

SEAT OF GOVERNMENT (ADMINISTRATION) ACT 1910

AUSTRALIAN CAPITAL TERRITORY

CO-OPERATIVE SOCIETIES (AMENDMENT) ORDINANCE (NO.2) 1982

EXPLANATORY STATEMENT

90 of 1982

The Co-operative Societies (Amendment) Ordinance (No.2) 1982 makes three changes to the Co-operative Societies Ordinance 1939 that have been requested by co-operative credit societies. The maximum amount that may be owed by a member of a society in respect of loans made to him by the society or of which the society has guaranteed the repayment is increased; societies are permitted to advance larger amounts than previously without requiring security from the borrower; and the maximum term permitted for repayment by a member of an unsecured loan is increased from three to five years. These amendments will enable the credit societies to pursue lending policies better attuned to the financial requirements of their members in the current economic conditions.

Section 1 cites the short title of the Ordinance as the Co-operative Societies (Amendment) Ordinance (No.2) 1982.

Section 2 of the Ordinance amends section 14G of the existing Ordinance to provide for the three reforms now proposed. Paragraph (a) establishes the new maximum amounts which a member may have outstanding at any time in respect of loans advanced to him by a credit society or loans the repayment of which has been guaranteed by the society. Where the value of the assets of the society is not less than \$2,000,000 the member's total outstanding debt is not to exceed \$20,000; where the value of the society's assets is less than \$2,000,000 the member's total indebtedness is not to exceed \$15,000.

Paragraph (b) inserts two new sub-sections into section 14G of the existing Ordinance, the effect of which is to increase from \$3,000 to \$7,000 the maximum amount that a member of a credit society is permitted to owe at any time in respect of unsecured loans. In the case of a loan which is only partly supported by security the amount of the unsecured portion is taken into account as if it were an unsecured loan.

Paragraph (c) amends sub-section 14G(2) of the existing Ordinance to extend from three to five years the period within which an unsecured loan advanced by a credit society must be repaid to the society.

Ord. No. 58/82