

AUSTRALIAN CAPITAL TERRITORY

CO-OPERATIVE SOCIETIES REGULATIONS (AMENDMENT)

EXPLANATORY STATEMENT

No. 1 of 1986

Section 14AD of the Co-operative Societies Ordinance 1939 provides for the prescription of limits on loans made by building societies not being loans made upon the security of a mortgage over land.

Regulation 1 inserts into the Co-operative Societies Regulations a new regulation 2AC which prescribes an amount of \$20,000 for the purposes of section 14AD of the Ordinance.

Sub-section 14CG (1) of the Ordinance provides interpretation in relation to Division 2 – Capital Adequacy. Sub-paragraph (a) (ii) of the definition of ‘minimum amount’ in sub-section 14CG (1) of the Ordinance provides for the prescription of additional requirements to be complied with by building societies in connection with the minimum amount of capital to be maintained by them.

Regulation 1 inserts a new regulation 2AD into the Co-operative Societies Regulations which requires that contingent liabilities be given a 50 per cent weighting in calculations relating to capital adequacy.

Sub-section 14CG (1) of the Ordinance defines ‘weighted amount’ and ‘weighted percentage’ for the purposes of calculating capital adequacy. Within these definitions are provisions for prescription of classes of assets and percentages to be used in the calculation.

Regulation 1 inserts a new regulation 2AE into the Co-operative Societies Regulations which provides that the classes of assets and percentages are specified in Schedule 2 to the regulations. Sub-regulation 2AE (3) is an interpretation provision.

Regulation 2 provides for the Schedule to become Schedule 1.

Regulation 3 inserts the new Schedule 2.