

CO-OPERATIVE FERTILIZER MANUFACTURING COMPANIES BILL

EXPLANATORY NOTE

THE object of this Bill is to apply to companies engaged in the manufacture of fertilizers for the use of their shareholders the provisions of the Co-operative Companies Act 1933.

The effect of applying that Act to co-operative fertilizer manufacturing companies will be that the companies may accept or require the surrender of shares from shareholders who cease to purchase fertilizers from the company.

Clause 3 applies to co-operative fertilizer manufacturing companies the provisions of sections 3 to 6 of the Co-operative Companies Act 1933, which relate to the procedure for registration as a co-operative company, the right to accept or require a surrender of shares, and the reissue of surrendered shares.

Clause 4 provides that the personal representative of a deceased shareholder and any shareholder who has not purchased fertilizer from the company for at least two years may surrender the estate's shares or, as the case may be, his own shares to the company, and the company must accept the surrender. In other cases the company has a discretion to accept voluntary surrenders of shares from its shareholders.

Clause 5 gives power to the company to enforce the compulsory surrender of shares pursuant to a resolution of shareholders in any case where the shareholder has not purchased fertilizer from the company for at least two years.

Clause 6 provides that the company is to pay compensation to shareholders for any shares surrendered under *clause 4* or *clause 5*. The compensation is to be as agreed upon between the company and the shareholder, and in default of agreement is to be fixed by arbitration.

Clause 7 contains provisions entitling a company registered as a co-operative fertilizer manufacturing company to use the word "co-operative" in its name, and requiring it to change its name, so as to remove the signification that it is a co-operative company, when it ceases to be entitled to be registered as such.

Clause 8 provides that sections 147 and 148 of the Companies Act 1933 will not apply to co-operative fertilizer manufacturing companies. Those sections relate to the qualification of directors and correspond to sections 70 and 71 of the Companies Act 1908 which by section 9 of the principal Act do not apply to co-operative companies. Sections 35, 72, and 73 of the Companies Act 1908 are also excluded by section 9 of the principal Act, but were not re-enacted in the Companies Act 1933.

Clause 9: The purpose of this clause is to enable dairy companies to guarantee the obligations of fertilizer manufacturing companies.

Hon. Mr Marshall

CO-OPERATIVE FERTILIZER MANUFACTURING COMPANIES

Title.

ANALYSIS

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| 1. Short Title.
2. Interpretation.
3. Provisions of principal Act applied to co-operative fertilizer manufacturing companies.
4. Shareholder may surrender shares.
5. Compulsory surrender of shares.
6. Consideration for surrender of shares. | 7. Use of word "co-operative" in name of co-operative fertilizer manufacturing company.
8. Sections 147 and 148 of Companies Act 1933 not to apply to co-operative fertilizer manufacturing companies.
9. Section 18 of Companies Act 1933 amended. |
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A BILL INTITULED

AN ACT to provide for the application of the Co-operative
Companies Act 1933 to co-operative fertilizer manu-
facturing companies. Title.

5 BE IT ENACTED by the General Assembly of New
Zealand in Parliament assembled, and by the authority
of the same, as follows:

1. This Act may be cited as the Co-operative Fertilizer
Manufacturing Companies Act 1955, and shall be read
10 together with and deemed part of the Co-operative Com-
panies Act 1933 (hereinafter referred to as the principal
Act). Short Title.
1933, No. 49

15 2. In this Act, unless the context otherwise requires,—
"Co-operative fertilizer manufacturing company"
means a company which is incorporated under
the Companies Act 1933 (whether before or
after the passing of this Act), the only objects
of which are the manufacture of fertilizers for
the use of its shareholders, the sale to other
20 persons of fertilizers manufactured by it that
are surplus to the requirements of its share-
holders, and the carrying on of other activities
incidental thereto: Interpretation.
1933, No. 29

2 *Co-operative Fertilizer Manufacturing Companies*

See Reprint
of Statutes,
Vol. I, p. 101
Provisions of
principal Act
applied to
co-operative
fertilizer
manufacturing
companies.

Shareholder
may surrender
shares.

Compulsory
surrender of
shares.

“Fertilizer” has the same meaning as in the Fertilizers Act 1927.

3. The provisions of sections three to six of the principal Act shall, with the necessary modifications, apply to co-operative fertilizer manufacturing companies. 5

4. (1) Any shareholder of a co-operative fertilizer manufacturing company registered under the principal Act who has not purchased fertilizer from the company during the immediately preceding period of two years and the personal representative of a deceased shareholder of such a company may surrender to the company any shares in the company held by him or, as the case may be, by the deceased shareholder, and, subject to the provisions of section six of the principal Act, the company shall accept that surrender. 10 15

(2) In any case not provided for in subsection *one* of this section a co-operative fertilizer manufacturing company registered under the principal Act may in its discretion, subject to the provisions of section six of the principal Act, accept from any shareholder a surrender to the company of any of his shares in the company. 20

5. (1) Any co-operative fertilizer manufacturing company registered under the principal Act may at any time (subject to any restrictions or conditions imposed by its articles of association and to section six of the principal Act) require any shareholder who has not purchased fertilizer from the company during the period of two years immediately preceding the passing of the resolution referred to in subsection *two* of this section to surrender to the company the shares held by him in the company, or so many of them as the company thinks fit. 25 30

(2) No demand for the surrender of any shares shall be made under the authority of this section except pursuant to a resolution of the shareholders of the company.

(3) On the expiration of one month after a written notice of any such resolution has been received by the shareholder, the shares so to be surrendered by him shall be deemed to have been duly surrendered, and may thereafter be reissued by the company to any other person. 35

Co-operative Fertilizer Manufacturing Companies 3

6. There shall be payable to every shareholder whose shares are surrendered under the provisions of section *four* or section *five* of this Act out of the assets of the company by way of consideration for that surrender the value of the shares, to be agreed upon by the company and the shareholder, or in default of agreement to be fixed by arbitration under the Arbitration Act 1908, and this section shall be deemed a submission within the meaning of that Act.
7. (1) Any company entitled to be registered under the principal Act as a co-operative fertilizer manufacturing company may be registered under the Companies Act 1933 under a name which includes the word "co-operative":
- Provided that if at any time after it is so registered under the Companies Act 1933 it ceases to be entitled to be registered under the principal Act, or its registration under that Act is cancelled, the Registrar of Companies may call upon it to take steps to change its name so as to remove the signification that it is a co-operative company, and the company shall, not later than one month after the date of receipt of the notice from the Registrar, take the appropriate steps under the Companies Act 1933 to change its name.
- (2) If any company fails to comply with the proviso to subsection *one* of this section, the chairman and every director thereof shall be severally liable on summary conviction to a fine not exceeding five pounds for every day during which the default has continued.
8. Sections one hundred and forty-seven and one hundred and forty-eight of the Companies Act 1933 shall not apply to a co-operative fertilizer manufacturing company which is registered under the principal Act or the articles of association of which provide for registration under the principal Act.
9. (1) Section eighteen of the Companies Act 1933 is hereby amended by adding to paragraph (*b*) the following subparagraph:
“(vii) The manufacture of fertilizers.”
- (2) Section eighteen of the Companies Act 1933 is hereby further amended by adding to subparagraph (*vi*) of paragraph (*b*) the word “or”.

Consideration for surrender of shares.

See Reprint of Statutes, Vol. I, p. 346

Use of word "co-operative" in name of co-operative fertilizer manufacturing company.

1933, No. 29

Sections 147 and 148 of Companies Act 1933 not to apply to co-operative fertilizer manufacturing companies.

Section 18 of Companies Act 1933 amended.