

# AUSTRALIAN CAPITAL TERRITORY

---

## Co-operative Societies (Amendment) Ordinance (No. 2) 1986

### No. 10 of 1986

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 22 May 1986.

N. M. STEPHEN  
Governor-General

By His Excellency's Command,

G. SCHOLES  
Minister of State for Territories

---

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

#### Short title

1. This Ordinance may be cited as the *Co-operative Societies (Amendment) Ordinance (No. 2) 1986*.<sup>1</sup>

#### Principal Ordinance

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

#### Loan limits—registered credit society

3. Section 14G of the Principal Ordinance is amended—

- (a) by omitting from sub-section (1) all the words after “would” and substituting “exceed the amount prescribed for the purposes of this sub-section”;
- (b) by omitting from sub-section (1A) “\$7,000” and substituting “the amount prescribed for the purposes of this sub-section”;
- (c) by inserting after sub-section (1B) the following sub-sections:

“(1C) The regulations may provide that the amount prescribed for the purposes of sub-section (1) is—

- (a) a specified amount; or
- (b) an amount calculated by reference to the value of the assets of the relevant registered credit society as shown in the last audited balance sheet of the society.

“(1D) A registered credit society shall not—

- (a) make a loan to a member of the society; or
- (b) guarantee the repayment by a member of the society of a loan.

for an amount that exceeds the amount prescribed for the purposes of sub-section (1A) but does not exceed the amount prescribed for the purposes of this sub-section, unless the member has given security to the satisfaction of the Board for the repayment of that part of the loan, or that part of the loan proposed to be guaranteed, that exceeds the amount prescribed for the purposes of sub-section (1A).

“(1E) A registered credit society shall not—

- (a) make a loan to a member of the society; or
- (b) guarantee the repayment by a member of the society of a loan,

for an amount that exceeds the amount prescribed for the purpose of sub-section (1D), unless the member has given security by way of a mortgage over freehold land or leasehold land for the part of that loan, or that part of the loan proposed to be guaranteed, that exceeds the amount prescribed for the purposes of that sub-section.

“(1F) Subject to sub-section (1G), a registered credit credit society shall not advance money on the security of a mortgage over

freehold land if the making of the advance would result in the amount advanced on that security exceeding 90 per cent of the value of the land.

“(1G) A registered credit society may make an advance on the security of a mortgage over freehold land or leasehold land exceeding 90 per cent of the value of the land if—

- (a) the making of the advance would not result in the amount advanced on that security exceeding 95 per cent of the value of the land; and
- (b) the society takes additional security, being an indemnity or guarantee by—
  - (i) the Housing Loans Insurance Corporation established by the *Housing Loans Insurance Act 1965*; or
  - (ii) a body corporate authorised under the *Insurance Act 1973* to carry on insurance business within the meaning of that Act.

securing the repayment to the society of an amount equivalent to the amount by which the advance exceeds that 90 per cent.

“(IH) If a registered credit society suffers loss by reason of the society making an advance in contravention of this section, the members of the Board of the society who authorised the advance are jointly and severally liable for the loss.

“(1J) Where—

- (a) a registered credit society advances money on the security of property; and
  - (b) the Board of the society, when it authorised the advance, acted upon a report as to the value of the property made within the preceding period of 3 months by a person employed or instructed by the society to value the property, the value of the property stated in the report shall, for the purposes, of sub-section (1F), be deemed to be the value of the property.”;
- (d) by omitting from sub-paragraph (2) (a) (i) all the words after “within” (first occurring) and substituting “the prescribed period”;

- (e) by omitting from sub-paragraph (2) (a) (ii) all the words after “within” (first occurring) and substituting “the prescribed period”; and
- (f) by omitting from paragraph (2) (b) all the words after “exceeding” and substituting “1 month; and”.

4. After section 14G of the Principal Ordinance the following section is inserted:

**Valuation of securities**

“14GA. (1) A registered credit society shall not employ or instruct a person to value property tendered as security to the society unless the person is approved by the Registrar under sub-section (2).

“(2) The Registrar may, in writing, approve a person for the purposes of sub-section (1) subject to such conditions (if any) as the Registrar thinks fit.

“(3) A person approved by the Registrar under sub-section (2) who fails to comply with the conditions, if any, subject to which the approval was granted is guilty of an offence punishable, upon conviction, by a fine not exceeding \$40.”

---

**NOTES**

1. Notified in the *Commonwealth of Australia Gazette* on 28 May 1986.
2. No. 9, 1939 as amended to date. For previous amendments *see* Note 2 to No. 9, 1986 and *see also* No. 9, 1986.