

1983/24



**THE BUILDING SOCIETIES INVESTMENTS REGULATIONS  
1983**

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DAVID BEATTIE, Governor-General

ORDER IN COUNCIL

At the Government Buildings at Wellington this 28th day of February  
1983

Present:

THE RIGHT HON. R. D. MULDOON PRESIDING IN COUNCIL

PURSUANT to sections 34C and 50 of the Reserve Bank of New Zealand Act 1964, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

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ANALYSIS

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REGULATIONS

**1. Title and commencement**—(1) These regulations may be cited as the Building Societies Investments Regulations 1983.

(2) These regulations shall come into force on the 14th day after the date of their notification in the *Gazette*.

**2. Interpretation**—In these regulations, unless the context otherwise requires,—

“Assets”, in relation to any society, means the net total of the society’s assets, as ascertained in accordance with section 2 (3) of the Building Societies Act 1965 after deducting—

(a) The sum of \$50,000; and

(b) The amount of any fictitious assets, within the meaning of any regulations for the time being in force under the Building Societies Act 1965 relating to the society's balance sheet; and

(c) The amount of any advances which have been made to the society by the Housing Corporation of New Zealand under the Home Ownership Savings Act 1974 and which have not been repaid by the society; and

(d) In the case of a terminating society, the total of all amounts for the time being on deposit with any permanent society; and

(e) In the case of an authorised society, an amount equal to the total of all savings bank deposits (within the meaning of that section) for the time being held by it; and

(f) In the case of an approved society, an amount equal to the total of all home ownership and farm ownership deposits for the time being held by it:

“Approved society” has the same meaning as in section 57A of the Building Societies Act 1965 (as inserted by section 6 of the Building Societies Amendment Act 1974):

“Authorised society” has the same meaning as in section 57 of the Building Societies Act 1965:

“Bank” means the Reserve Bank of New Zealand:

“Building society” or “society” has the same meaning as in the Building Societies Act 1965:

“Government securities”—

(a) Means—

(i) Any New Zealand Government stock or Treasury bills issued and registered in New Zealand; and

(ii) Any Government of Western Samoa Stock which is both issued and registered in New Zealand after the 1st day of August 1976; and

(b) Includes any other securities that the Bank may approve for the purposes of these regulations:

“Local authority securities” means debentures, stock, or other securities issued by any local authority within the meaning of Part I of the Local Authorities Loans Act 1956, whether by virtue of section 2 of that Act or of any Order in Council thereunder or by virtue of any other Act:

“Permanent society” and “terminating society” have the same meanings as in the Building Societies Act 1965:

“Qualifying public securities” means Government securities and local authority securities for the time being held by a society, after deducting, in the case of an authorised society, the minimum amount of Government securities required to be held pursuant to regulation 4 of these regulations, and, in the case of an approved society, the minimum amount of Government securities required to be held pursuant to regulation 5 of these regulations.

**3. Qualifying public securities to be held**—Subject to the provisions of these regulations, every society shall at all times hold at least 16 percent of its assets for the time being in qualifying public securities, of which Government securities shall comprise at least 11 percent of its assets.

**4. Building societies holding savings bank deposits to hold certain amount of Government securities—**(1) Every authorised society that holds any savings bank deposits within the meaning of section 57 of the Building Societies Act 1965 shall at all times hold Government securities of an amount equal to at least 30 percent of the total amount of such savings bank deposits for the time being held by the society.

(2) Government securities held by an authorised society for the purpose of complying with this regulation shall be deemed not to be held in compliance with the requirements of regulation 3 or regulation 5 of these regulations; and Government securities held in compliance with those regulations shall be deemed not to be held for the purpose of complying with this regulation.

**5. Building societies holding home ownership or farm ownership deposits to hold certain amount of Government securities—**

(1) Every approved society that holds deposits in any home ownership account or farm ownership account, being a home ownership account or farm ownership account as defined in regulation 39 of the Building Societies Savings Banks Regulations 1966\* (as added by regulation 4 of the Building Societies Savings Banks Regulations 1966, Amendment No. 1†), shall at all times hold Government securities of an amount equal to at least 50 percent of the total amount of such deposits for the time being held by the society.

(2) Government securities held by an approved society for the purpose of complying with this regulation shall be deemed not to be held in compliance with the requirements of regulation 3 or regulation 4 of these regulations; and Government securities held in compliance with those regulations shall be deemed not to be held for the purpose of complying with this regulation.

**6. Exemptions—**(1) The Bank may, from time to time by notice in writing to a society, grant to that society exemption either wholly or in part from any provision of these regulations subject to such conditions as the Bank thinks fit.

(2) Without limiting the generality of subclause (1) of this regulation, the Bank may authorise a society to comply with the requirements of regulation 3 of these regulations over a period of time.

(3) Any such exemption may from time to time in like manner be revoked or varied as the Bank thinks fit.

**7. Revocations—**The following Orders in Council are hereby revoked:

- (a) The Building Societies Investments Order 1977‡;
- (b) The Building Societies Investments Order 1977, Amendment No. 1§;
- (c) The Building Societies Investments Order 1977, Amendment No. 2||.

P. G. MILLEN,  
Clerk of the Executive Council.

\*S.R. 1966/210  
 †S.R. 1974/281  
 ‡S.R. 1977/70  
 §S.R. 1977/155  
 ||S.R. 1982/68

## EXPLANATORY NOTE

*This note is not part of the regulations, but is intended to indicate their general effect.*

These regulations consolidate and amend the provisions of the Building Societies Investments Order 1977 and its amendments.

The main amendment is that relating to advances made to building societies by the Housing Corporation of New Zealand under the Home Ownership Savings Act 1974. Such advances are on-lent by the societies to home ownership depositors. For the purpose of determining the amount which a building society is required to invest in qualifying public securities, such advances are not to be regarded as assets of the society.

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Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 3 March 1983.

These regulations are administered in the Reserve Bank of New Zealand.