —THE SOCIETY'S FINANCES****28. Banking**

- (1) All money paid to the Society shall be—
  - (a) paid to the Treasurer; and
  - (b) deposited by him in the name of the Society in such bank as the Board determines.
- (2) Except where special provision has been approved by the Registrar, and subject to Subsections (3) and (4), all disbursements by the Society shall be made by cheque drawn on the Society's accounts.
- (3) Cheques may be drawn for such amounts as are determined by the Board and cashed to form a Petty Cash Fund from which small disbursements may be made for operating costs.
- (4) Loans shall not be made from petty cash, which shall be held by the Treasurer.
- (5) A cheque or other instrument drawn on the bank accounts of the Society shall be signed by the Treasurer and counter-signed by the President or Vice-president or another Director authorized by the Board to do so.

**29. Financial year**

The financial year of the Society ends on the last day of .....

**30. General Reserve Fund<sup>13</sup>**

- (1) The Society shall maintain a General Reserve Fund into which shall be paid all entrance fees and fines paid to the Society.
- (2) The Society shall at the end of each financial year and before declaring a dividend on shares or interest on deposits set aside for payments into the General Reserve Fund at least 20% of the net earnings of the Society for that year, provided that the Society shall not be required to set aside or pay into the General Reserve Fund a sum greater than the sum which when aggregated with the amount standing to the credit of the Fund would equal 10% of the total liabilities (actual and contingent) of the Society.
- (3) Money standing to the credit of the General Reserve Fund of the Society may be invested in the same manner as other money of the Society under these Rules<sup>14</sup>.
- (4) Any income earned from investment of money in the General Reserve Fund may be paid into the general revenue of the Society.
- (5) The General Reserve Fund—
  - (a) shall be held as a reserve against bad loans or losses other than operating deficits;
  - and
  - (b) shall not be used for any other purposes except on the winding-up of the Society.

**31. Special reserve funds**

- (1) In addition to the General Reserve Fund, special reserve funds may be established at the direction of the Board.
- (2) Special reserve funds shall be used for such purposes as the Board determines.

**32. Dividends**

The Society may, by a majority vote of the members at an Annual Meeting and on the recommendation of the Board, declare a dividend on issued shares subject to the following provisions:—

- (a) the Annual Meeting may reduce the dividend rate proposed by the Directors but may not authorize a higher rate of dividend than that recommended by the Board; and
- (b) dividends shall be paid only on a member's fully-paid shares, and shall be calculated on the minimum number of fully-paid shares held by a member during each month of the financial year; and
- (c) the sum to be distributed by way of dividend shall not exceed the net earnings of the Society after provision has been made for the General Reserve Fund and such other special reserve funds as are maintained, and for remuneration for the Secretary, Treasurer or Secretary/Treasurer and other operating costs; and
- (d) a dividend in excess of 7% per annum shall not be paid without the approval of the Registrar<sup>15</sup>.

**33. Borrowings by the Society<sup>16</sup>**

- (1) The Society may, if authorized by a majority of members at a general meeting and with the approval of the Registrar, raise money by way of mortgage of its assets or otherwise up to an amount that, together with the amount outstanding on previous borrowings, does not exceed 25% of the aggregate at the time of the borrowing of—
  - (a) money deposited with it; and
  - (b) the paid-up value of its issued shares.
- (2) With the approval of—

<sup>13</sup> This section largely follows Section 47 of the Act, and should be read subject to any amendments to that section.

<sup>14</sup> See Act, Section 47(4).

<sup>15</sup> Paragraph (d) merely follows Section 48(2) of the Act, and shall be read subject to any amendments.

<sup>16</sup> Section 33(1) and (2) merely follow Section 45(1) and (2) of the Act, and should be read subject to any amendments to these subsections.

- (a) a Special Meeting called for the purpose at which not less than 75% of its members are present; and
  - (b) the Registrar,
- the Society may raise money, by way of mortgage of its assets or otherwise, up to an amount that, together with the amount outstanding on previous borrowings, does not exceed 50% of the aggregate at the time of the borrowing of money deposited with it and the paid-up value of its issued shares.
- (3) The form of security, when required, to be given by the Society to secure any borrowings shall be as approved by the Registrar.
  - (4) The Society shall maintain a Register of Loans Raised and Securities Given by it.

**34. Books of account<sup>17</sup>**

The Society shall keep such books and accounts in such form as is prescribed in the regulation or as the Registrar directs.

**35. Annual statements and audit<sup>18</sup>**

The Society shall, not later than two months after the end of its financial year, send to the Registrar its statement of the receipts and expenditure, assets and liabilities, together with the report on the annual audit and such other information as is required by the Registrar from time to time.

**36. Winding-up<sup>19</sup>**

- (1) Two-thirds or more of the members may petition the Registrar for the winding-up of the Society.
- (2) In the event that the membership of the Society falls below 20, the Board shall immediately notify the Registrar, who shall decide whether the Society should be wound up.
- (3) On receipt by it of a notice from the Registrar of his intention to order the winding-up of the Society, the Society shall immediately cease the transaction of any business, pending the appointment of a liquidator.

**PART IX. —MISCELLANEOUS****37. Advisers**

Any person appointed by the Registrar to act as an adviser to the Society may take part in any meetings of the Society, the Board, the Loans Committee or the Supervisory Committee, but is not entitled to vote.

**38. Disputes<sup>20</sup>**

Where a dispute concerning the business of the Society arises—

- (a) among members, past members or persons claiming through members, past members or deceased members; or
  - (b) between a member, a past member or a person claiming through a member, past member or deceased member and the Society, the Board or an officer of the Society; or
  - (c) between the Society or the Board and an officer of the Society; or
  - (d) between the Society and any other Society,
- it shall be referred to the Registrar for decision.

<sup>17</sup> This section merely follows Section 49 of the Act, and should be read subject to any amendments to that section.

<sup>18</sup> This section merely follows Section 50 of the Act, and should be read subject to any amendments to that section.

<sup>19</sup> See also Act, Section 51.

<sup>20</sup> This section merely follows Section 60 of the Act, and should be read subject to any amendments to that section.

**39. Association of Societies**

The Society may, by resolution of a general meeting on the recommendation of the Board, join an Association of Savings and Loan Societies that has been registered under the Act.

**40. Supplementary Rules<sup>21</sup>**

- (1) The Society may, by resolution passed by at least two-thirds of the members entitled to vote present at an Annual Meeting or at a Special Meeting called for the purpose, make rules, not inconsistent with the Act, or any regulations made under the Act, in addition to or amending these Rules.
- (2) Rules, additions or amendments made in accordance with Subsection (1) have no force or effect until they have been approved and registered by the Registrar.
- (3) The Society shall include in its rules any additional rules directed by the Registrar<sup>22</sup>.

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<sup>21</sup> This section largely follows Section 17 of the Act, and should be read subject to any amendments to that section.

<sup>22</sup> See also Act, Section 17(3), which confers more restricted power on the Registrar.

INDEPENDENT STATE OF PAPUA NEW GUINEA

CHAPTER No. 141

*Savings and Loan Societies*

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SUBSIDIARY LEGISLATION

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1. Act, Section 37(2) —Authorization of use of title “Federation of Savings and Loan Societies Limited”.

The association of savings and loan societies known as the Federation of Savings and Loan Societies, the Rules of which were approved by the Registrar on 2 June 1971, “to take that title”<sup>23</sup>.

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<sup>23</sup> Sic. As gazetted, the title did not include the word “Limited”, as referred to in Section 37(2).

## INDEPENDENT STATE OF PAPUA NEW GUINEA

## CHAPTER No. 141

*Savings and Loan Societies*

## APPENDIXES

## APPENDIX 1

## SOURCE OF THE SAVINGS AND LOAN SOCIETIES ACT

**Part A. —Previous Legislation**

*Savings and Loan Societies Act 1961* (No. 46 of 1961)  
as amended by—

*Savings and Loan Societies Act 1963* (No. 54 of 1963)  
*Savings and Loan Societies Act 1966* (No. 33 of 1966)  
*Savings and Loan Societies Act 1968* (No. 61 of 1968)  
*Savings and Loan Societies (Amendment) Act 1969* (No. 68 of 1969)  
*Savings and Loan Societies (Amendment) Act 1971* (No. 47 of 1971)  
Transfer of Powers Regulations 1973 (Statutory Instrument No. 49 of 1973)  
Statute Law Revision (Change of Fiscal Year) Act 1977 (No. 47 of 1977)

**Part B. —Cross References**

Section, etc., in the Revised Edition	Previous Reference <sup>24</sup>	Section, etc., in the Revised Edition	Previous Reference <sup>24</sup>
1	4	12	13
2	5	13	14
3	5A	14	15
4	6	15	16
5	7	16	17
6	8	17	18
7	9	18	19
8	9A, 16A	19	20
9	10	20	20A
10	11	21	21
11	12	22	22

<sup>24</sup> Unless otherwise indicated, references are to the Act set out in Part A.

**Part B. —Cross References—(continued)**

Section, etc., in the Revised Edition	Previous Reference	Section, etc., in the Revised Edition	Previous Reference
23	23	46	35
24	24	47	36
25	25	48	37
26	25A	49	38
27	26	50	39
28	27	51	40
29	28	52	41
30	29	53	42
31	30	54	43
32	31	55	43A
33	32	56	44
34	49	57	45
35	46A, 46D	58	46
36	46B	59	47
37	46C	60	50
38	46E	61	51
39	46F	62	52
40	46G	63	52A
41	46H	64	53
42	33	65	54
43	33A	66	55
44	33B	67	57
45	34	68	58

## APPENDIX 2

## SOURCE OF THE SAVINGS AND LOAN SOCIETIES REGULATION

**Part A. —Previous Legislation**

Savings and Loan Societies Regulations 1962 (Regulations No. 16 of 1962)  
as amended by—  
Regulations No. 47 of 1963  
Statutory Instrument No. 35 of 1967  
Statutory Instrument No. 21 of 1971  
Statutory Instrument No. 4 of 1974  
Savings and Loan Societies (Prescribed Securities) Regulation 1976 (Statutory Instrument No. 12 of 1976)  
Savings and Loan Societies (Prescribed Securities) Regulation 1978 (Statutory Instrument No. 11 of 1978).

**Part B. —Cross References**

Section, etc., in the Revised Edition	Previous Reference <sup>25</sup>	Section, etc., in the Revised Edition	Previous Reference <sup>25</sup>
1	3	25	21
2	4	26	25
3	5	27	27
4	6	28	16(2) – (4)
5	7	29	28
6	8		
7	9	Schedule—	Schedule—
8	10	Form 1	Form 1
9	11	Form 2	Form 2
10	12	Form 3	Form 3
11	13	Form 4	Form 4
12	14	Form 5	Form 5
13	22	Form 6	Form 6
14	23	Form 7	Form 7
15	23A	Form 8	Form 12
16	26	Form 9	Form 13
17	24	Form 10	Form 13A
17A	14A	Form 11	Form 13B
18	14B	Form 12	Form 14
19	15	Form 13	Form 10
20	16(1)	Form 14	Form 11
21	17	Form 15	Form 8
22	18	Form 16	Form 8A
23	19	Form 17	Form 9
24	20	Form 18	Form 9A

<sup>25</sup> Unless otherwise indicated, references are to the regulations set out in Part A.



