

**THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN
CAPITAL TERRITORY**

TRUSTEE (AMENDMENT) BILL 1995

EXPLANATORY MEMORANDUM

**Circulated by authority of
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Attorney-General**

AUSTRALIAN CAPITAL TERRITORY

TRUSTEE (AMENDMENT) BILL 1995

Outline

This Bill amends the *Trustee Act 1925-1942* (New South Wales) as applied and modified in the ACT to add deposits with credit unions incorporated in the ACT to the list of investments in which trustees may invest trust moneys in their hands.

This Bill also repeals the specific provisions dealing with building societies and provides that trustees may invest moneys by way of deposit in a building society incorporated in the ACT.

Financial Considerations: The financial impact of the amendments is expected to be minimal.

Clauses 1 and 3 are formal requirements. They refer to the short title of the Act, its commencement date and the definition of "Principal Act" which is the *Trustee Act 1925-1942* of New South Wales as applied and modified in the ACT. That Act became part of ACT legislation in 1957. Although it has been amended in the ACT on numerous occasions since 1957, it still retains its original title.

Authorised Investments - Clause 4 Section 14 of the Principal Act contains a list of investments in which trustees may invest trust moneys in their hands (the statutory list)

At present, the statutory list does not include deposits with credit unions.

Building societies are the subject of special provisions in the Principal Act. Approval of a building society for the purposes of section 14 is conditional upon the amount of its withdrawable funds, its record of compliance with building societies law and, in the case of a local building society, the period for which it has carried on business in the ACT.

Paragraph 4 (a) of this Bill omits reference in the Principal Act to "fixed deposit with a bank", "deposit with a bank" and "deposit with an approved building society". In place of those paragraphs it provides that a trustee may invest trust funds by way of deposit with a bank, a building society incorporated in the ACT or a credit union incorporated in the ACT.

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Paragraph 4 (b) is a drafting amendment.

Paragraph 4 (c) omits the special provisions dealing with building societies which were added to the Principal Act to meet specific situations which no longer exist. At present there are no "local" building societies in the ACT, and no interstate building society operating on the ACT has applied for inclusion in the ACT statutory list.

Paragraph 4 (d) updates the definition of "building society" for the purpose of section 14.

Paragraph 4 (e) omits from subsection 14(14) of the Principal Act a number of definitions relating to building societies that will no longer be required

Paragraph 4 (f) provides a definition of "credit union" which serves to limit authorised trustee investment status to credit unions registered and authorised under the Financial Institutions (ACT) Code.