

AN ORDINANCE

Relating to the Constitution and Regulation  
of Native Co-operative Societies.

Be it enacted by the High Commissioner as follows:-

1. This Ordinance may be cited for all purposes as the Native Co-operative Societies Ordinance 1934. Short Title.

2. In this Ordinance the following words shall have the meaning hereby assigned to them if not inconsistent with the context - Interpretation.

"Bye-laws" shall mean the registered bye-laws made by a society in the exercise of any power conferred by this Ordinance and shall include a registered amendment of the bye-laws;

"committee" shall mean the governing body of a registered society to whom the management of its affairs is entrusted;

"member" shall include a person joining in the application for the registration of a society and a person admitted to membership after registration in accordance with the bye-laws and rules;

"officer" shall include a manager, scribe, member of committee or other person empowered under the rules or bye-laws to give directions in regard to the business of a registered society;

"registered society" shall mean a co-operative society registered under this Ordinance.

REGISTRATION.

3. The Resident Commissioner shall be the Registrar Appointment of



Registrar of Co-operative Societies for the Colony and may appoint District Registrars as may be required and assign them Districts. District Registrars shall exercise such powers as are conferred on them by this Ordinance in respect of such assigned districts. registrar and assistant registrars

4. - (1) Subject to the provisions hereinafter contained, a society composed of natives which has as its objects the promotion of the economic interests of its members in accordance with co-operative principles may be registered under this Ordinance. Societies which may be registered.

(2) The liability of a registered society shall be limited.

5. No society shall be registered under this Ordinance which consists of less than fifty or more than two hundred persons who have attained their majority. Conditions of registration.

6. - (1) For purposes of registration an application to register shall be made to the district registrar who shall forward the application with his recommendation to the Resident Commissioner. Application for registration.

(2) The application shall be signed by at least ten persons who have attained their majority.

(3) The application shall be accompanied by two copies of the proposed bye-laws of the society and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the district registrar may require.

7. If the Resident Commissioner is satisfied that a society has complied with the provisions of this Ordinance and the rules and that its proposed bye-laws are not contrary to the Ordinance or to the rules he may if he thinks fit register the Registration.

society



society and its bye-laws.

8. (1) No amendment of the bye-laws of a registered society shall be valid until the same has been registered under this Ordinance, for which purpose two copies of the amendment shall be forwarded to the district registrar who shall transmit the amendment with his recommendation to the Resident Commissioner.

Amendment of the bye-laws of a registered society.

(2) If the Resident Commissioner is satisfied that the amendment of the bye-laws is not contrary to this Ordinance or to the rules he may if he thinks fit register the amendment.

#### RIGHTS AND LIABILITIES OF MEMBERS.

9. No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of entrance fee or membership subscription as may be prescribed by the rules or bye-laws.

Member not to exercise rights till due payment is made.

10. Each member of a co-operative society shall have one vote only as a member in the affairs of the society.

Votes of members.

#### DUTIES OF REGISTERED SOCIETIES.

11. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the district registrar notice of any change thereof.

Address of society.

12. Every registered society shall keep a copy of this Ordinance and of the rules and its bye-laws and amendments of the bye-laws open to inspection free of charge at all reasonable times at the registered address of the society.

Copy of Ordinance rules and bye-laws to be open to inspection.



13. - (1) The district registrar or other person Audit.  
authorised by the Resident Commissioner in writing  
shall audit the accounts of every registered  
society once at least in every year.

(2) The audit under sub-section (1) shall in-  
clude an examination of everdue debts if any and a  
valuation of the assets and liabilities of the  
society.

(3) The district registrar or any person author-  
ised by the Resident Commissioner in writing shall  
at all times have access to all books accounts and  
papers of a society and every officer of the  
society shall furnish such information in regard  
to the transactions and working of the society as  
the person making such inspection may require.

(4) The district registrar and every other per-  
son appointed to audit the accounts of a society  
shall have power when necessary -

(a) to summon at the time of his audit any  
officer servant or member of the society who  
he has reason to believe can give valuable  
information in regard to any transactions of  
the society or the management or its affairs;  
or

(b) to require the production of any book or  
document relating to the affairs of or any  
cash belonging to the society by the officer  
servant or member in possession of such book  
document or cash.

#### PRIVILEGES OF REGISTERED SOCIETIES.

14. A registered society shall have power to hold Powers of  
movable



movable and immovable property of every description to enter into contracts to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution.

registered societies.

15. A registered society shall have a charge upon the deposits of a member or past member and upon any dividend bonus or accumulated funds payable to a member or past member in respect of any debt due from such member or past member to the society and may set off any sum credited or payable to a member or past member in or towards payment of any such debt.

Charge and set-off in respect of deposits or interest of members.

16. On the death of a member a registered society shall pay all moneys due to the deceased member to his next of kin.

Payment of moneys due on death of member.

17. The liability of a past member for the debts of a registered society as they existed at the time when he ceased to be a member shall continue for a period of two years from the date of his ceasing to be a member.

Liability of past member.

18. The register of members kept by any registered society shall be "prima facie" evidence of any of the following particulars entered therein:-

Register of members.

- (a) the date at which the name of any person was entered in such register as a member;
- (b) the date at which such person ceased to be a member.

#### PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

19. - (1) A registered society shall not make a loan to any person other than a member:

Restrictions on loans and borrowing.

(2) A registered society shall not receive

deposits



deposits and loans from persons who are not members without the sanction in writing of the Resident Commissioner or district registrar.

20. Save as provided in section 19 the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions if any as the Resident Commissioner may by rules prescribe.

Restrictions on other transactions with non-members.

21. A registered society may invest or deposit its funds -

Investment of funds.

(a) in any Post Office Savings Bank; or

(b) on deposit with the Colony Government; or

(c) with any bank or person carrying on the

business of banking approved for this purpose

by the Resident Commissioner; or

(d) in any other mode permitted by the rules.

22. - (1) No society shall pay a dividend or or bonus or distribute any part of its accumulated funds before the balance sheet has been certified by the district registrar or other person appointed in writing by the Resident Commissioner.

Dividends and bonus.

(2) No society shall pay a dividend to its members exceeding 10%.

23. Every society which does or can derive a profit from its transactions shall maintain a reserve fund and shall carry to the fund such portion of the net balance in each year as may be prescribed by the rules and bye-laws.

Reserve fund.

24. Subject to sections 22 and 23 the net balance of each year with any sum available for distribution from previous years may be distributed as may be prescribed by the rules and bye-laws.

Distribution of net balance.



## INSPECTION OF AFFAIRS.

25. - (1) The district registrar or other person authorised by the Resident Commissioner in writing may of his own motion and shall at the request of an Administrative Officer or on the application of a majority of the committee or of not less than one-third of the members hold an enquiry into the constitution working and financial condition of a registered society. Enquiry by assistant registrar.

(2) All officers and members of the society shall produce such of the books and documents of the society and furnish such information in regard to the affairs of the society as the district registrar or person authorised by the Resident Commissioner may require.

26. - (1) The district registrar or other person authorised by the Resident Commissioner in writing shall on the application of a creditor of a registered society inspect the books of the society: Inspection of books of indebted society.

Provided that -

(a) the applicant satisfies him that the debt is a sum then due and that he had demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) the applicant deposits with him such sum as security for the costs of the proposed inspection as he may require.

(2) The district registrar or other person authorised by the Resident Commissioner in writing shall communicate the results of any such inspection to the creditor.



27. Where an enquiry is held under section 25 or an inspection is made under section 26 the district registrar or other person authorised by the Resident Commissioner in writing may make an award apportioning the costs or such part of the costs as he may think right between the society the members or creditor demanding an enquiry or inspection and the officers or former officers of the society.

Costs of  
Enquiry.

#### DISSOLUTION OF SOCIETY.

28. If the district registrar or other person appointed by the Resident Commissioner in writing after holding an enquiry under section 25 or an inspection under section 26 or on the receipt of an application made by three-fourths of the members of a registered society is of opinion that the society ought to be dissolved he shall submit his recommendation to the Resident Commissioner who may if he thinks fit cancel the registration of the society.

Dissolution.

29. The Resident Commissioner may cancel the registration of a registered society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than fifty.

Cancellation of  
registration of  
society.

30. Where the registration of a society is cancelled the society shall cease to exist as a corporate body from the date of the order of cancellation.

Effect of can-  
cellation of  
registration.

31. - (1) Where the registration of a society is cancelled under section 28 or section 29 the Resident Commissioner may appoint the district registrar or

Winding-up.

other



other competent person to be liquidator of the society.

(2) A liquidator appointed under sub-section (1) shall have power -

- (a) to act as arbitrator in all disputes;
- (b) to determine the contribution to be made by the members and past members respectively to the assets of the society;
- (c) to investigate all claims against the society and to decide questions of priority arising between claimants;
- (d) to determine from time to time by what persons and in what proportion the costs of the liquidation are to be borne;
- (e) to take possession of the books documents and assets of the society; and
- (f) to give such directions in regard to the collection and distribution of the assets of the society and the disposal of the books and documents of the society as may appear to him to be necessary for winding up the affairs of the society.

(3) Subject to any rules, a liquidator appointed under this section shall in so far as such powers are necessary for carrying out the purpose of this section have power to summon and enforce the attendance of witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided in the case of a District Court under the Pacific Order in Council 1893.

<p>32. Where in the case of the winding up of a society it appears that any person who has taken part in the organisation or management of the</p>	<p>Power of liquidator to assess damage</p>
<p>society</p>	



society or any past or present manager scribe member of the committee or officer of the society has misapplied or retained or become liable or accountable for any money or property of the society or has been guilty of misfeasance or breach of trust in relation to the society the liquidator may of his own motion or on the application of any creditor or contributory examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof respectively or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication retainer misfeasance or breach of trust as the liquidator thinks just.

against delin-  
quent promoters  
etc.

#### RULES.

33. - (1) The Resident Commissioner may make rules for any registered society to carry out the purposes of this Ordinance.

Rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may -

- (a) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;
- (b) prescribe the matters in respect of which a society may or shall make bye-laws and for the procedure to be followed in making altering and abrogating bye-laws and the conditions to be satisfied prior to such <sup>making</sup> alteration or abrogation;
- (c) prescribe the conditions to be complied with by persons applying for admission or admitted

as members



- as members and provide for the election and admission of members and the payment to be made and the interests to be acquired before the exercise of the right of membership;
- (d) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;
- (e) provide for the appointment suspension and removal of managers scribes members of the committee and other officers and for the procedure at meetings of the committee and for the powers to be exercised and the duties to be performed by the managers scribes members of the committee and other officers;
- (f) prescribe the accounts and books to be kept by a society and provide for the audit of such accounts and books and the charges if any to be made for such audit;
- (g) prescribe the returns to be submitted by a society to the Resident Commissioner or district registrar and the persons by whom and the form in which such returns shall be submitted;
- (h) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society;
- (i) provide for the formation and maintenance of a register of members;
- (j) provide that any dispute touching the business of a society between the members or past members of the society or persons claiming through a member or past member or between  
 a member



a member or past member or persons so claiming and the committee or any officer shall be referred to the Resident Commissioner or district registrar for decision;

- (k) Provide for the withdrawal and expulsion of members and for the payments if any to be made to members who withdraw or are expelled and for the liabilities of past members;
- (l) provide for the formation and maintenance of reserve funds and the objects to which such funds may be applied and for the investment of any funds under the control of the society;
- (m) determine in what cases an appeal shall lie from the orders of the Resident Commissioner or district registrar and prescribe the procedure to be followed in presenting and disposing of such appeals;
- (n) prescribe the procedure to be followed by a liquidator appointed under section 31 and the cases in which an appeal shall lie from the order of such liquidator;
- (3) The Resident Commissioner shall cause such rules to be translated into the Gilbertese and Ellice Islands languages and shall forward two copies of such translation to the registered office of each registered society.

#### OFFENCES.

34. - (1) It shall be an offence under this Ordinance if -

Offences.

- (a) a society or an officer or a member thereof wilfully neglects or refuses to do any act or to furnish any information required for the

Wilful neglect or default by a society etc.

purpose



- purposes of this Ordinance by the Resident Commissioner district registrar or other person duly appointed by the Resident Commissioner in writing in this behalf; or
- (b) a society or an officer or member thereof wilfully makes a false return or furnishes false information; or
- (c) any person wilfully or without any reasonable excuse disobeys any summons requisition or lawful written order issued under the provisions of this Ordinance or does not furnish any information lawfully required from him by a person authorised to do so under the provisions of this Ordinance.

Wilful furnishing of false information.

Disobedience of summons requisition or order.

(2) Every society officer or member of a society or other person guilty of an offence under this section shall be liable to a fine not exceeding twenty pounds and in default of payment thereof to be imprisoned for any term not exceeding six months unless such fine be sooner paid.

35. - (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" or its equivalent in any other language is part without the sanction of the registrar.

Prohibition of the use of word "co-operative"

(2) Whoever contravenes the provisions of this section shall on conviction be punishable with a fine not exceeding ten pounds and in the case of a continuing offence with a further fine of two pounds for each day on which the offence is continued after conviction therefor.

36. Every registered society may subject to the approval of the Resident Commissioner make bye-laws for any such things as are necessary or desirable

Power to make bye-laws.



able for the purposes for which such society is established.

37. The provisions of the Native Contracts Regulation 1896 shall not apply to societies registered under this Ordinance.

Saving.  
Q.R.No.2 of  
1896.



CROWN  
STANDARD  
AGENTS

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Rules for registered Co-operative Societies made by  
the Resident Commissioner under section 33 (1) of  
the Native Co-operative Societies Ordinance, 1934.

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1. A General Meeting of the Society shall be held not less than once every six months for the purpose of examining the books, store balance and copra stock of the society. At this meeting shall be discussed anything dealing with the general welfare of the society. The committee may at their discretion call a general meeting at any time.
2. A Committee, consisting of not less than two or more than ten members for every hundred members of the society, shall be elected by the members and shall hold office for not less than three months or more than one year. Provided that all or individual members of the committee may be dismissed at any time on the motion of not less than three-quarters of the members of the society.
3. The duties of the Committee shall be:-
  - (a) To see that the rules are obeyed by all members of the society.
  - (b) To choose suitable days for the General Meetings.
  - (c) To examine at any time the books and cash balance of the Society.
  - (d) To report to the first General Meeting any action they have taken or propose to take to further the interests of the Society and to seek the approval of the General Meeting for these actions. The Committee shall carry out the orders of the General Meeting and shall not do anything contrary to them.
4. Each Committee shall elect a Manager who shall represent the Society in dealings with European Trading Companies, the Government and other bodies.
5. A Scribe and Assistant Scribes shall be appointed by the General Meeting and shall be paid monthly salaries fixed by the members at the General Meeting. Their duties shall be to keep the books of the Society and its members in good order and to attend to the Society's correspondence.



correspondence. The following books shall be kept by the Scribes:-

- (a) The Membership Book, containing the names of all members and the dates of their election. ✓
- (b) The Cash Book, in which shall be entered all financial transactions with or on behalf of members. ✓
- (c) The Copra Book, containing the weights of all copra bought from members for sale by the Society. ✓
- (d) The Store Book, containing particulars of all goods bought by the Society on behalf of the members. ✓
- (e) The Members Pass-Books, in which shall be entered particulars of all transactions with each member. ✗

✓ The Scribes are responsible for all cash and stores belonging to the Society. They shall prepare a

- 6. All new applications for membership shall come before the General Meeting where they shall be decided by a majority vote. No new member shall attend the Society's meetings until he has paid his Entrance Subscription which shall not be less than the sum of five shillings. ✓
- 7. Buying the produce of or selling goods to non-members is absolutely prohibited. ✗
- 8. No member may purchase goods on credit from the Society. ✓
- 9. It is forbidden for the Society to purchase goods on credit from the European Trading Companies. ✓
- 10. It is strictly forbidden to lend any of the Society's funds to members or others. ✓
- 11. Should any paid servant of the Society fail to keep the bye-laws a temporary reduction in his salary may be made. ✓
- 12. The punishment for the transgression by a member of any of the bye-laws of the Society shall be by fine. Should this fine not be paid the transgressor may be deprived of his membership without any compensation other than the payment of the amount outstanding to his credit with the Society. ✓
- 13. No bye-law shall be established or an existing bye-law changed except by a majority vote of the members at a General Meeting of the Society. ✓