

## EXPLANATORY MEMORANDUM

### CO-OPERATIVE SOCIETIES REGULATIONS (AMENDMENT)

The Co-operative Societies Act 1939 (the Act) regulates the activities of trading societies. Section 14G of the Act specifies that a registered credit society shall not make a loan to a member of that credit society or guarantee the repayment by the member of a loan if the sum of the loan and the total amount owed by the member under any other loan or loans exceeds a prescribed amount. Section 14G of the Act also provides that any loan must be repaid within prescribed periods. Section 81 of the Act allows the Executive to make regulations to give effect to matters that are necessary or convenient to the Act.

The Co-operative Societies Regulations (the Regulations) identify trading societies and, inter alia, specify the loan limits and maximum repayment periods. Regulation 2AF of the Regulations specifies the maximum loan amounts and repayment periods for the purposes of section 14G of the Act.

The Co-operative Societies Regulations (Amendment) (the Amending Regulation) increases the amounts and periods specified in regulation 2AF of the Regulations.

- . paragraph (a) of the Amending Regulation amends paragraph 2AF(1)(b) of the Regulations by increasing the amount specified from \$15,000 to \$20,000;
- . paragraph (b) of the Amending Regulation amends subregulation 2AF(2) of the Regulations by increasing the amount specified from \$7,000 to \$20,000;
- . paragraph (c) of the Amending Regulation amends subregulation 2AF(3) of the Regulations by increasing the amount specified from \$20,000 to \$30,000.
- . paragraph(d) of the Amending Regulation amends paragraph 2AF(4)(a) of the Regulations by increasing the amount and loan period specified from \$20,000 and 15 years to \$30,000 and 20 years respectively;
- . paragraph (e) of the Amending Regulation will delete paragraph 2AF(4)(b) of the Regulations and insert a new paragraph 2AF(4)(b) that will give a credit society Board some flexibility to extend a loan period. Under subparagraph 2AF(4)(b)(i) the maximum loan period, where security has been given other than by way of a mortgage, will remain 30 years; however, under subparagraph 2AF(4)(b)(ii) the Board may, where the Board is satisfied that the member is experiencing financial difficulty, increase the period of the loan to 35 years; and

- paragraph (f) of the Amending Regulation amends subregulation 2AF(5) by increasing the maximum period of a loan where security has not been given from 5 to 7 years.

Chief Minister and Treasurer