

AUSTRALIAN CAPITAL TERRITORY
AMENDMENT OF CO-OPERATIVE SOCIETIES ORDINANCE 1939
NO. 35 of 1979

EXPLANATORY STATEMENT

The Co-operative Societies (Amendment) Ordinance 1979 enables ACT co-operative societies to raise money by the drawing and negotiating of bills of exchange. This is the practice whereby a society enters into an agreement with a bank or other financial institution which provides the society, in return for a specified consideration on the part of the society, with what is known as a bill of exchange acceptance and discounting facility. Under this agreement the society concerned is entitled to draw on the bank or financial institution a bill of exchange in favour of itself. That bill will be within the monetary limits of the agreement and payable at a time either fixed or determinable when the bill is drawn.

The Co-operative Societies (Amendment) Ordinance 1979 amends section 16A of the Co-operative Societies Ordinance 1939 to provide for this activity as well as making consequential amendments to other sections. The definition of 'commitments' in section 23(a) of the latter Ordinance, which deals with the liquid funds of credit societies is amended by section 5 of the new Ordinance so that money raised by negotiating bills of exchange will be included as a commitment. Two formulae are provided for determining a society's commitment with respect to outstanding bills of exchange.

Section 35 of the Co-operative Societies Ordinance 1939 deals with the borrowing powers of societies. Section 7 of the Co-operative Societies (Amendment) Ordinance 1979 amends this section to take account of and recognise the practice of drawing and negotiating bills of exchange and provides for the giving of securities to the financial institution which provides the society with a discounting facility.

Section 36 of the Co-operative Societies Ordinance 1939 provides that any moneys raised by loan or received on deposit by a society must be applied for the purposes of the society. It also sets out the limits within which such borrowing and receiving must remain. Section 8 of the Co-operative Societies (Amendment) Ordinance 1979 amends this section to again recognise the activity of discounting bills of exchange. It provides that the proceeds derived from this practice must also be applied for the purposes of the society but a person providing the society with funds in this way is not bound to see to its application. It also sets monetary limits on the discounting of bills of exchange in the same way that such limits are set in respect of raising money on loan and receiving money on deposit.

Section 9 of the Ordinance amends section 42 of the Co-operative Societies Ordinance 1939 to require the keeping of a Register of bills of exchange negotiated by the society and securities given in respect of those bills.

Section 10 requires that register to be kept at the society's office and open for inspection at all reasonable hours by any member or creditor without fee.