

AUSTRALIAN CAPITAL TERRITORY
CO-OPERATIVE SOCIETIES ORDINANCE 1963
EXPLANATORY MEMORANDUM

No. 10 of 1963

The Co-operative Societies Ordinance 1939-1962 does not contain any provisions to control the activities of building societies advertising the availability of loans nor does it contain provisions to prevent people making representations to the public that they are able to obtain housing loans from building societies.

It is proposed that an amending ordinance be introduced to cover these matters in order to protect the public against claims by unscrupulous promoters who invite the public to invest or deposit money in societies which have little stability and little chance of success.

Clause 3 of the draft Ordinance inserts new section 14CA to 14CF into the Co-operative Societies Ordinance 1939-1962.

Proposed section 14CA will place an absolute prohibition on any person advertising by any means whatsoever that he is able to arrange a loan from a building society. A person who contravenes this provision is liable to a penalty of One hundred pounds.

Proposed section 14CB is intended to prevent a person claiming a reward, whether pecuniary or otherwise, from another person for whom he has arranged a loan from a building society. If the person does receive consideration for arranging the loan that consideration may be recovered in a Court of competent jurisdiction. Solicitor's professional fees are exempted from this provision.

Under proposed section 14CC. an advertisement intended for circulation by a building society must receive the prior approval of the Registrar of Co-operative Building Societies. If the building society does not comply with this provision it will be liable for a penalty of Five hundred pounds. In addition, every officer or employee of the building society who authorises the offence under this section in turn be guilty of an offence and subject to a penalty of Two hundred pounds or imprisonment for three months, or both.

Proposed section 14CD. will invest in the Registrar the power to approve, prohibit or direct a building society to amend an advertisement it intends to display. However, before the Registrar prohibits the building society from publishing an advertisement, he must give the society at least seven days' notice of his intention in order to allow the society in that time to show cause to the Registrar why he should not prohibit the publication.

If it appears to the Registrar that there is good reason in the interest of persons who invested or deposited money or who may invest or deposit monies in the building

society to prohibit the investing or depositing of further money, he may under section 14CE inform the Minister of that fact. The Minister, upon receiving such information, may prohibit for a specified period a building society from raising or receiving money on loan, accepting payment of monies owing on any share in the building society except payments that fell due before the publication of the notice or for the repayment of the loan made to a member charged on a member's share or payable under a security or under the rules of the building society or dispose of or otherwise deal with property belonging to the building society. Contravention of this section will attract a penalty of Five hundred pounds. An officer or employee of the building society who authorises or permits such an offence to be committed shall also be guilty of an offence and subject to a penalty of Two hundred pounds or imprisonment for three months, or both. A member who is obliged to pay money for the purchase of a share may by the rules of the building society or by an agreement between the building society and its members pay such money to the society during the period of suspension of currency.

Proposed section 14CF will require the Registrar to give 14 days' notice to the society before submitting his report to the minister. During this time the building society shall show cause why the Registrar should not furnish a report to the Minister.

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