

No. 77

2nd Session, 15th Legislature, Alberta
13 Elizabeth II

BILL 77

A Bill to amend The Co-operative Associations Act

HON. MR. PATRICK

Explanatory Note

1. This Bill amends chapter 59 of the Revised Statutes of Alberta, 1955.

2. Section 4, subsection (1) presently reads:

4. (1) Any ten or more persons who for any object or purpose permitted by this Act desire to associate themselves together as a co-operative association with or without share capital shall in the presence of a witness sign in duplicate a memorandum of association in the form set out in Schedule A to which shall be attached an affidavit verifying the signatures.

3. The Companies Act requires companies to register mortgages securing debentures to be registered with the Registrar of Joint Stock Companies within 60 days after they are created. The proposed new section 12b would require co-operative associations also to register such mortgage with the Registrar of Joint Stock Companies.

4. Section 35, subsection (2) reads:

(2) When a member withdraws from membership in an association other than an association to supply electric power or natural gas to its members

(a) where the association has share capital, the association shall purchase at par or the paid-up value thereof, all shares held by the member, or if the share capital of the association has been impaired, at such a price as may appear to the directors to be just and reasonable,

(b) the association shall refund to the member any amount held to his credit, and

(c) the board of directors shall make available to the member, his equity, other than shares in the assets of the association, as represented by deferred certificates or book entries in the accounts of the association or both.

BILL

No. 77 of 1965

An Act to amend The Co-operative Associations Act

(Assented to _____, 1965)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. *The Co-operative Associations Act* is hereby amended.

2. Section 4 is amended by adding the following subsection after subsection (1):

(1*a*) Notwithstanding subsection (1), a co-operative association

(*a*) having as its object the purchase of farm machinery for its members, or

(*b*) having as its object any other purpose which has the prior approval of the Supervisor,
may be formed by six or more persons, subject to compliance with the other requirements of this Act.

3. The following heading and section are added after section 12*a*:

Registration of Mortgages and Charges

12*b*. Sections 99 to 112 of *The Companies Act* apply to co-operative associations

(*a*) as if "company" as used therein meant an "association" as defined in this Act, and

(*b*) as if "foreign company" as used therein meant an "extra provincial company" as defined in this Act,

and any instrument in existence at the commencement of this section that is required to be registered under those sections of *The Companies Act* shall be so registered within sixty days after the commencement of this section.

4. The following section is added after section 35*a*:

35*b*. (1) Subsection (2) of section 35 shall be deemed never to have applied to rural electrification associations.

(2) The memorandum of association and by-laws of every

rural electrification association shall provide and shall be deemed to have always provided

- (a) that no member leaving the association is entitled to receive from the association any portion of his equity in the association greater than one dollar, unless the directors of the association otherwise direct, with the concurrence of the Supervisor,
 - (b) that no member leaving the association is entitled to receive from the association any portion of the reserves of the association (consisting of the deposit accounts of its members) until the directors of the association otherwise direct, with the concurrence of the Chairman of the Alberta Power Commission,
 - (c) that the deposit accounts of the members consist of those sums credited to each member and derived from,
 - (i) excess construction costs, being the difference between estimated construction cost of the works of the association and the actual cost thereof,
 - (ii) such periodic charge to the members as the directors of the association may from time to time prescribe,
 - (iii) the surplus remaining from such periodic charge for operative and administrative expenses as the directors of the association may from time to time prescribe,
 - (iv) such other amounts as the directors of the association may from time to time prescribe, and
 - (v) interest earned by the above amounts,and
 - (d) that the association may enter into agreements whereby its reserves are charged in favour of and be available to other rural electrification associations whose reserves are similarly charged, to make good losses due to abnormal damage from weather and other natural causes or public liability.
- (3) The deposit accounts of members of rural electrification associations are and shall be deemed always to have been subject to a charge for the benefit of
- (a) the rural electrification association of which the deposit account holder is or was a member to provide a reserve for renewal, replacement, or substitution of all equipment or property of the association, whether such renewal, replacement or substitution occurs before the deposit account holder became a member, during his membership, or after he ceased to be a member of the association, and
 - (b) every other rural electrification association which has similarly charged its reserves in favour of the

5. Commencement of Act.

rural electrification association of which the deposit account holder is or was a member, to make good losses due to abnormal damage from weather or other natural causes or public liability whether such losses or public liability occurred before the deposit account holder became a member, during his membership, or after he ceased to be a member of the association.

(4) Where land owned by a member in respect of which a rural electrification association has a service contract, has heretofore or is hereafter transferred to a person who in turn has become or becomes a member of the association in respect of electrical service to the same land, all right of the departing member to his deposit account and all equity of the departing member in the association shall be deemed to have been or to be transferred with the land, unless the transferor and transferee otherwise agree in writing, and notify the association in writing of the agreement.

(5) The chairman of the Alberta Power Commission may, in his discretion, withhold or delay the refunding of the reserves, or portions thereof, having regard to the reserves reasonably required.

5. This Act comes into force on the day upon which it is assented to.

No. 77

SECOND SESSION

FIFTEENTH LEGISLATURE

13 ELIZABETH II

1965

BILL

An Act to amend The Co-operative
Associations Act

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. PATRICK
