

EXPLANATORY STATEMENT

AUSTRALIAN CAPITAL TERRITORY

CO-OPERATIVE SOCIETIES (AMENDMENT) ORDINANCE (No.2) 1988

ORDINANCE No. 46 OF 1988

The Co-operative Societies Ordinance 1939 ("the Principal Ordinance") regulates the functions and operations of co-operative societies in the Australian Capital Territory.

The Co-operative Societies (Amendment) Ordinance (No.2) 1988 ("the Ordinance") amends the Principal Ordinance to empower the Minister for the Arts and Territories to allow specified periods of exemption from the requirement that a building society must not have, at any time, less than the prescribed percentage of the value of the society's assets associated with its primary object.

Two building societies established in New South Wales recently commenced trading in the Territory and thus were unable to comply with the statutory requirement. These and other new societies require a period of exemption to enable them to arrange their operations so as to comply with the requirement.

The Ordinance also amends the Principal Ordinance to preserve the appointment of a director of a society in circumstances where the director's interest in an agreement which the society or incorporated body or company arises only because the director is a director or member of that other society, body or company.

The amendment arose out of the establishment in the ACT of new societies the directors of which were drawn from directors of the NSW societies. The new societies will be assisted under agreements with the NSW societies and a conflict of interest, however slight, could arise in these circumstances thus requiring the directors to vacate office. The amendment overcomes this possibility.

Details of each of the provisions of the Ordinance are set out in the Attachment.

ISSUED BY AUTHORITY OF THE MINISTER
OF STATE FOR THE ARTS AND
TERRITORIES

CO-OPERATIVE SOCIETIES (AMENDMENT) ORDINANCE (No.2) 1988

Section 1 cites the short title of the Ordinance as the Co-operative Societies (Amendment) Ordinance (No.2) 1988.

Section 2 cites the Co-operative Societies Ordinance 1939 as the "Principal Ordinance".

Section 3 inserts a new section 14ABA as follows:

- . Subsection 14ABA(1) empowers the Minister to declare, by notice published in the Gazette, that subsection 14AB(1) of the Principal Ordinance does not apply to a specified building society during a specified period. Subsection 14AB(1) requires a building society to have not less than the prescribed percentage of the value of the society's assets associated with its primary object.
- . Subsection 14ABA(2) provides for the notice to be laid before each House of the Parliament within 15 sitting days of its publication.
- . Subsection 14ABA(3) specifies that a notice not laid before each House of the Parliament as required is to be void.
- . Subsection 14ABA(4) applies subsections 12(4)-12(7) inclusive of the Seat of Government (Administration) Act 1910 to a notice presented under subsection 14ABA(2). These provisions govern the procedure for the whole or partial disallowance of a notice.
- . Subsection 14ABA(5) is an interpretative provision. It incorporates a reference to subsection 14ABA(3) into the operation of subsections 12(6) and (6A) of the Seat of Government (Administration) Act 1910 in their application to a notice laid before a House of the Parliament under subsection 14ABA(2).

Section 4 amends section 51 of the Principal Ordinance as follows:

- (a) Paragraphs 51(11)(a) to (g) are amended by changing gender specific language to gender neutral language;
- (b) Paragraph 51(11)(h) is omitted and a new paragraph substituted to provide that a director shall vacate office if that person has a direct or indirect pecuniary interest in an agreement to which the society is a party where the interest is not an interest held as a director or member of, and held in common with, other directors or members of:
 - . another society
 - . a body incorporated under the law of the Australian Capital Territory or another Territory that provides for the formation, registration or incorporation of co-operative societies or friendly societies; or
 - . a company incorporated in the Territory, a State or another Territory;

having not less than 25 members.