Guidelines

Co-operative Legislation

For Pacific Island Countries
ILO/Danida
FOREWARD

This document has been prepared so that it may be used as guideline for the preparation of appropriate legislation for the co-operative movements in Pacific Island countries. It comprises:

1. The Standard Co-operative Act
2. Standard Regulations
3. Standard By-laws

In addition to this Standard Legislation an accompanying Policy Guideline and a Co-operative Laypersons guide is also available.

Additional information is also available in the ILO Coopreform “Framework for Co-operative Legislation” Prepared in March 1998 by Hagen Henry for the Co-operative Branch of the ILO, Geneva.

ILO's "Recommendation Concerning the Role of Co-operatives in the Economic and Social Development of Developing Countries" (No. 127) was adopted in 1966 and reflects the official opinion of the ILO with its tripartite membership from more than 170 countries. It is therefore considered relevant to use this recommendation as a basis and reference for legislation development. The full text of the ILO Recommendation may be provided on request to the ILO Office in Suva.

Co-operative legislation in Pacific Island Countries mostly dates back to colonial periods and is grossly outdated. They do not adequately reflect international co-operative principles but instead emphasise a dominant role for the Registrar and the Department of Co-operatives, this has not promoted an independent and autonomous movement and consequently most of the co-operative movements have struggled.

The ILO/Danida COOPNET and COOPREFORM programs have been instrumental in facilitating the production of these documents. This follows a South Pacific Regional Planning Meeting for the Development of Co-operatives attended by representatives from 8 countries and an earlier sub-regional study of the co-operative movement in 5 South Pacific countries initiated by ILO-Suva with assistance from ILO-COOP.
Standard

Co-operative Act
# TABLE OF CONTENTS

**FOREWARD** ......................................................................................................................... 2  
**TABLE OF CONTENTS** ............................................................................................................. 4  
**PART I: PREAMBLE** ............................................................................................................... 7  
  1.1. Citation .............................................................................................................................. 7  
  1.2. Co-operative Principles .................................................................................................... 7  
  1.3. Objectives ....................................................................................................................... 8  
  1.4. Characteristics .............................................................................................................. 8  
  1.5. Role of Government ........................................................................................................ 8  
**PART II: GENERAL PROVISIONS** .......................................................................................... 9  
  2.1. Definition ....................................................................................................................... 9  
  2.2. Definition of Terms ....................................................................................................... 9  
  2.3. Taxation of Co-operative Societies .............................................................................. 10  
**PART III: FORMATION, REGISTRATION & PUBLICATION** ............................................. 11  
  3.1. Membership Qualification .......................................................................................... 11  
  3.2. Minimum Membership ............................................................................................... 11  
  3.3. Appointment of Registrar and Other Officers ............................................................. 11  
  3.4. Preliminary Meeting ..................................................................................................... 11  
  3.5. Registration Procedure ............................................................................................... 12  
  3.6. The Memorandum of Association ............................................................................. 12  
  3.7. Application for Registration ...................................................................................... 12  
  3.8. Response to Registration ........................................................................................... 12  
  3.9. Refusal of Registration ............................................................................................... 13  
  3.10. Appeal against Refusal for Registration .................................................................. 13  
  3.11. Presumed Registration ............................................................................................. 13  
  3.12. Registration Defect not Invalidating Co-operative Society ..................................... 13  
  3.13. Limited Liability ....................................................................................................... 13  
  3.15. Publication of Registration ....................................................................................... 13  
  3.16. Name of Co-operative .............................................................................................. 13  
  3.17. Co-operative Society Address ............................................................................... 14  
  3.18. Register of Co-operative Societies ........................................................................... 14  
**PART IV: RIGHTS AND LIABILITIES OF MEMBERS** ............................................................. 15  
  4.1. Admission of Members ............................................................................................... 15  
  4.2. Members Subject to By-laws ....................................................................................... 15  
  4.3. Register of Members .................................................................................................. 15  
  4.4. Liability of Members .................................................................................................... 15  
  4.5. Membership of more than one Co-operative Society ............................................... 15  
  4.6. Exercising Rights of Membership .............................................................................. 15  
  4.7. Imposition of Fines on Members ............................................................................... 16  
  4.8. Resignation of Membership ....................................................................................... 16  
  4.9. Expulsion of Membership ......................................................................................... 16  
  4.10. Shares of Members upon Resignation, Death or Expulsion .................................... 16  
  4.11. Cessation of Rights .................................................................................................... 17  
  4.12. Restriction on Withdrawal of Shares of Members in Management ......................... 17
PART V: ORGANISATION AND MANAGEMENT

5.1. General Meetings
5.2. General Meeting Substituted for Meeting of Delegates
5.3. By-laws
5.4. Register & By-laws Available for Inspection
5.5. Board of Directors
5.6. Ineligibility of Membership of Board of Directors or Supervisory Committee
5.7. Powers of the Directors
5.8. Supervisory Committee
5.9. Functions of the Supervisory Committee
5.10. Payments to Boards, Committee Members and Officers
5.11. Restrictions on Members Employed by their Co-operative Society
5.12. Records of Directors and Officers
5.13. Liability of Directors for Losses
5.14. Management not Absolving Board
5.15. Maximum Liability of the Society

PART VI: PROPERTY AND FUNDS OF CO-OPERATIVE SOCIETIES

6.1. Share Capital
6.2. Transfer of Shares
6.3. Members Dues
6.4. Shares or Dividends not Liable for Sale
6.5. Investment of Funds
6.6. Borrowing from the Society
6.7. Reserve Fund
6.8. Application of the Net Surplus
6.9. Transactions with Non-Members

PART VII: AUDIT AND INVESTIGATION

7.1. Auditing of Accounts
7.2. Books & Records to be Kept
7.3. Authority to Investigate
7.4. Authority of Minister to Order Investigation
7.5. Security for Cost of Investigation
7.6. Investigation Reports
7.7. Investigation Leading to Cancellation of Registration
7.8. Access of Register to Society’s Books
7.9. Payment of Audit Fees

PART VIII: AMALGAMATION, DIVISION, TRANSFER AND CONVERSION

8.1. Power to Amalgamate
8.2. Power to Divide
8.3. Power to Transfer
8.4. Conversion of a Co-operative to Another Legal Form
8.5. Members opposing Amalgamation, Division, Transfer or Conversion
8.6. Remaining Members Become Members of New or Receiving Co-operative
8.7. Assets & Liabilities Vested in New Co-operative
8.8. Creditors Entitled to a Refund
8.9. Contracts Prior to Amalgamation, Division, Transfer or Conversion
8.10. Proceedings Prior to Amalgamation, Division, Transfer or Conversion..............28

PART IX: DISSOLUTION........................................................................................................29
  9.1. Cancellation by Order of the Registrar .................................................................29
  9.2. Right to Appeal Cancellation Order ..................................................................29
  9.3. Effect of Cancellation Order ..............................................................................29
  9.4. Safe Custody of Documents, Securities and Assets............................................29
  9.5. Cessation of the Privileges of a Co-operative .....................................................29
  9.6. Appointment of a Liquidator ..............................................................................30
  9.7. Powers of the Liquidator ....................................................................................30
  9.8. Power of Registrar over the Liquidator ...............................................................30
  9.9. Enforcement of Liquidator’s Directions ...............................................................31
  9.10. Limitation of the Jurisdiction ..........................................................................31
  9.11. Disposal of Assets on Liquidation ...................................................................31

PART X: SECONDARY, APEX ORGANISATIONS & ADVISORY BOARD ...............32
  10.1. Power to Federate .............................................................................................32
  10.2. Registration of Secondary and Apex Bodies ......................................................32
  10.3. Co-operative Advisory Board .........................................................................32

PART XI: SETTLEMENT OF DISPUTES .................................................................33
  11.1. Referral of Disputes ........................................................................................33
  11.2. Process for Referred Disputes ..........................................................................33
  11.3. Co-operative Tribunal ......................................................................................33

PART XII: MISCELLANEOUS .......................................................................................35
  12.1. Prohibition of the Use of the Word “Co-operative” ........................................35
  12.2. Offences Under this Act ..................................................................................35
  12.3. Regulations .......................................................................................................35
  12.4. Exemption from Other Acts ............................................................................36
  12.5. Repeal and Transitional Provision ...................................................................36

FIRST SCHEDULE ........................................................................................................37
SECOND SCHEDULE ....................................................................................................38
PART I: PREAMBLE

1.1. Citation
This Act may be cited as the Co-operative Societies Act 200X and shall come into operation on such a date as the Minister may, by notice published in the Gazette, appoint.

1.2. Co-operative Principles
The members of the first co-operative - in Rochdale, England developed a set of guiding principles in 1844. These, the Rochdale principles, were scrutinised and modified by the International Co-operative Alliance (ICA) in 1966 and 1995. They are now referred to as the "Statement on the Co-operative Identity" and are internationally accepted as the one and only guide for what co-operatives are and how they should operate. For the purpose of this Act, co-operative principles shall include the following –

1st Principle: Voluntary and open membership: Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibility of membership, without gender, social, racial, political, or religious discrimination.

2nd principle: Democratic Member Control: Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation: Members contribute equitably to, and democratically control, the capital of their co-operatives. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence: Co-operatives are autonomous self-help organisations controlled by their members. If they enter into agreement with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information: Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-

---

1 The Preamble provided here is very general in nature and each country should draft their own preamble, specific to their own situation. Guidance is available from the Coopreform – Framework for Co-operative Legislation, page 14.
operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives: Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and interregional structures.

7th Principle: Concern for Community: While focusing on member needs and wishes, co-operatives work for the sustainable development of their communities.

1.3. Objectives
1.3.1. A co-operative society aims at promoting the economic and social interests of its members by providing effective services which the members need and can make use of.

1.3.2. The main purpose of a co-operative society is not the maximisation of profits for the co-operative but service and benefit to members. Thus a co-operative’s excess income over expenditure is referred to as a surplus and not profit. A co-operative society shall operate according to sound business principles.

1.4. Characteristics
A co-operative society is an appropriate business structure for community enterprises, especially those businesses that involve the use of community owned resources. In particular a co-operative society may provide family units with the economies of scale necessary to function economically. Further, given the geographic isolation of many Pacific Island communities many economic activities are simply not viable unless the communities co-operate together. Co-operative societies help to maintain a fairer distribution of income. Capitalist enterprise tends to an unequal distribution of income where the rich get richer and the poor poorer. Co-operative societies help to maintain equality because people are rewarded for the work they do and not the money they have.

1.5. Role of Government
Co-operative societies are owned by their members and the members must have full control of the business. Government does not own the co-operative societies nor does it have any powers to dictate any business decisions. However, given that co-operative societies are businesses in which members of the public are free to join, the public is entitled to a legal framework that ensures that they are provided fair protection and access to justice. Co-operative societies need to operate within an administrative framework that is thorough, fair and efficient.
PART II: GENERAL PROVISIONS

2.1. Definition
A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

2.2. Definition of Terms
In this Act, unless the context indicates otherwise, the following terms should be understood to mean:
Apex co-operative
The parent body of co-operatives, created and owned by the primary and secondary co-operatives., 11
Board
Or Board of Directors is the governing body of a society, sometimes referred to as the committee., 12, 19, 20, 21, 24, 35
Bonus
A portion of the net surplus which is distributed amongst the co-operative's members in proportion to their trade with the co-operative., 23
By-laws
The rules of a co-operative, made by the co-operative themselves and approved by the Registrar., 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 31, 32, 35, 36
Consumer co-operative
A co-operative society that sells goods & services to its members, 11
Minister
The Minister who for the time being is responsible for matters relating to co-operative societies, 7, 11, 13, 18, 25, 29, 35
Officer
Officer of a co-operative society includes a chairperson, Vice-chairperson, Secretary, Treasurer, Manager or any other elected or appointed members of a Board or committee empowered by this Act, Regulations or By-laws to give directives in regard to the business of the co-operative or to supervise such business, 20
Registrar
The Registrar of Co-operative Societies appointed under this Act., 11, 12, 13, 14, 18, 20, 21, 23, 24, 25, 26, 27, 29, 30, 31, 35, 38
Reserve
Or Reserve Fund is a component of the equity of the society which no member can claim a part. It is not a separate bank account. The intention is to provide financial stability to the co-operative., 23
Secondary co-operative
A co-operative whose members are cooperative societies, 11, 32
Service co-operative
A co-operative that markets the services provided by members, 11
Supply & marketing co-operative
A co-operative that markets the produce of members, 11
Surplus
A co-operatives excess income over expenditure, generated from its activities is not
referred to as profit but the surplus, 8, 10, 20, 23

2.3. Taxation of Co-operative Societies
The surplus of a co-operative, generated from its economic activities shall not be subject
to taxation, however any distribution of the surplus to the members may be subject to a
withholding tax in respect of personal income tax if so stated in the Regulations or
Income tax Act.
PART III: FORMATION, REGISTRATION & PUBLICATION

3.1. Membership Qualification
No person shall be a member of a co-operative society unless they -
(a) Have reached at least sixteen years of age, except in the case of school co-operatives; and
(b) Are a member of a group of persons to whom membership of the co-operative society is limited under the provisions of section 3.6.
Subject to the provision that a co-operative society may accept a family as a member if the society’s by-laws permit.²

3.2. Minimum Membership³
Subject to the provisions of this Act, the minimum number of members required to register a co-operative society shall be:
   a) For a consumer co-operative, twelve (12) members
   b) For a service co-operative, seven (7) members
   c) For a supply & marketing co-operative, five (5) members
   d) For a secondary co-operative or Apex body, two (2) members

3.3. Appointment of Registrar and Other Officers.
3.3.1. There may be appointed –
   (a) A Registrar of Co-operative Societies; and
   (b) Such other officers as may be necessary for the due administration of this Act.

3.3.2. Any appointment made under subsection 3.3.1 shall, if the person appointed is to be a public officer, be made pursuant to the Constitution, but otherwise shall be made by the Minister.⁴

3.3.3. The Registrar may, subject to the provisions of this Act, delegate any of the Registrars functions under this Act to an officer of a apex co-operative organisation or to other persons duly qualified for the exercise of the respective function.

3.3.4. The Registrar so appointed, shall, subject to the provisions of this Act, administer this Act and perform all the functions assigned to them by or under this Act.

3.4. Preliminary Meeting
Subject to the provisions of this Act, any group of persons who desire to associate themselves together as a co-operative society, in accordance with Co-operative

² Family membership creates additional issues that need clarification such as who can participate in Co-operative meetings, rights to employment in the co-operative and participation of younger generations.
³ The intention of minimum numbers is to ensure the viability of the co-operative. Multi-purpose co-operatives would require the minimum number for a consumer co-operative.
⁴ This Act allows the appointment of the Registrar from the Public Service but prefers the appointment from outside the Public Service to ensure independence.
principles, shall hold a preliminary meeting for the purpose of deciding the following matters –

(a) The by-laws of the co-operative society;
(b) Completion of the application for registration; and
(c) Election of the Board of preliminary Directors.

3.5. Registration Procedure
The persons authorised by the Preliminary meeting referred to in section 3.4, may, in the presence of a witness, sign a memorandum of association, and cause it to be filed with the Registrar of Co-operatives. Such memorandum of association, printed or typed, shall be in the form in the FIRST SCHEDULE and there shall be attached to the memorandum –

(a) a copy of a report of the preliminary meeting referred to in section 3.4; and
(b) a sample of the signatures to such memorandum; and
(c) a copy of the by-laws; and
(d) the fees prescribed by regulations.

3.6. The Memorandum of Association
The memorandum of association shall state -

(a) the name of the co-operative society;
(b) the group of persons to whom membership shall be limited;
(c) the address at which the registered office of the co-operative society is to be situated;
(d) the par value of its shares;
(e) the names and addresses of the subscribers to the memorandum and the number of shares subscribed by each.

3.7. Application for Registration
3.7.1. The Registrar shall issue a deposit receipt, duly signed and dated at the time of receiving an application for registration.

3.7.2. Where the Registrar is satisfied that the co-operative society has complied with the provisions of the Act, and the regulations, he may register the co-operative society and its by-laws and issue a certificate of incorporation as set out in the SECOND SCHEDULE.

3.8. Response to Registration
When a co-operative society has been registered, the Registrar shall send to the Co-operative society –

(a) a certificate of incorporation as required under subsection 3.7.2;
(b) a copy of the by-laws as registered, certified by him;
(c) a copy of this Act and regulations.

The Registrar may charge from the Co-operative society the cost incurred in supplying the items referred to in paragraphs (b) and (c).
3.9. Refusal of Registration
Where the Registrar refuses to register a co-operative society, he shall -
(a) inform the applicant in writing of the reason for the refusal; and
(b) return the fee paid.

3.10. Appeal against Refusal for Registration
An appeal shall be lodged to the Co-operative Tribunal within three months against the refusal of the Registrar to register any co-operative society.

3.11. Presumed Registration
Within two months of the date of application, or three months of the date of appeal against refusal for Registration, if the applicants for registration have not received notice of their registration or reason for refusing registration, registration may be assumed. In such a case a co-operative society may assume registration by issuing a certified copy of the by-laws to the Registrar indicating the date of presumed registration. The Registrar must be notified of Presumed registration within three months of the date of application for Registration.

3.12. Registration Defect not Invalidating Co-operative Society
Any act of a co-operative society subsequent to registration shall not be invalidated by a defect in the registration procedures.

3.13. Limited Liability
The registration of a co-operative society shall render it a body corporate by the name under which it is registered and with limited liability for the members to which the provisions of Part VII of the Interpretation and General Provisions Act 1978 shall apply.

3.14. Certificate of Registration
A certificate of registration of a co-operative society, signed by the Registrar, shall be presumptive evidence that the co-operative society named in the certificate is registered.

3.15. Publication of Registration
The Registrar shall cause the registration of a co-operative society to be published in the Gazette.

3.16. Name of Co-operative
3.16.1. No Co-operative society shall be registered under a name identical with that by which any other existing co-operative society has been registered, or so nearly resembling that of another as to be likely to deceive and the words “Co-operative Society” shall form part of the name with the word “Limited” being the last word in the name of every co-operative society.

3.16.2. A co-operative shall display its name in legible letters outside of every place or office in which its business is carried on.
3.16.3. A co-operative shall include its name in all business letters, notices, other official documents and publications of the co-operative and on its common seal, if any.

3.17. Co-operative Society Address
Every co-operative society shall have an address to which all notices and communications shall be sent and any change in that address shall be notified to the Registrar within 30 days.

3.18. Register of Co-operative Societies
3.18.1. The Registrar shall keep a register of co-operative societies, wherein the Registrar shall enter particulars of the registration of co-operative societies, the respective by-laws, and of any changes in the status of co-operative societies.

3.18.2. The Registrar shall sign all entries in the Register of Co-operative Societies.

3.18.3. The Register of Co-operative Societies shall be open to inspection, on payment of the prescribed fee to the public during normal hours of business.
PART IV: RIGHTS AND LIABILITIES OF MEMBERS

4.1. Admission of Members
The admission of members and their voting rights shall be as prescribed in the By-laws.

4.2. Members Subject to By-laws
Every member shall on admission to the society be held as accepting the society’s by-laws and shall sign the register as evidence of his or her free acceptance of admission to the society.

4.3. Register of Members
Every co-operative society shall keep a register of members wherein shall be entered-
(a) the name and address of every member, and the number of shares held by each;
(b) the date on which the member joined the co-operative society;
(c) the date on which the member ceased to be a member, where applicable; and
(d) the name of the nominated beneficiaries as required by section 4.10.

The register of members shall be prima facie evidence of the particulars entered in it.

4.4. Liability of Members
4.4.1. The liability of members for the debts of the co-operative society shall be limited to the shares subscribed.

4.4.2. The liability of a past member for the debts of a co-operative society shall be limited to those incurred before their expulsion, death or withdrawal from the co-operative society, and shall continue for one year from the date of their withdrawal, death or expulsion from the co-operative society.

4.5. Membership of more than one Co-operative Society
No person shall be a member of more than one society having the same or similar objects unless each society is informed and consents to the multiple membership.

4.6. Exercising Rights of Membership
4.6.1. Every member has the right to use the services of the co-operative, participate in the general assembly of the co-operative and obtain from the elected officers of the co-operative information about the economic situation of the co-operative.

4.6.2. Every member may elect or be elected for an office in the co-operative society except that no member may be elected as a director or to the supervisory committee until they have attained the age of eighteen years.

4.6.3. No member of a co-operative society shall exercise the rights of a member until they have paid for the minimum number of shares stated in the by-laws.
4.7. Imposition of Fines on Members
4.7.1. The by-laws of a society may provide for the imposition of fines on its members for any infringement of the by-laws, but no such fine shall be imposed upon any member until written notice of the intention to impose the fine and the reason therefore has been served on them and they have had an opportunity of being heard or otherwise of showing cause why the fine should not be imposed.

4.7.2. Any fine shall be recoverable by the society as a commercial debt due to the society.

4.8. Resignation of Membership
A member may withdraw from a co-operative society at any time on giving such notice of withdrawal as may be required in the By-laws.

4.9. Expulsion of Membership
4.9.1. The board of directors may by two-thirds vote, at a directors’ meeting duly called, expel a member from the co-operative society.

4.9.2. A member may be expelled for any of the following reasons:
   (a) They no longer meet the requirements for membership as stipulated in the by-laws; or
   (b) They carry out or attempt to carry out any act which is seriously detrimental to the society; or
   (c) Any other reason stated in the by-laws.

4.9.3. The Secretary shall within five days from the date on which the member is expelled, notify him or her in writing of the action of the board of directors and the reasons.

4.9.4. An appeal against expulsion by the board of directors may be taken by the member at the next general meeting of the co-operative society, provided that written notice of intention to appeal shall be given by him or her to the secretary within thirty days from the date of receipt of the notice mentioned in subsection 4.9.3.

4.9.5. At such meeting a majority of members present may confirm or rescind the action of the board of directors.

4.9.6. The expulsion of a member shall take effect -
   (a) where no notice of appeal has been given within the time for appealing, upon the expiration of such time;
   (b) where an appeal has been made, upon the date of confirmation by the members of the general meeting.

4.10. Shares of Members upon Resignation, Death or Expulsion.
All amounts paid in on shares or as deposits by a member who is expelled or withdraws from the co-operative society or who dies and any related dividends or interest shall be
paid to them or in the case of death to their nominee. Payments will be made as funds become available and after deducting all amounts due from them to the co-operative society. Any shares repaid pursuant to this section shall for the purpose of section 4.4.2, be deemed to have been withdrawn by notice given on the date of such expulsion, withdrawal or death, as the case may be.

4.11. Cessation of Rights
A member who is expelled or withdraws shall have no further rights in the co-operative society but shall not, by such expulsion or withdrawal, be released from any remaining liability to the co-operative society.

4.12. Restriction on Withdrawal of Shares of Members in Management.
No member entrusted with or participating in the direct management of the affairs of the co-operative society shall withdraw or transfer or otherwise dispose of their shares, during the term of their office. In the case of insolvency of the co-operative society any such withdrawal or transfer made by them within four months preceding such insolvency shall be null and void. Such a member shall remain liable to creditors of the co-operative society to the extent of such shares so disposed of or transferred.
PART V: ORGANISATION AND MANAGEMENT

5.1. General Meetings
5.1.1. The supreme authority of a co-operative society shall be vested in the general meeting of its members.

5.1.2. Subject to the provision of this Act, every member shall have the right to attend and vote at all general meetings of the society.

5.1.3. Special general meetings may be called in the way and manner provided for in the by-laws.

5.1.4. The procedure and nature of business at the meetings shall be as the by-laws may provide.

5.2. General Meeting Substituted for Meeting of Delegates
5.2.1. Notwithstanding the provisions of section 5.1 of this Act, a co-operative society which has many or scattered members, may provide in the by-laws of the society to substitute the general meeting of members by a meeting of delegates, each delegate representing a specified number of individual members, and in any such case all the provisions of this Act referring to general meetings of members shall include reference to meetings of delegates.

5.2.2. The delegates may not vote by proxy unless expressly provided for in the by-laws of the co-operative.

5.3. By-laws
5.3.1. Each co-operative society shall prepare and submit for approval by the Register by-laws not inconsistent with the provisions of this Act, which shall, in conjunction with this Act, regulate the activities of the co-operative society.

5.3.2. The Registrar shall supply a copy of standard by-laws to any person bona fide applying therefore for any purpose relating to a co-operative society or the proposed formation of a co-operative society, provided the Registrar may charge the cost of producing the document.

5.3.3. A co-operative society may by a two-thirds vote of the members present at a general meeting called for the purpose, amend or add to the by-laws for the co-operative society, but such amendments or additions shall not be of any effect until the same has been approved by the Registrar.

5.3.4. Where the Registrar refuses to register a by-law or any amendment thereto, the co-operative society may within three months from the date of receipt of the notice or refusal appeal to the Co-operative Tribunal.
5.4. Register & By-laws Available for Inspection
Every co-operative society shall keep open to inspection by the members, free of charge at all reasonable times, at its registered address -
   (a) a copy of this Act and the regulations;
   (b) a copy of the by-laws of the co-operative society; and
   (c) the register of members.

5.5. Board of Directors
5.5.1. At the first annual general meeting the co-operative society shall elect a board of directors of not less than five members.

5.5.2. The term of office and method of electing the Board will be as stated in the by-laws.

5.6. Ineligibility of Membership of Board of Directors or Supervisory Committee
No person shall be eligible for membership of the Board of Directors or Supervisory Committee of a society or remain a member of such board if –
   (a) They are not a member of the society;
   (b) They take part, directly or indirectly, and whether on a permanent or occasional basis, in any activity which is competitive with that of the society;
   (c) They are an undischarged bankrupt;
   (d) They have any outstanding debt owing to the society at the end of the society’s financial year.
   (e) is convicted of any offence involving dishonesty or is imprisoned for three months or more for any reason;

5.7. Powers of the Directors
Subject to the provision of this Act, the directors shall have the general management of the affairs of a co-operative society and in particular shall include the following powers and duties:
   (a) to consider and approve or, subject to section 3.1, reject applications for membership of the society;
   (b) to appoint a manager and other employees on such remuneration as it thinks fit.
   (c) to call for and examine regular reports from persons employed by the society with the object of disclosing the true position of the society, its operations and financial conditions;
   (d) to open and operate banking accounts;
   (e) to appoint sub-committees;
   (f) convene ordinary or extraordinary general meetings of members
   (g) to keep members informed of the progress of the society, to encourage interest and a sense of ownership on the part of the members and to carry out education and advisory work among the members with respect to co-operative principles and the objects of the society;
(h) to prepare and present to the annual general meeting of the society a proposal for the distribution of any net surplus accrued during the preceding financial year in accordance with this Act and by-laws of the society;

(i) to make a report to the annual general meeting on the work of the Board of Directors during the preceding financial year and containing such recommendations as they deem necessary to maintain or improve the services provided by the society to its members; and

(j) to take immediate action to correct mistakes, errors or malpractice which is disclosed in the reports of the Registrar or the auditor.

5.8. Supervisory Committee.
5.8.1. Every society may elect a supervisory committee of not less than three but not more than nine members.

5.5.3. The term of office and method of electing the Board will be as stated in the by-laws.

5.8.2. The members of the supervisory committee shall be elected at the annual general meeting after the election of the Board of Directors.

5.8.3. No director may be elected to the supervisory committee.

5.9. Functions of the Supervisory Committee
The supervisory committee, where one exists shall –
(a) make an examination of the affairs of the co-operative society at least quarterly and audit the books as it deems necessary;
(b) make or provide for an annual audit and submit a report thereon to the annual general meeting;
(c) fill causal vacancies in its own membership until the next annual general meeting and successors are chosen;
(d) call a special meeting to consider any matter or matters, which in their opinion, should be placed before the co-operative society.

5.10. Payments to Boards, Committee Members and Officers.
5.10.1. Members of the board of directors or of the supervisory committee may, as such receive honorarium, but the secretary and the treasurer or the secretary-treasurer may be paid salaries.

5.10.2. Provided that no honorarium, salary or allowance of Board or committee members shall be paid unless it has been authorised by a resolution to that effect passed by a general meeting of the co-operative society.

5.11. Restrictions on Members Employed by their Co-operative Society
Members who are employed by the co-operative society may not vote in General meetings on issues directly related to the terms of their employment.
5.12. Records of Directors and Officers
A record of the names and addresses of the directors, the members of the supervisory committee and of the officers shall be filed with the Registrar within thirty days after election or appointment.

5.13. Liability of Directors for Losses
In the conduct of the affairs of a society the members of the Board of Directors shall exercise the prudence and diligence of ordinary persons of business and shall be jointly and severally liable for any losses sustained through failure on their part to exercise such prudence and diligence or through any act which is contrary to the provisions of this Act or of any Regulations made thereunder, or to the by-laws of the society or to any direction of any general meeting.

5.14. Management not Absolving Board
Where the Board of Directors has employed a manager to administer and manage affairs of the society, such appointment shall not absolve the Board from its responsibility for the proper direction of the affairs of the society.

5.15. Maximum Liability of the Society
A co-operative society which under its by-laws has power to borrow money shall determine from time to time at a general meeting, the maximum liability which it may incur and shall notify the Registrar of the maximum fixed.
PART VI: PROPERTY AND FUNDS OF CO-OPERATIVE SOCIETIES

6.1. Share Capital
6.1.1. The share capital of a co-operative society shall consist of a number of shares not less than ten dollars each in value.

6.1.2. The manner of acquiring and the number of shares to be held by members shall be as stated in the by-laws.

6.1.3. Share certificates bearing the name of a member and the nominal value of the shares in the possession of the member shall be issued to members on the payment for the shares.

6.2. Transfer of Shares
6.2.1. Subject to the provisions of this section and by-laws, shares may be assigned, transferred or withdrawn by a member.

6.2.2. Shares may only be assigned or transferred to a member of the co-operative society.

6.2.3. No assignment, transfer or withdrawal shall be valid unless approved by the board of directors and the transfer thereafter entered in the register.

6.2.4. If the member wishes to transfer his or her shares to a person who is not a member, the person must first be admitted as a member in accordance with the by-laws and the transfer thereafter entered in the register.

6.3. Members Dues
All moneys payable to a co-operative society by members shall be a debt due from them to the co-operative society and shall be recoverable as such in any court of competent jurisdiction.

6.4. Shares or Dividends not Liable for Sale
6.4.1. The share or dividend of a member in the capital of a co-operative society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member and subject to subsection 6.4.2, a trustee in bankruptcy shall have no claim on such share or dividend.

6.4.2. Where a co-operative society is dissolved the shares of any member who has been adjudicated bankrupt shall vest in the trustee in bankruptcy.

6.5. Investment of Funds
For the purpose of carrying out its objects, a co-operative society may, subject to the provisions of this Act, invest or deposit its funds -

(a) with any licensed bank;
(b) with any other co-operative society; or
(c) in any other way as approved by the Registrar.

6.6. Borrowing from the Society\(^5\)
No director, officer or member of the supervisory committee or member of the society shall be allowed to borrow from the society.

6.7. Reserve Fund\(^6\)
6.7.1. Every co-operative society shall maintain a reserve fund.

6.7.2. The regulations may prescribe what proportion of the positive results of a co-operative’s enterprise shall be transferred to the reserve and shall prescribe a minimum percentage of the annual surplus, as stated in the audited report, submitted in accordance with section 7.1, which shall be transferred to the reserve fund.

6.7.3. The reserve fund shall be indivisible and no member shall be entitled to claim a specific share of it.

6.8. Application of the Net Surplus
The net surplus remaining after the transfer effected under sections 6.7.2 may be utilised for any or all of the following purposes:
(a) As a transfer to the reserve fund
(b) As a dividend or interest payments on the paid up shares and the investments subject to any limitation on the interest rate specified in the regulations
(c) As a bonus paid to members according to the volume of transactions with the co-operative society.
(d) By way of a premium payment to employees
(e) By way of honoraria to officers of the society.
(f) By issuing bonus shares, the withdrawal of which is limited by the regulations.
(g) Any other purpose provided for in the by-laws.

6.9. Transactions with Non-Members
The provision of services to non-members and the application of the surplus or shortages resulting from such transactions will be as stated in the by-laws.

\(^5\) This restriction may alternatively be placed in the by-laws but placing it in the Act gives it additional weight, recognising that it has been a major cause of difficulties for co-operatives in Pacific Island countries.

\(^6\) The intention of the Reserve fund contribution is to enhance the stability of the co-operative by limiting the distribution of retained earnings of the co-operative (the surplus). The regulations should specify a benchmark at which the reserve should reach before compulsory contributions diminish.
PART VII: AUDIT AND INVESTIGATION

7.1. Auditing of Accounts
7.1.1. The accounts of every co-operative society shall be audited once in every year by an auditor authorised by the Registrar and approved by the Supervisory committee where one exists.

7.1.2. For the purpose of subsection 7.1.1, an auditor shall have free access to all books, accounts, stocks, securities, minutes and documents of the co-operative and may question any member of the board, manager, employee or member of the co-operative on the activities and operation of the co-operative. All such persons shall be bound to furnish all information requested by the Auditor.

7.1.3. On the completion of the audit the auditor shall forward the report to the Board of Directors and the supervisory committee. The Auditor shall also forward a copy of the report to the Registrar and to the Apex Co-operative body.

7.1.4. The Auditor shall have the right to participate in the General meeting where the Audited report is presented and to ensure the report is properly explained.

7.2. Books & Records to be Kept
The Registrar may prescribe the books and records that should be kept by co-operative societies.

7.3. Authority to Investigate
Where the Registrar -
   (a) has reason to believe –
      (i) that a co-operative society is unable to meet its obligations or has made default in complying with any provisions of this Act; or
      (ii) that an offence under this Act, the regulations or the by-laws of a co-operative society has been or is likely to be committed by a co-operative society or any member; or
      (iii) that the interests of the members of a co-operative society are otherwise in danger; or
   (b) receives a signed petition by not less than one quarter of the members of a co-operative society, that an investigation be held into the affairs of a co-operative society; or
   (c) receives a signed petition by a majority of the members of the board of directors or by the supervisory committee; or
   (d) receives a petition from the Apex Co-operative body recommending dissolution, or an investigation,

the Registrar may after giving the co-operative society a reasonable opportunity of making representations, investigate or order an investigation by any person.
7.4. Authority of Minister to Order Investigation
Where the Registrar receives a written direction from the Minister to investigate the affairs of a co-operative society the Register shall carry out such investigation, and shall make a report thereon in writing to the Minister.

7.5. Security for Cost of Investigation
7.5.1. The Registrar may, before ordering an investigation upon a requisition made under paragraphs (b) and (c) of section 7.3, require the persons making the requisition to furnish security in such amount as the Registrar considers sufficient to meet the expenses that may be incurred by the co-operative society and the Registrar in respect of the investigation.

7.5.2. Where, after considering a report made under section 7.3, the Registrar is of the opinion that a requisition under paragraphs (b) or (c) of section 7.3 has been without reasonable cause, he may order that the whole or any part of the amount furnished as security under subsection 7.5.1 be forfeited and paid to the co-operative society and or the Registrar in order to defray the respective costs incurred by them.

7.6. Investigation Reports
A report of the investigation made under section 7.3, shall be made in writing and copies sent to the board of directors, the supervisory committee, the Apex Co-operative body and in the case of an investigation conducted pursuant to a requisition made under paragraph (b) of section 7.3 to such members.

7.7. Investigation Leading to Cancellation of Registration
If, as a result of a report of an investigation made under subsection 7.3 or 7.4, the Registrar considers that it is necessary in the interests of the members that the registration of the co-operative society be cancelled, the Registrar may, after giving the co-operative society a reasonable opportunity of making representations, wind up the co-operative society, in which case the provisions of PART IX of this Act shall apply.

7.8. Access of Register to Society’s Books
The Registrar or any person authorised by the Registrar shall have access to all the documents, cash and securities of a co-operative society, and every officer of a co-operative society shall provide such information relating to the business of the co-operative society as the person making the inspection may require.

7.9. Payment of Audit Fees
Every society shall pay such audit fees as the Registrar may prescribe or approve.
PART VIII: AMALGAMATION, DIVISION, TRANSFER AND CONVERSION

8.1. Power to Amalgamate
Two or more Co-operative Societies may be amalgamated as one co-operative society, where consent in writing of the Registrar to the amalgamation has been obtained. The consent of the Registrar to the amalgamation shall be subject to the following:

(a) The resolutions to amalgamate by each co-operative society must be passed by not less than two thirds of the members present and voting, at properly constituted general meetings, the by-laws may provide for a higher percentage;
(b) Three months notice of the intention to amalgamate must be given to the creditors of the co-operatives intending to amalgamate and creditors objecting to the amalgamation may inform the Registrar why they object to the amalgamation;
(c) The amalgamation of the co-operatives shall be treated as the registration of one new co-operative and dissolution of amalgamating co-operatives. The new co-operative society will be subject to the requirements of registration as stated in PART III: of this Act.

8.2. Power to Divide
A co-operative may divide itself into two or more co-operatives, where consent in writing of the Registrar to the division has been obtained. The consent of the Registrar to the division shall be subject to the following:

(a) The resolution to divide the co-operative society must be passed by not less than two thirds of the members present and voting, at properly constituted general meetings, the by-laws may provide for a higher percentage;
(b) The resolution to divide the co-operative must contain proposals for the division of the assets and liabilities of the co-operative among the proposed new co-operatives;
(c) Three months notice of the intention to divide, along with the resolution to divide, must be given to the creditors of the co-operative and creditors objecting to the division may inform the Registrar why they object to the division;
(d) The division of the co-operative shall be treated as the registration of new co-operatives and dissolution of the existing co-operative. The new co-operative societies will be subject to the requirements of registration as stated in PART III: of this Act.

8.3. Power to Transfer
A co-operative may transfer its assets and liabilities to another co-operative which is prepared to accept them hereinafter referred to as “the receiving co-operative” where consent in writing of the Registrar to the transfer has been obtained. The consent of the Registrar to the transfer shall be subject to the following:
(a) The resolutions to transfer by each co-operative society must be passed by not less than two thirds of the members present and voting, at properly constituted general meetings, the by-laws may provide for a higher percentage;
(b) Three months notice of the intention to transfer must be given to the creditors of the transferring co-operative and creditors objecting to the transfer may inform the Registrar why they object to the transfer;
(c) The transfer of the co-operative shall be recognised as the dissolution of the transferred co-operative.

8.4. Conversion of a Co-operative to Another Legal Form
A co-operative intending to convert itself to another legal form must seek the written consent of the Registrar. The consent of the Registrar to the conversion shall be subject to the following:

(a) The resolutions to convert the co-operative society must be passed by not less than two thirds of the members present and voting, at properly constituted general meetings, the by-laws may provide for a higher percentage;
(b) The resolution to convert the co-operative must contain the scheme for the allocation of the reserve fund to the new entity;
(c) Three months notice of the intention to convert must be given to the creditors of the co-operative and creditors objecting to the conversion may inform the Registrar why they object;
(d) The conversion of the co-operative shall be recognised as the dissolution of the co-operative;
(e) That the Registrar is satisfied that all the requirements for the formation of the new legal form have been fulfilled; and

8.5. Members opposing Amalgamation, Division, Transfer or Conversion.
Members who oppose the amalgamation, division, transfer or conversion of their co-operative to another will have the right to resign and must give one months notice of intention to withdraw prior to the date of amalgamation, division, transfer or conversion. The resignation will take effect as of the date of amalgamation, division, transfer or conversion.

8.6. Remaining Members Become Members of New or Receiving Co-operative
The remaining members of the amalgamating co-operatives or transferring co-operative who have not resigned as required in section 8.5, shall become members of the amalgamated or receiving co-operative subject to its by-laws.

8.7. Assets & Liabilities Vested in New Co-operative.
The registration of the amalgamated co-operative or written consent to the transfer of one society to another shall be a sufficient conveyance to vest the assets and liabilities of the amalgamating or transferring co-operatives in the amalgamated or receiving co-operative respectively.
8.8. Creditors Entitled to a Refund
Creditors of the amalgamating, dividing, transferring or converting co-operative shall be entitled to a refund of any sum due to them if they make a written demand to this effect at least one month before the date fixed for the amalgamation, division, transfer or conversion. However, if the amalgamating or transferring co-operatives can obtain the prior agreement in writing of not less than three quarters in value of the creditors not to make a demand for a refund, then, in that event, the agreement shall be binding on all creditors.

8.9. Contracts Prior to Amalgamation, Division, Transfer or Conversion
All deeds, bonds, agreements and instruments to which a co-operative society that is amalgamated, divided, transferred or converted was a party that are subsisting at the time of the amalgamation, division, transfer or conversion shall be of as full force and effect against or in favour of the co-operative societies or new legal entities formed by the amalgamation, division, receiving the transfer or conversion.

8.10. Proceedings Prior to Amalgamation, Division, Transfer or Conversion
Where, in respect of any co-operative society that has amalgamated, transferred with any other co-operative society, divided or converted, any proceedings or cause of action was pending or existing or existed at the time of amalgamation, division, transfer or conversion, the same may be continued or enforced by or against the co-operative societies or new legal entities formed by the amalgamation, division, receiving the transfer or conversion as it might have been continued or enforced by or against such co-operative society if the amalgamation, division, transfer, conversion had not taken place.
PART IX: DISSOLUTION

9.1. Cancellation by Order of the Registrar
The Registrar may by order, cancel the registration of a co-operative society -
(a) if satisfied that the incorporation of the co-operative society was obtained by fraud or mistake; or
(b) if it is shown that the number of members, is less than specified under section 3.2; or
(c) the objective of the co-operative has been attained or is impossible to attain; or
(d) if after considering possible obligations of the members to make supplementary payments determines the co-operative is bankrupt; or
(e) if after notice by the Registrar the co-operative has wilfully and repeatedly violated any provisions of the Act, regulations or by-laws.
(f) if three-quarters or more of the members resolve to wind up the society at a duly constituted general meeting.
(g) If the co-operative has been inactive for a minimum period of six months, in which case the Registrar shall give the co-operative three months notice of the intention to cancel registration and request the co-operative to show cause why it should not be de-registered.

9.2. Right to Appeal Cancellation Order
Any member of a co-operative society may within three months of the cancellation, appeal against the cancellation to the Co-operative Tribunal.

9.3. Effect of Cancellation Order
The order cancelling the registration shall take effect -
(a) where no appeal is made, three months from the date of the order;
(b) where an appeal is made, from the date of the confirmation of the cancellation.

9.4. Safe Custody of Documents, Securities and Assets
Where the Registrar makes an order cancelling the registration of a co-operative society, he may also make an order for the safe custody of the documents and securities and for the protection of the assets of the co-operative society. In such case the Registrar shall publish notice thereof in the Gazette, whereupon the co-operative society shall be dissolved.

9.5. Cessation of the Privileges of a Co-operative
A co-operative society whose registration has been cancelled shall, from the date of publication in the Gazette of the notice of cancellation, absolutely cease to enjoy as such the privileges of a co-operative society, but without prejudice to and liability incurred by such Co-operative Societies which may be enforced against the same as if such cancellation had not taken place.
9.6. Appointment of a Liquidator
Where the registration of a co-operative society is cancelled, the Registrar may appoint one or more persons to liquidate the co-operative society. However,
(a) In the case of voluntary liquidation as prescribed under section 9.1 part (f), the members have the right to appoint the liquidator;
(b) In making the appointment the Registrar may impose such limitations on the powers of the liquidator, as the Registrar thinks necessary.

9.7. Powers of the Liquidator
9.7.1. Where a liquidator is appointed, subject to section 9.6 part (b), all of the property of whatever description (including books and documents) belonging to the co-operative society shall be vested in the liquidator by their official name with effect from the date of appointment.

9.7.2. Subject to the provisions of section 9.6 part (b), the liquidator, after giving such indemnity, if any, as the Registrar may direct, shall -
(a) decide the contribution to be made to the assets of the co-operative society by members, past members and the estates of deceased members who are in debt to the co-operative society;
(b) by notice fix a day when all creditors shall prove their debts or be excluded from any distribution of assets;
(c) decide any question of priority that may exist between creditors;
(d) institute or defend legal proceedings on behalf of the co-operative society;
(e) decide by whom and in what proportions the costs of liquidation are to be paid;
(f) give such directions as to the collection and distribution of assets as may be necessary;
(g) compromise any claim by or against the co-operative society;
(h) call such meetings of members or creditors as may be necessary for the proper conduct of the liquidation;
(i) take possession of all documents, securities, account books and assets of the co-operative society;
(j) sell the property of the co-operative society;
(k) where the scheme of distribution has been approved by the Registrar, arrange for the distribution of the assets of the co-operative society; and
(l) enforce the attendance of parties and witnesses and compel the production of documents by the means and manner as in a civil court.

9.8. Power of Registrar over the Liquidator
In exercise of the powers over the liquidator the Registrar may -
(a) revoke or change any order made by the liquidator, and make a new order as required;
(b) remove a liquidator from office, and appoint a new liquidator;
(c) take possession of all documents and assets of the co-operative society;
(d) require accounts to be produced to him by the liquidator;
(e) arrange the auditing of the liquidator’s accounts and authorise the distribution of the assets of the co-operative society; and
(f) authorise the remuneration of the liquidator.

9.9. Enforcement of Liquidator’s Directions
Any action taken by a liquidator under section 9.7, or any order made by the Registrar under section 9.8 may be enforced by the court in the area of the registered office of the co-operative society in the same way as an order of the court.

9.10. Limitation of the Jurisdiction
Unless otherwise expressly stated in the Act, no civil court shall have jurisdiction on any matter concerned with the dissolution of a co-operative society.

9.11. Disposal of Assets on Liquidation
9.11.1. In the liquidation of a co-operative society, the funds, including any reserve fund, shall be applied -
(a) first to the costs of liquidation;
(b) second to the repayment of deposits;
(c) third to payment of the liabilities of the co-operative society;
(d) fourth to the repayment of share capital and dividend for any period for which no dividend was paid; and
(e) Fifth to pay the balance to members in proportion to the share capital holding of each member, or as stated in the by-laws.

9.11.2. When the liquidation of the co-operative society has been completed and any creditor has not claimed or received what is due to him by the scheme of distribution, notice of the closure of the liquidation shall be published in the Gazette.

9.11.3. All claims against the co-operative society shall be proscribed with effect from two years of the date of the Gazette notice.
PART X: SECONDARY, APEX ORGANISATIONS & ADVISORY BOARD

10.1. Power to Federate
Co-operatives may form secondary co-operatives and apex organisations to facilitate the operations of their members or to provide such other services as may be necessary for their members as laid down in their by-laws.

10.2. Registration of Secondary and Apex Bodies
The procedure for registration of a secondary co-operative or apex organisation is as stated in section 3.5.

10.3. Co-operative Advisory Board
10.3.1. There shall be established a Co-operative Advisory Board whose responsibility shall be to advise the Minister responsible for co-operative affairs on all matters relating to the co-operative movement, and in particular to any matters relating to the Ministers responsibilities in this Act.

10.3.2. The Board shall consist of five members appointed by the Minister on the recommendation of the Registrar with advice from the Apex co-operative body where one exists.

10.3.3. A member of the board shall be appointed to hold office for a period not exceeding three years and on such conditions as stated in the Regulations.

---

7 Given that this Act does not make membership of secondary or Apex organisations compulsory it is therefore considered more appropriate to leave the objectives to such organisations to their own by-laws rather than including them in the primary Act.

8 The establishment of a Co-operative Advisory Board may be excluded from the Act and treated as an administrative manner – seeing that the board will not have any direct authority. However, its inclusion in the Act establishes it with an advisory role to the Minister which may enhance the Ministers attention to co-operative matters.
PART XI: SETTLEMENT OF DISPUTES

11.1. Referral of Disputes
If a dispute concerning the by-laws, election of officers, conduct of meetings, management or business of a co-operative arises –

(a) Among members, past members and persons claiming through members, past members and deceased members;
(b) Between a member, past members or persons claiming through a deceased member, and the co-operative, its Board and other officer of the co-operative;
(c) Between the co-operative or its Board and any other officer of the co-operative;
(d) Between the co-operative and any other co-operative;

Such dispute may be referred, after due attempts to settle the issue by local and or informal mediators, to the Registrar or directly to the Co-operative Tribunal constituted under section 11.3 for a decision.

11.2. Process for Referred Disputes
11.2.1. The Registrar shall, on receipt of a dispute, have regard to the nature and complexity of the dispute, and decide whether-

(a) To settle the dispute himself or herself; or
(b) To refer the dispute to the Co-operative Tribunal.

11.2.2. Where the Registrar decides to settle the dispute himself or herself and gives the ruling thereon which aggrieves a party to the dispute, that party may, within 30 days of the date of the Registrar’s ruling, appeal to the Co-operative Tribunal.

11.2.3. Where a dispute is referred to the Co-operative Tribunal, either directly by the disputing parties or by the Registrar, the Co-operative Tribunal shall deliberate on the case and make a decision within two months.

11.2.4. Any parties to a dispute that is referred to the Co-operative Tribunal have the right to take their case to a court of law after they have received the decision of the Tribunal or after two months of the date of referral to the Co-operative Tribunal.

11.3. Co-operative Tribunal
11.3.1. There is established a Co-operative Tribunal consisting of three persons namely-

(a) A representative of the Co-operative movement, appointed by the Apex co-operative body where one exists, or by the Minister where there is not an Apex Co-operative body;
(b) A person from or representing the Attorney General’s office appointed by the Attorney General
(c) A representative from the Ministry responsible for Co-operative matters appointed by the Minister.

11.3.2. All three persons shall be present when the Co-operative Tribunal is in session.
11.3.3. The Co-operative Tribunal may call witnesses, and may demand the production of books, records and documents, both financial or otherwise or it may cause a person or persons to undertake additional fact finding and the tribunal shall ensure that both parties to the dispute shall have the right to be heard during the deliberations.

11.3.4. The Co-operative Tribunal shall make a ruling on any dispute or appeal when at least two of the members of the Tribunal agree to the ruling.

11.3.5. The terms and conditions of service and the procedures for deliberation of disputes and appeals of the Co-operative Tribunal shall be prescribed in the Regulations
PART XII: MISCELLANEOUS

12.1. Prohibition of the Use of the Word “Co-operative”
12.1.1. No person other than a co-operative society shall carry on business under any name or title of which the words “co-operative” are a part.

12.1.2. Any person who contravenes section 12.1.1 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding an amount to be stipulated in the Regulations and in the case of a continuing offence to a further fine not exceeding an amount to be stipulated in the Regulations for each day during which the offence continues.

12.2. Offences Under this Act
12.2.1. It shall be an offence under this Act if-
   (a) A co-operative society or an officer of a co-operative society wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act by the Registrar or any person authorised by the Registrar, or
   (b) A co-operative society or an officer or a member of a co-operative society thereof wilfully makes a false return or furnishes false information, or fails to furnish any information lawfully required from him under this Act; or
   (c) Any person obtains possession by false representation of any property or funds of a co-operative society, or
   (d) A person has any property of a co-operative society in their possession and withholds it or misappropriates any part of it for purposes other than those expressed or directed in the by-laws of the co-operative society, this Act or regulations, or
   (e) A person acts or purports to acts a member of the Board when not entitled to do so, or
   (f) A co-operative society, an officer of a co-operative society or any person wilfully performs an act which requires the consent or approval of the Registrar without first having obtained the consent or approval, or
   (g) A person collects money in the nature of subscriptions for the purpose of forming a co-operative society to be registered under this Act, without the permission of the Registrar

12.2.2. Every co-operative society, officer of a co-operative society or person guilty of an offence under section 12.2.1 shall be liable on conviction to, deliver the property or to repay all the money misappropriated, and to a fine not exceeding an amount to be stipulated in the Regulations and in the case of a continuing offence to a further fine not exceeding an amount to be stipulated in the Regulations for each day during which the offence continues.

12.3. Regulations
The Minister, in consultation with the Registrar, may make such regulations for or with regard to any matter or thing that by this Act they are authorised or required to do for the purpose of carrying out or giving effect to the provisions of this Act.
12.4. Exemption from Other Acts
The Companies Act, the Financial Institutions Act, the Trade Union Act, and the Credit Union Act shall not apply to a co-operative society unless specifically provided for in this Act or any other Act.

12.5. Repeal and Transitional Provision
12.5.1. The Co-operatives Societies Ordinance CAP XX and the Co-operative Societies Rules are hereby repealed.

12.5.2. A society which was immediately before commencement of this Act registered under the provisions of the repealed Co-operatives Societies Ordinance shall be deemed to be a society registered under this Act.

12.5.3. Societies registered or deemed to be registered under the repealed Co-operative Societies Ordinance shall adapt their by-laws in conformity with this Act not later than two years after commencement of this Act.
FIRST SCHEDULE

THE CO-OPERATIVE SOCIETIES ACT

MEMORANDUM OF ASSOCIATION

1. The undersigned desire to be incorporated under the provisions of the Co-operative Societies Act.

2. The group of persons to whom membership is limited.

3. The corporate name of the co-operative society is to be (insert name proposed) co-operative society.

4. The registered office of the co-operative society is situated at:

5. The par value of each share is SI$.

6. The names and addresses of the undersigned; the number of shares for which each has subscribed, and the qualification of each within the group to which membership is limited, are as follows –

<table>
<thead>
<tr>
<th>Names</th>
<th>Addresses</th>
<th>No. of shares subscribed</th>
<th>Signature</th>
</tr>
</thead>
</table>

The provisional secretary of the proposed co-operative society will be:

Dated at this day of 200X

Signature of witness: Signature of applicants:

Note: give description of group by occupation or area of residence.
SECOND SCHEDULE

THE CO-OPERATIVE SOCIETIES ACT

CERTIFICATE OF INCORPORATION

The co-operative society, having filed a duly executed Memorandum of Association, is incorporated under the Co-operative Societies Act.

__________________________________________  ____________________________________________
Registrar of Co-operative Societies                   Dated
Co-operative Societies Regulations, 200X.

In the exercise of the powers conferred on the Minister by section 12.3 of the Co-operative Societies Act, the Minister of Co-operative Affairs hereby makes the following Regulations.

1. Citation and Commencement
   These regulations may be cited as the Co-operative Societies Regulations, 200X and shall come into operation on

2. Registration Fees
   The fee for registration is $50

3. Reserve Fund
   A co-operative society shall contribute a minimum of 25% of its annual surplus towards its reserve fund until such time as its reserve fund is equivalent to the share capital.

4. Withdrawal of Bonus Shares.
   Members may not withdraw bonus shares until two (2) years has passed from the date they were issued.

5. Terms & Conditions of Co-operative Tribunal
   The members of the Co-operative Tribunal shall be appointed annually. They shall be entitled to remuneration for their hours spent in session according to the current Public Service schedule. Payment shall be made by the Office of Registrar who shall have the power to charge the co-operative or co-operatives or individuals involved in the dispute at the discretion of the Registrar.

6. Conditions of the Co-operative Advisory Board
   Co-operative Advisory board members shall be entitled to remuneration for attending board meetings in accordance with current Public Service schedules.

7. Procedures for Co-operative Tribunal
   Any dispute referred to the Co-operative Tribunal shall be handled administratively by the Office of Registrar. The Tribunal shall appoint from amongst itself a chairperson and they shall have the power to deal with the dispute as they see fit subject to the Act.

8. Fines for Offences under the Act
   Any person guilty of an offence under this Act may be fined an amount not exceeding $5000 in the first instance and a further $3000 per day for each day the offence continues
STANDARD BY-LAWS

OF

CO-OPERATIVE SOCIETIES LTD
# TABLE OF CONTENTS

TABLE OF CONTENTS...................................................................................................41

PART I: GENERAL ..........................................................................................................43
  1.1. Interpretation...........................................................................................................43
  1.2. Name .......................................................................................................................43
  1.3. Address ....................................................................................................................43
  1.4. Objects ....................................................................................................................43

PART II: MEMBERSHIP..................................................................................................44
  2.1. Admittance to Membership.....................................................................................44
  2.2. Limitation of Membership ......................................................................................44
  2.3. Membership Includes..............................................................................................44
  2.4. Membership Refused ..............................................................................................44
  2.5. Right to Appeal .......................................................................................................45
  2.6. Membership Fee ......................................................................................................45
  2.7. Notice of Resignation..............................................................................................45
  2.8. Members Subject to By-laws..................................................................................45
  2.9. Infringement of By-laws.........................................................................................45
  2.10. Compulsory Loyalty ...............................................................................................45
  2.11. Penalty for Disloyalty ...........................................................................................45
  2.12. Appointment of Nominee .....................................................................................45

PART III: ORGANISATION AND MANAGEMENT ....................................................46
  3.1. Annual General Meetings .......................................................................................46
  3.2. Function of Annual General Meeting ......................................................................46
  3.3. Special General Meeting.........................................................................................46
  3.4. Notice of Meetings and Decisions ...........................................................................47
  3.5. Power of Members to Request a Special General Meeting ....................................47
  3.6. Power of Registrar to Convene a Special General Meeting ...................................47
  3.7. Quorum at General Meetings ................................................................................47
  3.8. Failure to Achieve a Quorum ................................................................................47
  3.9. Voting at General Meetings ....................................................................................47
  3.10. Minutes of General Meetings ..............................................................................48
  3.11. The Board .............................................................................................................48
  3.12. Term of the Board .................................................................................................48
  3.13. Functions of the Board .........................................................................................48
  3.14. Re-election of Board Members ............................................................................49
  3.15. Vacant Board Positions .........................................................................................49
  3.16. Board Quorum .......................................................................................................49
  3.17. Election of Officers ...............................................................................................49
  3.18. Board Meetings ....................................................................................................49
  3.19. Voting at Board Meetings ....................................................................................49
  3.20. The Supervisory Committee .................................................................................49
  3.21. Resignation of a Board or Supervisory Committee Member ................................50
  3.22. Cessation of Board or Supervisory Committee Membership ...............................50
  3.23. Regular Financial Reports ....................................................................................50
  3.24. Duties of Chairperson ..........................................................................................50
  3.25. Duties of Secretary ...............................................................................................50
3.26. Duties of Treasurer ........................................................................................................50
3.27. Duties of Manager ........................................................................................................51

PART IV: PROPERTY AND FUNDS OF THE SOCIETY ..............................................51
4.1. Composition of Capital .................................................................................................51
4.2. Share Subscriptions ......................................................................................................51
4.3. Use of Funds ..................................................................................................................52
4.4. Signatories to Accounts ..............................................................................................52
4.5. Distribution of Surplus ...............................................................................................52
4.6. Trade with Non-Members ...........................................................................................52
4.7. Disposal of Remaining Funds after Liquidation .........................................................52
4.8. Financial Year ..............................................................................................................52

PART V: MISCELLANEOUS ..........................................................................................52
5.1. Sums Due to Society ....................................................................................................52
5.2. Credit Transactions Prohibited ..................................................................................53
5.3. Dispute Settlement ......................................................................................................53
5.4. Signatories to Contracts .............................................................................................53
5.5. Particular By-laws for Agricultural Co-operatives .....................................................53
5.6. Particular By-laws for Societies allowing Delegates ................................................53
5.7. Adoption of By-laws ....................................................................................................53
PART XIII: GENERAL

13.1. Interpretation
In these by-laws, unless the context otherwise requires:
Act
Means the Co-operative Act, 5, 6, 7, 9, 10, 13, 14
board
Means the Board of Directors of this Society duly elected in accordance with these by-
   laws and the Act., 4, 5, 6, 7, 8, 10, 11, 12, 13, 15
Registrar
Means the Co-operative Registrar appointed under the Act., 7, 8, 15
society
Means this Co-operative Society, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15

13.2. Name
The name of the society shall be the Model Co-operative society Limited.

13.3. Address
The Postal address of the society shall be:
The society’s office and normal place of business shall be situated at:

13.4. Objects
The objects of the society shall be to promote the economic social and cultural interests
of its members and in particular:-
(a) to market, store and process such produce of its members as the board shall
   from time to time decide;
(b) to provide supplies and services to its members as the board shall from time to
time decide .
(c) to operate a retail store for the benefit of its members and the better
distribution of consumer goods;
(d) to cultivate and produce agricultural products that the board shall from time to
time decide;
(e) to manufacture what the board shall from time to time decide;
(f) to do all such things as are incidental or conducive to the attainment of the
   said objects.

In the case of a Secondary or Apex body Co-operative it may:
(a) provide, organise and supervise central services such as joint supply of inputs,
   raw materials or implements, access to technical services and loans, joint
   marketing of produce and joint utilisation of any other services and
   installations that may be necessary to help the officers and members of their
   member co-operatives in achieving their outputs;
(b) provide information, education, training and advisory services on co-operative
   principles and practices and on the management of co-operative enterprises;

---

9 The objects here include a comprehensive range of the types of objectives a co-operative society may
want to include. Usually its primary objective will be placed first.
(c) assist formation committees and co-operatives in determining the feasibility of their projects and to facilitate the registration of new co-operatives;
(d) conduct audit of member co-operatives according to the provisions of the Act;
(e) represent the interests of its members in different forums;
(f) acquire, analyse and disseminate economic, statistical and other information relating to its members;
(g) sponsor studies on the economic, legal, financial, social and other fields concerned with co-operatives, and publish the results thereof;
(h) advise the appropriate authorities on all questions relating to co-operatives and to participate actively in planning and policy making for co-operatives; and
(i) provide any other services which may be necessary to promote the objectives of their members and promote the co-operative movement.

**PART XIV: MEMBERSHIP**

**14.1. Admittance to Membership**
Subject to the provisions of the Act and these by-laws, members shall be admitted to the society on application to the board and on approval by a majority thereof.

Membership is on an individual basis. (or Membership of family units is acceptable with the family specifying who shall hold the membership on behalf of the family)\(^{10}\)

**14.2. Limitation of Membership**
The persons to whom membership is limited are: \textit{and/or}
The area/s of operations to which the society is limited is:

**14.3. Membership Includes**
The members of the society shall be:-
(a) all those who are shown in the register of members as having joined the society at a date previous to the adoption of these by-laws;
(b) all those who join the society in accordance with these by-laws.

**14.4. Membership Refused**
A person may be refused membership of the society who –
(a) is also a member of any other society, organisation, trade or profession whose interests may conflict with those of the society, or
(b) who is not of good character, or
(c) who does not come within the area or group of persons for whom membership is limited in by-law 14.1, or
(d) has not reached 16 years of age (or in the case of a school co-operative the age of 12 years)

\(^{10}\) This needs specific clarification as regards separate membership of individuals from within families already members, and the mechanism for representation and any subsequent change thereof.
14.5. Right to Appeal
A person who is refused membership may appeal in writing to a General Meeting of the co-operative to reconsider their application for membership. A person’s appeal to the General Meeting shall be through the secretary who shall in submit the appeal to the General Meeting along with the Boards reasons for refusing membership. The General Meeting may uphold the boards decision to refuse membership or may accept the persons application for membership.

14.6. Membership Fee
Each new member is to pay a membership fee of $20 upon acceptance of their membership.

14.7. Notice of Resignation
A member wanting to withdraw their membership is required to give three months notice:

14.8. Members Subject to By-laws
Every member shall on admission to the society be held as accepting these by-laws and shall sign the register as evidence of his or her free acceptance of admission to the society.

14.9. Infringement of By-laws
The board may fine a member up $500 for any infringement of the by-laws subject to section 4.7 of the Act.

14.10. Compulsory Loyalty
With effect from the adoption of these by-laws, every member shall deliver to the society all such produce as specified under by-law 13.4 produced by him or her, except that required for the personal use of himself and his dependants and at such time and such manner as the board shall from time to time decide.

14.11. Penalty for Disloyalty
In as much as it may be difficult to determine the actual damage to the society, every member who shall fail to deliver his produce to the society as required by the by-laws, shall pay to the society a sum equal to 10% of the market value of such produce as liquidated damage for the breach of by-law 14.7 and such damages shall be a debt due from him to the society.

14.12. Appointment of Nominee
Every member shall appoint a nominee or nominees to receive his or her share of interest in the society in the event of their death or insanity and such appointment shall be properly recorded by the board. A member shall have power to change their nominee/s at any time but such change must be properly conveyed in writing to the board to be valid.

Where a member appoints more than one nominee they must also specify the proportion allocated to each nominee.
PART XV: ORGANISATION AND MANAGEMENT

15.1. Annual General Meetings
The annual General meeting shall be held within three months of the close of the financial year. The members shall be given two weeks written notice of the meeting and the reports are to be made available to the members prior to the meeting.

15.2. Function of Annual General Meeting
The functions of the annual general meeting of the society are:

(a) to consider and confirm the minutes of the previous annual general meeting and of any other intervening general meeting;
(b) to adopt the annual Budget;
(c) to appoint an auditor to audit the accounts;
(d) to consider the auditor’s report, the reports of the board and any report made by the Registrar;
(e) to approve the financial statements and determine the frequency of financial statements to be produced for the members;
(f) to consider and determine the maximum amount the society may borrow;
(g) to consider and resolve the proportion of the surplus to be transferred to the reserve fund, subject to section 6.7 of the Act.
(h) to consider and resolve the manner in which any available net surplus shall be distributed or invested subject to the provisions of this Act and the by-laws;
(i) to consider and adopt any amendments to the by-laws;
(j) to elect members of the Board, Supervisory Committee and any other committees;
(k) to decide appeals of persons whose application for membership has been rejected by the Board of Directors;
(l) to hear and decide upon any complaints brought by members aggrieved by a decision of the board, provided that notice of the intention to bring such complaints before the meeting has been given to the secretary or manager at least two days prior to the meeting;
(m) to give directives to the Board and confer upon it and or the management any powers required for the smooth running of the co-operative;
(n) order any inquiries into any matter of the society;
(o) to transact any other general business of the society of which due notice has been given to members.

15.3. Special General Meeting
A special general meeting shall be called quarterly to update the members on the progress and developments within the society.

A special general meeting of a society may be convened at any time by the board or the supervisory committee of the society giving members two weeks written notice.
A special general meeting may transact any business of the society of which due notice has been given to members.

15.4. Notice of Meetings and Decisions
Written notice of any General Meeting, Board meeting or other decision affecting members shall be displayed outside the society’s office and place of business for at least two weeks prior to the meeting or decision, and shall constitute due notification or promulgation of the same. Any matter for discussion requiring prior notification of members shall be notified in the same manner.

15.5. Power of Members to Request a Special General Meeting
A special general meeting of a society shall be convened by the board on receipt of a request for such a meeting signed by at least one-fifth or twenty of the members or delegates of the society, whichever is the less, stating the objects of the meeting;

If the board fails to convene a meeting in accordance with section 0 within one month of receiving the request for the meeting, the members making the requisition may request the Registrar in writing to convene the meeting.

15.6. Power of Registrar to Convene a Special General Meeting
The Registrar may at any time request the board to convene a special general meeting of a society and may also direct what matters shall be discussed at that meeting. Provided that, where the board fails to convene such meeting within the period specified by the Registrar, the Registrar may convene the meeting him or herself.

15.7. Quorum at General Meetings
No business shall be transacted at any general meeting unless a quorum of members or delegates is present. The quorum necessary for the transaction of business shall be one-fourth or ten of all members or delegates qualified to vote, whichever is the less.

15.8. Failure to Achieve a Quorum
If within one hour after the time fixed for a general meeting the members or delegates present are not sufficient to form a quorum, such meeting shall be considered as dissolved if it is convened on the requisition of members or of delegates; in all other cases it shall stand adjourned to the same day in the next week at the same time and place.

If at the adjourned meeting a quorum is not present within one hour from the time fixed for the meeting the members or delegates present shall form a quorum, provided that a general meeting with such reduced quorum shall not have power to amend the by-laws.

15.9. Voting at General Meetings
Except as otherwise provided in the Act or in these by-laws, any question referred to the members or delegates present at a general meeting shall be decided by consensus and if no consensus can be reached by a majority of votes.
At any general meeting a resolution put to vote shall be decided by a show of hands unless voting by a call of names or by ballot is demanded by at least five of the members present.

Regardless of the number of shares held each member shall be entitled to only one vote. (However a Secondary or Apex Co-operative body may allocate entitlements to vote on a different basis, for example: voting entitlement may be based on proportion of trade with the Secondary Co-operative, or the number of primary co-operatives represented by the delegate to the Apex body.)

In the case of an equality of votes the motion shall be held to be rejected. The chairperson shall have no casting vote.

15.10. Minutes of General Meetings
Minutes of the general meetings shall be entered in the minute book and shall contain:
(a) the names of members or delegates present at the meeting and the name of the chairperson who presided;
(b) the time the meeting commenced and ended;
(c) all resolutions and decisions taken at the meeting.

The minutes of each general meeting shall be read at the next following general meeting, and when signed by the chairperson and the secretary of that meeting, whether following confirmation or amendments, they shall be evidence of anything contained therein.

15.11. The Board
The board shall consist of (minimum 5) seven members, who shall be elected at the annual general meeting.

15.12. Term of the Board
The term of office of the board members shall be four years. Every second year half the board members, determined by those who have been serving the longest since their election, shall stand down. In cases of uncertainty as to who should stand down it shall be decided by drawing lots.

15.13. Functions of the Board
The functions of the Board are to:
(a) ensure the provisions of these by-laws and Act are applied;
(b) convene General Meetings of the co-operative;
(c) plan for the development of the co-operative;
(d) hear reports on the progress of the co-operative;
(e) supervise the management of the co-operative;
(f) keep, or caused to be kept, precise and accurate records and accounts of the society;
(g) present to the General Meeting reports, plans, budgets and program of activities for the co-operative;
(h) take all necessary measures to safeguard the funds, assets, stocks and property of the co-operative; implement all decisions of the General Meeting;
(i) keep members periodically informed of the affairs of the co-operative; and
(j) all such other matters as may be required to further the objects of the co-operative.

15.14. Re-election of Board Members
A Board member shall be eligible for election for a maximum of two terms after which a board member has to vacate office for at least two years.

15.15. Vacant Board Positions
If during the term of office of a board a vacancy occurs in the board, the board may, and if the number of members falls below five shall, co-opt a member of the society to serve on the board until the next general meeting of the society.

15.16. Board Quorum
At any meeting of the board four members shall constitute a quorum.

15.17. Election of Officers
The board shall elect from among its members a chairperson, vice-chair, secretary and treasurer.

15.18. Board Meetings
The board shall meet when convened by the chairperson and, in his or her absence, by the vice-chair as often as the interests of the co-operative shall require and at least once every three months. It shall be convened on the request of one third of its members or on the request of the supervisory committee. All board members shall be given at least one weeks written notice of the meeting.

15.19. Voting at Board Meetings
The decisions of the board shall be taken by a majority votes and in the case of an equality of votes, the chairperson shall have a casting vote.

15.20. The Supervisory Committee
The Supervisory Committee shall consist of three members, who shall be elected at the annual general meeting.

Their term shall be for four years and they may be re-elected for an indefinite number of terms.

The functions of the supervisory committee shall be as stated in the Act.

Where a supervisory committee position becomes vacant the committee shall co-opt a member until the next general meeting.
The supervisory committee shall appoint a chairperson and secretary from among its members.

Any member of the supervisory committee may call a supervisory committee meeting by informing the other members with one week’s notice.

Two members shall constitute a quorum for the supervisory committee.

15.21. Resignation of a Board or Supervisory Committee Member
A member of the board or supervisory committee may resign voluntarily giving their respective board or committee written notice thereof.

15.22. Cessation of Board or Supervisory Committee Membership
A member of the board or supervisory committee shall cease to hold office if he or she
(a) ceases for any reason to be a member of the society;
(b) holds any office of profit in the society or received any honorarium from the society without the sanction of the society’s general meeting;
(c) is removed by the General Meeting;
(d) absents him or herself without leave of the board or committee for three consecutive meetings.

15.23. Regular Financial Reports
The board shall cause to be produced regular financial reports to be made available to members at least Quarterly or at a frequency determined by the AGM.

15.24. Duties of Chairperson
The chairperson shall preside at all general meetings and at all meetings of the board. In the absence of the chairperson their functions shall be carried out by the vice-chair, and in the absence of both the chairperson and the vice-chair at any meeting, by any other person elected by a majority of those present at that meeting.

The chairperson shall have the rights conferred upon him by the by-laws and in particular the right to order the closure of a discussion and to put a matter to the vote.

15.25. Duties of Secretary
The duties of the secretary shall include the duty –
(a) to maintain, correctly and up-to-date all the society’s records, papers and registers;
(b) to keep an inventory of the property belonging to the society;
(c) to sign on behalf of the board and conduct its correspondence;
(d) to summon and attend the meetings of the board and to record the proceedings of such meetings in a minute book;
(e) to conduct the ordinary business of the society and perform all the duties entrusted to him by the board.

15.26. Duties of Treasurer
The duties of the treasurer shall include the duty –
(a) to take charge of all financial transactions of the society, including all moneys received by the society from a bank, from members and from other persons, and to make disbursements in accordance with the directions of the board;  
(b) to prepare or cause to be prepared all the receipts, vouchers and documents required by the rules or called for by the board;  
(c) to be responsible for the proper and punctual keeping of all the society’s accounts and account books.

15.27. Duties of Manager
The duties of the manager shall include the duty –  
(a) to manage the business and property of the society;  
(b) to attend the meetings of the society and of the board and to carry out all the instructions of the board;  
(c) as far as practicable to be present at the society’s office during the hours of business; and  
(d) to record or cause to be recorded the whole of the transactions of the society in the books prescribed for that purpose.

When a manager is appointed, the duties of the secretary or of the treasurer or both may be modified or altered by the board in accordance with the duties assigned by the board to the manager.

PART XVI: PROPERTY AND FUNDS OF THE SOCIETY

16.1. Composition of Capital
The capital of the society shall be composed of:-  
(a) an undetermined number of shares to the value of $10 each;  
(b) loans and deposits contracted or accepted by the board on behalf of the society as prescribed in these by-laws;  
(c) undistributed surplus;  
(d) the Reserve Fund;  
(e) such other funds as may from time to time be formed in accordance with a decision of the General Meeting.

16.2. Share Subscriptions
All shares are to be fully paid up prior to allotment.

In addition to the qualifications prescribed by the Act every member shall hold not less than 1 fully paid share in the society.

The Board may, from time to time, prescribe the number of shares that each member is allotted and the scheme for payment of such shares, subject to the scheme being approved by a General Meeting. The method of payment may include payment in cash, kind, labour, service or leaving the share surplus, to which the member is entitled, with the co-operative.
16.3. Use of Funds
All funds and resources of the society are to be devoted to the stated objects of the society or as provided for under these by-laws or Act.

16.4. Signatories to Accounts
When the funds of a society are kept in a bank, cheques shall be signed by any two co-jointly with the chairperson, or secretary or treasurer.

16.5. Distribution of Surplus
The annual surplus and the undistributed surplus of the society may be distributed as follows after deduction of the statutory contribution to the Reserve Fund;
(a) as a bonus or rebate to members in proportion to their patronage of the society;
(b) as an incentive bonus to employees or workers of the society;
(c) as a dividend on shares and/or interest on deposits;
(d) as bonus shares;
(e) as an honoraria to officers;
(f) as a contribution to the Reserve Fund or any other fund formed for the promotion of the society’s objects;
(g) as a contribution to a charitable purpose;
(h) as a contribution to an education fund.

16.6. Trade with Non-Members
Non members are welcome to trade with the co-operative however any surplus arising from such trade shall be allocated to the Reserve Fund, Common Good or Education Fund.

16.7. Disposal of Remaining Funds after Liquidation
In the event of liquidation of the co-operative, any moneys remaining after the application of funds to purposes as specified in section 9.11 of the Act, and any sums unclaimed after two year shall be paid by the registrar to the Apex Co-operative Body for the furtherance of any objectives related to co-operative development.

16.8. Financial Year
The financial year of the co-operative shall be the calendar year from January to December.

PART XVII: MISCELLANEOUS

17.1. Sums Due to Society
Any sum due from any member on any account to the society may at any time be set off against any payment of any sum due to the member by the society.
17.2. Credit Transactions Prohibited
All transactions between members of the society and the society shall be in cash only and under no circumstances shall members be permitted credit.

17.3. Dispute Settlement
If a dispute arises regarding the affairs of the co-operative,
(a) the board shall seek to resolve the conflict by mediation, or
(b) if the dispute involves the board, the conflicting parties shall nominate a mediator to try and resolve the conflict to the satisfaction of all parties, however
(c) if the dispute cannot be settled informally within the co-operative, either party shall have the right to appeal to the Registrar or the Co-operative Tribunal.

17.4. Signatories to Contracts
Any contract or document executed by the board on behalf of the society shall bear the signature of the Chairperson and the Secretary.

17.5. Particular By-laws for Agricultural Co-operatives
In the case of a primary society which has as its object the acquisition and development of agricultural or forestry land, by-laws in respect of the following matters –
(a) contributions to be made by each member to the development of the land, such as paid or unpaid labour, money contributions or other contributions as determined by the members in general meeting;
(b) leasing or sub-leasing of all or part of the land to members or non-members, provided that the society shall always retain the superior title to the land;
(c) keeping of an allocation of workbook and a daily labour record book by the manager.

17.6. Particular By-laws for Societies allowing Delegates
In the case of a society where the general meeting of members is replaced by a meeting of delegates, by-laws in respect of the following matters –
(a) the method of representation of members at general meetings,
(b) the conditions for the eligibility of the delegates and their terms of office,
(c) the manner of electing delegates,
(d) the manner of delegates voting, and
(d) the removal of delegates.

17.7. Adoption of By-laws
These by-laws were adopted at a General Meeting of members of the Society at ………………………………………. on …………………………… 20……..

Sign ………………………… Chairperson
…………………………... Secretary.