

# AUSTRALIAN CAPITAL TERRITORY

No. 35 of 1979

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An Ordinance to amend the *Co-operative Societies Ordinance 1939*

I, THE GOVERNOR-GENERAL of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, hereby make the following Ordinance under the *Seat of Government (Administration) Act 1910*.

Dated this twenty-second day of November 1979.

ZELMAN COWEN  
Governor-General

By His Excellency's Command,

R. ELLICOTT  
Minister of State for the Capital Territory

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## CO-OPERATIVE SOCIETIES (AMENDMENT) ORDINANCE 1979

1. This Ordinance may be cited as the *Co-operative Societies (Amendment) Ordinance 1979*.<sup>1</sup> Short title

2. In this Ordinance, "Principal Ordinance" means the *Co-operative Societies Ordinance 1939*.<sup>2</sup> Principal Ordinance

3. Section 4 of the Principal Ordinance is amended by inserting after the definition of "officer" in sub-section (1) the following definition: Interpretation

" 'prescribed bill of exchange' means a bill of exchange—

- (a) that is drawn by a society in favour of itself;
- (b) that has been accepted by the person on whom it is drawn; and
- (c) under which the date for payment is either fixed or determinable at the time the bill is drawn;".

4. Section 14CE of the Principal Ordinance is amended—

(a) by omitting paragraph (2) (b) and substituting the following paragraphs:

"(aa) raising moneys by negotiating prescribed bills of exchange;

(b) receiving moneys on deposit;"; and

Power to prohibit borrowing, &c., by society

- (b) by omitting paragraph (3) (b) and substituting the following paragraphs:

“(aa) raise moneys by negotiating a prescribed bill of exchange;

(b) receive moneys on deposit;”

Powers of registered societies

- 5. Section 16A of the Principal Ordinance is amended by inserting after paragraph (a) the following paragraph:

“(aa) raise money by negotiating prescribed bills of exchange;”

Liquidity

- 6. (1) Section 23A of the Principal Ordinance is amended—

- (a) by inserting before the definition of “commitments” in sub-section (2) the following definition:

“‘acceptance agreement’ means an agreement entered into between a registered credit society and another person under which the other person agrees to accept, during the term of the agreement, bills of exchange drawn by the society upon that person;”

- (b) by omitting “and” (last occurring) from paragraph (b) of the definition of “commitments” in sub-section (2);

- (c) by inserting after paragraph (b) of the definition of “commitments” in sub-section (2) the following paragraphs:

“(ba) where the society is authorized by its Rules to raise money by negotiating prescribed bills of exchange and, in pursuance of that authority, the society has negotiated a prescribed bill of exchange, not being a bill to which an acceptance agreement applies, but the bill has not become due for payment—an amount ascertained in accordance with the formula—

$$\frac{A \times B}{C};$$

- (bb) where the society is authorized by its Rules to raise money by negotiating prescribed bills of exchange and, in pursuance of that authority, the society has negotiated a prescribed bill of exchange, being a bill to which an acceptance agreement applies, but the bill has not become due for payment—an amount ascertained in accordance with the formula—

$$\left(\frac{D \times E}{F}\right) + \left(\frac{G \times H}{I}\right); \text{ and};$$

- (d) by inserting “, not being prescribed bills of exchange,” after “bills of exchange” in paragraph (b) of the definition of “liquid funds” in sub-section (2);

(e) by inserting after sub-section (2) the following sub-sections:

“(2A) For the purpose of the application in relation to a prescribed bill of exchange of the formula contained in paragraph (ba) of the definition of ‘commitments’ in sub-section (2)—

A is the amount of the bill;

B is the number of months that has elapsed since the bill was drawn; and

C is the number of months in the period commencing on the date on which the bill was drawn and ending on the date on which the bill becomes due for payment.

“(2B) For the purpose of the application in relation to a prescribed bill of exchange to which an acceptance agreement applies of the formula contained in paragraph (bb) of the definition of ‘commitments’ in sub-section (2)—

D is the amount of the bill;

E is the number of months that has elapsed—

(a) since the bill was drawn; or

(b) where the bill forms part of a roll-over arrangement—since the first bill in that arrangement was drawn;

F is—

(a) the number of months remaining in the term of the acceptance agreement at the time the bill is drawn; or

(b) where the bill forms part of a roll-over arrangement—the number of months that were remaining in the term of the acceptance agreement at the time the first bill in that arrangement was drawn;

G is the aggregate of—

(a) the amount determined by deducting from the amount of the bill the amount that was, upon the negotiation of the bill, paid by the transferee; and

(b) the amount paid by the society to the drawee of the bill by way of a fee for the arrangement by the drawee of the negotiation of the bill;

H is the number of months that has elapsed since the bill was drawn; and

I is the number of months in the period commencing on the date on which the bill was drawn and ending on the date for payment of the bill.”; and

(f) by adding at the end thereof the following sub-section:

“(5) For the purposes of sub-section (2B)—

(a) a prescribed bill of exchange shall be taken to form part of a roll-over arrangement if—

(i) upon payment of the bill, the registered credit society by which the bill was drawn pays to the acceptor of the bill the amount of the bill;

(ii) the amount so paid by the society is obtained, wholly or in part, from money raised by it by the negotiation of another bill of exchange drawn by it; and

(iii) that other bill is a bill to which applies the acceptance agreement that applied to the first-mentioned bill; and

(b) a prescribed bill of exchange shall be taken to form part of a roll-over arrangement if—

(i) the whole or a part of the amount raised by the registered credit society by which the bill is drawn by the negotiation of the bill is, following the payment of another bill of exchange previously drawn by it, applied in or towards payment to the acceptor of that other bill of the amount of that bill; and

(ii) that other bill is a bill to which applied the acceptance agreement that applies to the first-mentioned bill.”.

(2) Section 23A of the Principal Ordinance is amended—

(a) by omitting “this Ordinance, investments of a kind referred to in paragraph (c)” from paragraph (d) of the definition of “liquid funds” in sub-section (2) and substituting “the *Co-operative Societies Ordinance (No. 2) 1975*, investments in securities authorized by law for the investment of trust funds (other than securities by way of mortgage over real or leasehold property)”;

and

(b) by omitting “this Ordinance” from sub-paragraph (d) (i) of the definition of “liquid funds” in sub-section (2) and substituting “that Ordinance”.

(3) The amendments made by sub-section (2) shall be deemed to have come into operation on 23 June 1975.

**7. Section 35 of the Principal Ordinance is amended—**

Granting of securities

- (a) by omitting from sub-section (1) "on loan" and substituting " , whether on loan or by negotiating prescribed bills of exchange";
- (b) by omitting from sub-section (1) all words from and including "but may raise money" and substituting the following:
  - "but—
  - (a) where the society is authorized to raise money on loan— may so raise money by mortgage of any of its real or personal property or of its uncalled capital or by the issue of bonds or otherwise; and
  - (b) where the society is authorized to raise money by negotiating prescribed bills of exchange—may give any security to, or enter into any arrangement with, the person upon whom it proposes to draw, or has drawn, a bill of exchange for the purpose of raising money by the negotiation of the bill that the society could give or enter into under paragraph (a) in connection with the raising of money by it on loan"; and
- (c) by omitting from sub-section (3) "as security for money raised on loan or received on deposit." and substituting the following:
  - "as security—
  - (a) for money raised on loan;
  - (b) in connection with a prescribed bill of exchange; or
  - (c) for money received on deposit."

**8. Section 36 of the Principal Ordinance is amended—**

Raising or receipt of money

- (a) by omitting sub-section (1) and substituting the following sub-section:
  - "(1) Where a society is authorized by its Rules to raise money, whether on loan or by negotiating prescribed bills of exchange, or to receive money on deposit, the society—
  - (a) shall not raise or receive money except in accordance with the limits provided in this section;
  - (b) shall apply any money so raised or received for the purposes of the society; and
  - (c) in the case of money raised on loan or received on deposit—may so raise or receive the money at interest."
- (b) by omitting from sub-section (2) "The total amount so raised or received, and not repaid by the society," and substituting "The aggregate of the amounts remaining unpaid by a society in respect of loans made to, or deposits received by, the society and the amounts payable under prescribed bills of exchange negotiated by the society";

- (c) by omitting from sub-section (3) all words from and including “Notwithstanding” to and including “may be such sum” and substituting the following:
- “Notwithstanding sub-section (2), the aggregate of—
- (a) the amounts remaining unpaid by a society in respect of loans made to, or deposits received by, the society; and
- (b) the amounts payable under prescribed bills of exchange negotiated by the society,
- may be such sum”;
- (d) by inserting in sub-section (5) “on loan” after “raise money”;
- (e) by omitting from sub-section (5) “Two hundred dollars” and substituting “\$2,000”;
- (f) by inserting after sub-section (5) the following sub-section:
- “(5A) A society shall not raise money by negotiating prescribed bills of exchange so that, at any one time, the aggregate of the amounts payable under those bills exceeds \$2,000 unless a higher aggregate amount has been approved by special resolution of the society.”;
- (g) by inserting in sub-section (7) “or in connection with a prescribed bill of exchange” after “for a loan or deposit”;
- (h) by omitting from sub-section (7) “receive loans or deposits” and substituting “raise money or receive deposits”; and
- (i) by omitting sub-section (8) and substituting the following sub-section:
- “(8) A person who lends or pays money to, or deposits money with, a society is not bound—
- (a) to see to its application; or
- (b) to see that the society has not exceeded the limits provided in respect of the society for the borrowing or raising of money by it.”.

Registers  
and accounts

9. Section 42 of the Principal Ordinance is amended by omitting paragraph (2) (b) and substituting the following paragraphs:

- “(b) a register of loans raised by the society and securities given by it in connection with those loans;
- (ba) a register of bills of exchange negotiated by the society for the purpose of raising money and securities given by it in connection with those bills;
- (bb) a register of bonds issued by the society;
- (bc) a register of deposits received by the society.”.

**10.** Section 43 of the Principal Ordinance is amended—

- (a) by omitting from paragraph (d) “and” (last occurring); and  
 (b) by omitting paragraph (e) and substituting the following paragraphs:

Inspections  
of  
documents  
by members  
and creditors

- “(e) the prescribed register of loans raised by the society and securities given by it in connection with those loans;  
 (f) the prescribed register of bills of exchange negotiated by the society for the purpose of raising money and securities given by it in connection with those bills; and  
 (g) the prescribed register of bonds issued by the society.”

**11.** Section 49 of the Principal Ordinance is amended by omitting from paragraph (1) (v) “borrowing powers” and substituting “powers authorizing the raising of money”.

Rules

**12.** Section 69 of the Principal Ordinance is amended by omitting from sub-section (1) “on loan” and substituting “, whether on loan or by negotiating prescribed bills of exchange,”.

Restrictions  
on powers

## NOTES

1. Notified in the *Commonwealth of Australia Gazette* on 28 November 1979.
2. Ordinance No. 9, 1939 as amended by No. 1, 1946; No. 14, 1950; No. 14, 1954; No. 10, 1956; No. 18, 1958; Nos. 3 and 7, 1962; No. 10, 1963; No. 18, 1966; No. 6, 1972; Nos. 16 and 29, 1973; Nos. 35 and 47, 1974; Nos. 13 and 15, 1975; No. 14, 1977; and No. 46, 1978.