

AUSTRALIAN CAPITAL TERRITORY

CO-OPERATIVE SOCIETIES ORDINANCE 1958

EXPLANATORY MEMORANDUM

No. 18 of 1958

Section 22 of the Co-operative Societies Ordinance 1939-1956 provides (inter alia) that shares in a co-operative society shall be of one class, ranking equally, and no share shall be allotted unless one-tenth of its nominal value has been paid. In the case of building societies, it is common practice to have two classes of shares, ordinary shares and borrowers' shares, while from the very nature of borrowers' shares, less than one-tenth of their value is paid on allotment.

Prior to 1956, no provision was made for building societies in the Ordinance, and this section was satisfactory. When the Ordinance was amended in 1956 to provide for building societies, the necessity to amend section 22 was overlooked, and as a result, building societies cannot be registered or operate. This amendment will permit a building society or credit society to have two classes of shares, and allot borrowers' shares when less than one tenth of the nominal value has been paid.