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Title:

Address to the Annual General Meeting of ABC Mutual Credit Union

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ADDRESS BY THE PREMIER, DON DUNSTAN, TO THE ANNUAL GENERAL MEETING
OF ABC MUTUAL CREDIT UNION. 26.9.75.

Mr. Hodgson, Ladies and Gentlemen :

Thank you for asking me here tonight, even though it seems I will have to be very careful of my language among the sensitive souls of the ABC. Apparently Bob Hawke is to be the exception to the new gentility on radio and television - he can still say bloody without the country's moral fibre collapsing - so I may have to prevail on him in future to make my earthy speeches. Certainly I will have to be more polite about Mr. Lynch - on television, at least.

I was very pleased to accept your invitation because of my own personal enthusiasm for co-operative ventures such as credit unions and also because of my Government's strong support for the credit union organisation. Much of our programme is based on the need for alternatives to the traditional attitudes of capitalist societies and while the most obvious results have been the changes we have made in the market place, we have always tried to encourage people who have other practical economic and social alternatives.

Credit unions are a marvellous example of how people can work together within our economic system without having to accept uncritically the capitalist basis of that system. In a sense, credit unions are true private enterprise - a group of people taking the initiative and starting what amounts to their own bank. The fundamental difference of course, is that a credit union exists to benefit its members and not to make very large profits for only a few people.

Most importantly, credit unions are a successful example of the co-operative spirit. In South Australia member unions of your two organisations have almost \$34 million in members' shares and savings and more than \$30 million on loan to the members. As those figures show, credit unions are becoming an important source of personal finance for more and more people.

As more people join credit unions, and their wages rise - as they must - the amount of money entrusted to your movement can only increase. And with that growth comes new responsibilities for both the credit unions and the Government.

The credit unions must ensure that they have the financial expertise to best administer their members' funds and, at a time of unusually high inflation and depressed economic conditions, that is a very delicate task for almost any financial institution. My Government, for its part, wants to encourage the credit union movement while at the same time ensuring they are well managed and sound.

Obviously there is a tremendous amount of common ground in those objectives and the Government and the credit union organisations have always worked together very closely.

But the spread of credit unions and the amount of money invested with them has shown up the deficiencies in existing legislation covering their operations and, with the help of the League and the Movement, the Government has prepared new legislation which will protect and encourage your Movement.

The Bill was drawn up after a great deal of discussion with all the sections of the credit union movement and the first draft, which was finished last week, has now been given back to your organisations for further comment. I hope the final version will go before Parliament this session.

Briefly, the new legislation will establish a Registrar of Credit Unions, and registration will be compulsory. The level of liquid funds will be regulated, as will the method of investing surplus funds. As well, reserve funds will have to be kept.

In keeping with the entire range of the Government's consumer protection legislation - and despite the co-operative nature of credit unions their members are still consumers - the Registrar will have the power to fix maximum rates of interest on loans and the onus will be put on the credit union to ensure that a person asking for a loan has the capacity to meet the repayments.

As well there will be provisions limiting the amount directors and officers of a credit union may borrow from the union and also requiring audits to be performed by qualified people. In the last resort, the Registrar will have the power to order a credit union to suspend or modify its business.

Many of the requirements of the Bill are already met by most credit unions and I think all of them will welcome this new legislation. The changes are sensible and designed to protect all credit union members while at the same time provide a firm basis for the continued growth of credit unions in South Australia, an expansion which my Government will do all it can to assist.

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