

Act No. 247

**CO-OPERATION (INDEMNITIES AND GUARANTEES)  
AMENDMENT BILL 1987**

NEW SOUTH WALES



**EXPLANATORY NOTE**

**(This Explanatory Note relates to this Bill as introduced into Parliament)**

The object of this Bill is to amend the Co-operation Act 1923 so as—

- (a) to enable the steps involved in the granting of certain loans by co-operative housing societies to be simplified (so that the borrowers concerned will have sufficient time to exercise their rights under the proposed legislative scheme to defeat gazumping);
- (b) to simplify the procedure under which certain lending bodies may obtain Government guarantees for the repayment of money advanced by them to those societies;
- (c) to continue in force certain indemnities and guarantees that have already been given; and
- (d) to make other changes intended to improve the administration of that Act.

The Bill also makes minor consequential amendments to the Government Guarantees Act 1934.

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Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act.

Clause 3 is a formal provision giving effect to the Schedule of amendments to the Principal Act.

Clause 4 makes consequential amendments to the Government Guarantees Act 1934 by omitting provisions authorising the Treasurer to execute guarantees in favour of lenders to co-operative housing societies.

Schedule 1 (1) amends section 16A (Approval of additional security required in certain cases) of the Principal Act in minor respects to conform with the proposed new scheme for granting indemnities under section 17AB of that Act.

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Schedule 1 (2) amends section 17<sup>AB</sup> (Indemnity where loan made by building society) of the Principal Act so as to restate with modifications the power of the Treasurer to provide indemnities required by co-operative building societies which lend (up to a prescribed limit) a high proportion of the value of residential land. Under the proposed amendments, it will not be necessary for an indemnity to be separately recommended and granted for each loan which meets certain guidelines. Apart from conditions already imposed by the Principal Act on any such indemnity, the Treasurer is to be authorised to impose additional terms and conditions.

Schedule 1 (3) repeals and re-enacts section 17<sup>AC</sup> of the Principal Act and inserts proposed section 17<sup>AD</sup> into that Act. Of the proposed sections:

Section 17<sup>AC</sup> (Guarantee where loan made to co-operative housing society) restates in simpler terms the provisions under which the Treasurer may execute guarantees in favour of banks, friendly societies and certain other bodies which advance money to co-operative housing societies. The current requirement for approval of such guarantees by the Governor-in-Council is to be omitted.

Section 17<sup>AD</sup> (Delegation by Treasurer) permits the Treasurer to delegate to the Minister, or to the registrar or deputy registrar under the Principal Act, any or all of the Treasurer's functions under amended section 17<sup>AB</sup> and proposed section 17<sup>AC</sup>.

Schedule 1 (4) amends section 18<sup>A</sup> (Valuers) of the Principal Act so as to enable regulations to be made setting out circumstances in which valuations of land proposed to be mortgaged in favour of certain co-operative building societies may be dispensed with.

Schedule 1 (5) amends section 95<sup>A</sup> (Appointment of administrator of society) of the Principal Act so that the appointment of a liquidator of a society registered under the Principal Act will immediately revoke the appointment of any administrator of the society.

Schedule 1 (6) inserts clause 8 (Savings relating to indemnities and guarantees) into the Fifth Schedule to the Principal Act. The proposed clause will save indemnities issued under that Act and guarantees executed under the Government Guarantees Act 1934 in accordance with provisions to be repealed and re-enacted in modified form in the Principal Act.

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