CO-OPERATIVE SOCIETIES RULES

1988 Revised Edition
CO-OPERATIVE SOCIETIES RULES

Arrangement of Rules

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1 **Short title.**

These Rules may be cited as the Co-operative Societies Rules.

2 **Register of Societies.**

The Registrar shall keep or cause to be kept at his office a register to be called “the Register of Societies” wherein shall be entered particulars relating to the registration of societies and their by-laws.

3 **Original entries.**

All original entries in the Register of Societies shall be made by, or under the direction of, the Registrar and shall be signed by him.

4 **Alteration.**

Every alteration, interlineation or erasure in the Register of Societies shall be initialled by the Registrar.
5 **Inspection.**

The Register of Societies shall be open to inspection by the public at all reasonable times and free of charge.

6 **Application for registration.**

(1) Every application for the registration of a society shall be submitted to the Registrar in the form prescribed by him.

(2) Two copies of the by-laws in Tongan and English which the society proposes to adopt shall be submitted together with the application.

7 **Registration.**

Where the Registrar decides to register a proposed society the society and its by-laws shall be registered in the Register of Societies.

8 **Documents to be forwarded.**

Upon the registration of a society the Registrar shall forward to the society, free of charge —

(a) a Certificate of Registration;

(b) a copy of the by-laws in Tongan and English of the society as approved by him and certified under his hand as having been approved by him;

(c) a copy of the Act and of the rules.

9 **Refusal to register.**

When the Registrar refuses to register a society or its by-laws he shall record in writing his reasons for doing so.

10 **Register of members.**

Every registered society shall keep a Register to be called “the Register of Members” wherein shall be entered—

(a) the name, address and occupation of each member and a statement of the shares, if any, held by him;

(b) the date on which each member's name was entered in the register;

(c) the date on which any member ceased to be a member; and

(d) the nominee, if any, appointed under Rule 18.
11 **Keeping accounts.**

Every registered society shall keep such accounts and shall use such books and shall submit such returns as may from time to time be prescribed by the Registrar. (*Amended by G. 5/77.*)

12 **Election and admission of members.**

The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as the by-laws shall prescribe.

13 **Withdrawal.**

A member may withdraw from a registered society by giving written notice to the secretary, but such withdrawal shall be without prejudice to Section 33(1) of the Act.

14 **Expulsion.**

If a member acts in contravention of the rules or by-laws or acts in any way detrimental to the interests of the registered society such member may be expelled by a vote of two-thirds of the members present at a general meeting upon a charge communicated to him in writing by the committee no less than one week before the meeting. Such expulsion shall, however, be without prejudice to Section 33(1) of the Act.

15 **Loss of qualifications for membership.**

Any member who loses any of the qualifications for membership prescribed by the Act or the rules or the by-laws shall cease to be a member of the registered society and the committee shall cause his name to be struck off the Register of Members without prejudice to any liabilities of such person under Section 33(1) of the Act.

16 **No repayment of money upon withdrawal, removal, expulsion.**

In the case of any registered society of limited liability holding deposits or loans from non-members, no member withdrawing, removed or expelled therefrom shall be entitled to a repayment of any money paid by him towards the purchase of shares.
17 **No limit to number of members.**

No registered society shall fix any limit to the number of its members.

18 **Nominees.**

(1) Every appointment of a nominee by any member of a registered society for the purposes of Section 18 of the Act shall be made in writing signed by the member in the presence of two attesting witnesses.

(2) No member of a registered society with share capital shall be entitled to appoint more than one nominee unless that member holds more than one share.

(3) In any case, where more than one nominee is appointed by any member the number of shares to be transferred or the exact proportion of the amount available that is to be transferred to each of these nominees shall be specified at the time of the appointment.

(4) Every appointment of a nominee shall be recorded in the Register of Members.

(5) For the purpose of a transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it unless the by-laws of the registered society otherwise provide.

(6) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian shall be sufficient discharge to the registered society.

19 **Division of profits.**

(1) Unless otherwise authorised by the Minister under the proviso to Section 38, subsection (1) of the Act no dividend or payment on account of profits shall be made by a society registered with unlimited liability until the reserve fund has reached a proportion of not less than one-tenth of the society's total liabilities.

(2) No registered society shall pay a dividend if the rate of interest on loans granted by it to its members exceeds the maximum rate laid down from time to time by the Minister in writing. *(Amended G.S. 3/82.)*

(3) No registered society shall pay a dividend on share capital exceeding the maximum rate laid down from time to time by the Minister in writing. *(Amended G.S. 3/82.)*

(4) A bonus based on wages or on the value of the products of a member, or a bonus or rebate on patronage calculated in proportion to the amount of the
business done by each member with the registered society may be distributed periodically to the members from surplus funds after the deduction of all expenditure and after making provision for bad and doubtful debts and making allocation to the reserve fund.

20 **Maximum liability.**

(1) Every registered society shall, from time to time, fix at a general meeting the maximum liability it may incur in loans or deposits whether from members or non-members.

(2) The maximum so fixed shall be subject to the sanction of the Registrar, who may at any time reduce it. No registered society shall receive loans or deposits which will make its liability exceed the limit sanctioned by the Registrar.

21 **General meeting.**

The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on all questions. Subject to the provisions of Sections 28 and 29 of the Act each number shall have one vote only which shall be exercised in person and not by proxy.

22 **First meeting.**

The first meeting of members shall have the same powers as are given to the annual general meeting, and shall be held immediately or not later than one month after the receipt of the certificate or registration of the society.

23 **Annual general meeting.**

The annual general meeting of members shall be convened by the committee as soon as the report on the audit of the accounts of the registered society by the Registrar or person authorised by him is received by the committee. At least 8 days' notice shall be given before any such general meeting is held:

Provided that the Registrar may at any time after the audit of the accounts has been completed convene the annual general meeting which shall proceed as if it had been convened by the committee.

24 **Functions of annual general meeting.**

The functions of the annual general meeting shall be—
(a) to confirm the minutes of the previous annual meeting and of any intervening special general meeting; meeting;

(b) to consider the reports of the committee and the balance sheet together with the report on the audit of the accounts of the registered society for the previous year as prepared by the Registrar or the person authorised by him.

(c) to approve the accounts or if the accounts are not approved to cause the secretary to notify the Registrar who shall consider the matter and make his decision thereon, and such decision as to the correctness of the accounts shall be final and conclusive.

(d) to hear and decide upon any complaints brought by members aggrieved by a decision of the committee:

Provided that notice of such complaints to be brought before the meeting has been given to the secretary at least two days prior to the meeting; and

(e) to transact any other general business of the registered society.

25 Special general meeting.

A special general meeting of members may be convened at any time by the committee; and on receipt of a demand stating the object of the proposed meeting signed by not less than one-fifth of the members of the registered society, if such society is composed of less than 100 members, or by 25 members if such society consists of more than 100 members, it shall be the duty of the chairman of the committee to convene such a meeting giving 8 days' notice. If the chairman of the committee fails to convene a meeting within 14 days from the receipt of a demand as aforesaid the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the chairman of the committee to convene the meeting demanded:

Provided that the Registrar or a person authorised by him may at any time summon a special general meeting of the registered society in such manner and at such time and place as he may direct. He may also direct what matters shall be discussed at the meeting. Such meeting shall have all the powers of a meeting called according to the rules.

26 Quorum at meetings.

(1) When a registered society consists of not more than 40 members one-half of the number of the members or 10 members, whichever is the less, shall form a quorum for the purposes of the annual or a special general meeting,
and when a registered society consists of more than 40 members one-fourth of the total number of the members of such society shall form a quorum for the purposes of the annual or a special general meeting:

Provided that when any meeting is summoned by the Registrar any members present at such meeting shall be deemed to form a quorum.

(2) If within one hour after the time fixed for any meeting other than a meeting convened by the Registrar the members present are not sufficient to form a quorum such meeting shall be considered as dissolved if convened on the demand of members; in all other cases it shall stand adjourned to the same day in the next week at the same time and place and a notice to that effect shall be posted by the secretary within 24 hours, and if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the members present shall form a quorum.

27 Chairman of meetings.

(1) The chairman of the committee or in his absence the vice-chairman or in his absence any other person elected by a majority of those present shall preside at the annual or special general meeting:

Provided that the Registrar or a person appointed by him shall preside at any meeting convened by himself or on his demand.

(2) The secretary or in his absence any other person nominated in writing by the chairman shall act as secretary at the meeting. The chairman, if necessary, may nominate other officers to assist at the meeting.

(3) The chairman may by the decision of the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any meeting so adjourned other than the business left unfinished at the meeting from which the adjournment took place.

(4) The chairman shall have the right to order the closure of a discussion and put the matter to the vote.

28 Majority of votes.

Any question submitted to the decision of the members present at a meeting, unless otherwise dealt with in the rules, shall be decided by a majority of votes.

29 Voting.

(1) At any meeting a resolution put to the vote shall be decided on a show of hands unless voting by call of names or a ballot is demanded by at least 5
of the members present before the declaration of the result of the show of hands, and in such case voting by call of names or a ballot shall be taken as the case may be.

(2) The chairman shall have an ordinary vote and in case of an equality of votes shall be entitled to a casting vote. In the case of an equality of votes shall be entitled to a casting vote. In the case of a meeting convened by the Registrar and presided over by him or his representative, he or his representative shall not be entitled to vote except on an equality of votes, in which case they shall have a casting vote.

(3) In respect of every resolution put to the vote the chairman shall declare whether it has been carried or lost, and whether on a show of hands or unanimously or by a particular majority, and an entry to that effect in the minute book shall be conclusive evidence of anything therein contained.

30 Minutes.

Minutes of the meeting shall be recorded in the minute book by the Secretary or by a person other than the Secretary appointed by the members for the purpose, and signed by him and the Chairman, before the dissolution or adjournment of the meeting or not later than the next committee meeting and shall contain—

(a) The number of the members present at the meeting and the name of the chairman or of the person who presided at the meeting (Amended G.S. 3/82.);
(b) the time fixed for the meeting and the time the meeting commenced;
(c) the total number of members on the date on which the meeting was held; and
(d) all resolutions passed or decisions made at the meeting.

31 Election of committee.

(1) The committee shall be elected at the annual general meeting. The number of members shall not be even and the size of the committee and its quorum shall be in accordance with the by-laws of the registered society.

(2) Each member on election shall serve for a period of 3 years and be eligible for election thereafter:

Provided that at the first annual general meeting members receiving the lowest number of votes in ascending order of votes shall serve for periods of one or 2 years as the by-laws of the society shall prescribe; and

Provided further that a special general meeting convened for the purpose by or on the demand of the Registrar may remove the committee or any
members thereof before the expiration of their period of office by majority of three-fourths of the members present, who shall proceed at the same meeting to the election of others in their stead who shall hold office until the election of a new committee at the next annual general meeting.

(3) The committee shall elect from amongst itself a Chairman, Vice-Chairman, and may elect a Treasurer and if deemed necessary an Assistant Treasurer to serve for a period of one year. *(Amended G.S. 3/82.)*

(4) A member who is a paid officer or servant of the society shall not be a member of the committee:

Provided that such a person may be nominated for membership, and, if elected, shall thereupon resign from service of the society. He shall not be allowed to take any part in the deliberations of the committee until such resignation has become effective.

32 **Chairman of committee.**

The chairman shall preside at all meetings at which he is present. In his absence the vice-chairman shall preside. In the absence of both, the committee shall appoint one of its own members to perform the duties of the officer. The chairman shall have an ordinary vote and on an equality of votes shall be entitled to a casting vote.

33 **Duties of committee.**

(1) The committee shall represent the registered society before all competent public authorities and in all dealings and transactions with third persons, with power to institute or defend suits brought in the name of or against the society, and in general it shall carry out such duties in the management of the affairs of the registered society as have not been specially assigned by the rules or the by-laws to general meetings or to any other officer of the society.

(2) The committee shall always keep a copy of the latest annual balance sheet of the registered society together with the report referred to in Rule 23, hung in a conspicuous place at the registered office of the society.

34 **Meetings of committee.**

The committee shall meet as often as the business of the registered society may require and in any case not less frequently than once a month, save that the Registrar may for exceptional reasons permit in writing the committee of a secondary society to meet not less than once every 3 months.
Meetings of the committee shall be summoned by the secretary in writing.

35 Procedure at meetings of committee.

At each committee meeting the secretary shall—

(a) read the minutes of the preceding meeting; provided that when reproductions of each have been circulated to and received by each member of the committee prior to the meeting, the committee may resolve to dispose of this requirement;

(b) produce in a form previously approved by the committee, a statement showing the income and expenditure of the society since the last meeting, and the balance remaining after such transactions have been recorded in the accounts;

(c) produce a statement showing the loans due and unpaid, for determination by the committee as to the action to be taken in each case;

(d) produce applications for loans, if any, for determination by the committee in accordance with the priority of receipt; and

(e) submit any other business for consideration by the committee.

36 Minutes of meetings of committee.

(1) Minutes of committee meetings shall be recorded in the minute book by the Secretary or by a person, other than the Secretary, appointed by the committee for the purpose, and shall contain the following particulars—

(a) the names of the members present and the date of the meeting;

(b) the name of the chairman or other presiding member; and

(c) a short statement of all matter discussed and decisions made and a record as to whether each decision was made unanimously or by a majority.

(2) These minutes when confirmed at the next following meeting of the committee, shall be signed by the presiding member at the meeting at which they were confirmed, and the secretary or other person who recorded them, and thereafter shall stand a true record of the proceedings of the meeting to which they refer.
37 **Failure to attend meetings of committee.**

Any member of the committee who, without due excuse approved by the committee, fails to attend at 3 consecutive meetings of the committee shall be deemed to have vacated his office which shall thereupon be filled as provided by Rule 38.

38 **Vacancies on committee.**

Vacancies occurring on the committee shall be filled as far as is practicable and in any case within 3 months of their occurrence. Such vacancies shall be first offered to the unsuccessful candidates at the last previously held elections to the committee in descending order of votes cast for each, or should it prove impossible to fill any vacancy in such manner, the committee may co-opt for the remainder of the period before the next annual general meeting any person who is a member of the society, and the annual general meeting shall elect a member to serve for the remainder of the period for which the member causing the vacancy was originally elected:

Provided when such election does not take place the Registrar may appoint the required substitute.

39 **Borrowing powers.**

The committee may borrow money on behalf of the registered society to an amount not exceeding such total amount as may have been fixed in accordance with Rule 20.

40 **Banking account.**

The committee may, subject to the approval of the Registrar, open a banking account. All cheques shall be signed by two members of the committee and the secretary:

Provided that with the authority in writing of the Registrar previously obtained, cheques may be signed by one member of the committee and the secretary.

41 **Employees.**

(1) The committee may—

(a) appoint such clerks or employees as it considers necessary; and

(b) fix the salary, wages or remuneration and determine the conditions of employment of every such clerk or employee.
(2) Every clerk or employee appointed under this rule shall hold office during the pleasure of the committee.

42 Application for a loan.

Members who desire to obtain a loan shall submit an application to the committee stating the amount and the purpose for which the loan is required, the term for which it is asked, whether it is desired to repay it by instalments, and the names of the proposed sureties or any other security which is offered.

43 Sanction of loan.

(1) The committee shall consider at a meeting every application for a loan and if the committee is satisfied with the trustworthiness of the applicant, the sufficiency of the security offered and the prospects of advantage to the borrower, in the way of increased production or economy or otherwise, it may sanction the loan.

(2) No person other than members of the committee and secretary and the Registrar and his staff shall be present at any meeting of the committee when an application for a loan is under consideration. A member of the committee who applies for a loan or who is proposed as surety for a loan must withdraw while the relevant application is being discussed. If there is a difference of opinion concerning the granting of a loan, the voting shall be taken by ballot. The proceedings with regard to loans at committee meetings shall be kept secret, and any member of the committee or officer of the registered society infringing this rule shall be liable to immediate expulsion or dismissal.

44 Security for loans.

Loans, when approved by the committee, shall be granted to members who are able to obtain two sureties approved by the committee, or who can give other security to the satisfaction of the committee.

45 Purposes of loans.

(1) No loan shall be made except for a purpose to be approved in each case by the committee.

(2) All loans made shall be applied by the borrowing members to such purpose as the committee has approved.
46 **Documents relating to loans.**

When a loan is sanctioned by the committee a notice shall be sent to the borrower to that effect, and, before the amount is advanced, the borrower and his sureties shall execute an instrument in writing setting out the terms of repayment of the loan and containing such other terms and conditions as the committee may consider necessary.

47 **Restrictions on loans to defaulters.**

Where a member—

(a) is in default in the payment of a loan or of an instalment of a loan; and

(b) does not satisfy the committee that such default is due to a good cause,

such member shall not be entitled to receive another loan from the registered society.

48 **Extensions of loans.**

If, by reason of sickness or some other cause, a member finds that he will be unable to discharge his obligations to the registered society and notifies the secretary in writing before a loan is due the committee may extend the time fixed for payment on such conditions as it thinks fit.

49 **Misapplication of loan.**

Where the committee is satisfied that a member of the registered society who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the application therefore under Rule 43, the committee may, by notice in writing to the debtor, demand payment of the loan before the agreed date of payment.

50 **Recovery of loans.**

Where—

(a) a loan or an instalment of a loan has not been paid on the date on which it became due; and

(b) no extension for the payment thereof has been given to the debtor by the committee under Rule 48,

the committee shall take steps for the recovery of the same by referring the matter to the Registrar as prescribed in Section 54 of the Act.
51 Marketing.

(1) Every member of the society shall deliver to the society at such place as the committee shall direct such amount of articles produced or obtained by him as may be prescribed in the by-laws or in the relevant contract to be disposed of by the society.

(2) Any member who is approved or adjudged in accordance with the provisions of Section 54 of the Act to be guilty of a breach of the by-laws or the relevant contract as the case may be shall pay to the society as liquidated damages such sum as may be specifically assessed or ascertained in manner prescribed by the by-laws or by the relevant contract and such sum shall be deemed to be a debt to the society.

52 Bad debts.

The committee may, with the approval of the Registrar, cause bad debts to be written off the books of the registered society in such manner and at such times as the Registrar may deem fit.

53 Preparation of annual accounts and report.

The committee shall in every year and as soon as conveniently possible within such time as the Registrar may direct—

(a) cause the secretary to prepare and send to the Registrar the yearly balance sheet closed on the day and month as prescribed in the by-laws of the preceding year together with a detailed statement of the profit and loss account; and

(b) prepare a report on the year's working of the registered society to be presented to the annual general meeting.

54 Transfer of shares.

(1) Any share may be transferred with the approval of the committee to any other member at the option of the transferor, but if the transferee is not a member, he must be approved of as a member by the committee, or the general meeting according to the by-laws relating to the admission of members before the transfer can be registered; and if the by-laws require a member to hold more than one share, the transferee must acquire by the transfer, or by the transfer and allotment, the number so required to be held before the transfer can be registered.

(2) Special transfer forms shall be provided by the Registrar.
(3) No transfer of a share shall be valid and effective unless and until such transfer has been registered by the secretary on the direction of the committee.

(4) No transfer of a share shall be registered if made by a member indebted to the registered Society without special order of the committee, and until the transfer of a share is registered no right shall be acquired against the registered society by the transferee, nor shall any claim of the registered society upon the transferor be effected thereby.

55 **Sales of shares of members in default.**

The committee may in default of payment by any member indebted to the registered society to an amount not less than three-fourths of the sum paid up for the time being on any transferable share held by him, sell, transfer and register in the books of the registered society such share to any person entitled to hold the same under the rules or by-laws for the best price obtainable therefor, and apply the proceeds in or towards the discharge of the debt so due and of any expense incurred in or about the same, paying over the balance (if any) to the member, without being responsible for any loss occasioned thereby, and the defaulting member shall cease to have any further claim in respect of such share.

56 **Secretary.**

(1) The committee shall appoint a secretary and, unless the person so appointed is a member of the committee, shall have power to fix the remuneration and determine the conditions of employment for his service.

(2) The secretary, if a member of the committee, shall be unpaid.

(3) No appointment made under paragraph (1) of this rule shall be valid and effective, and no remuneration fixed thereunder shall be payable or recoverable, unless approved by the general meeting.

(4) In the event of failure on the part of the committee to appoint a secretary, the Registrar shall appoint a secretary and, unless the person so appointed is a member of the committee, the Registrar shall fix his remuneration. Every appointment made by the Registrar under this paragraph shall be valid and effective, and every remuneration fixed by the Registrar shall be payable and recoverable, as if made or fixed by the committee.

(5) The secretary shall occupy his office until his services are determined by one month's notice in writing given by the committee:

Provided that no determination as aforesaid shall be valid and effective unless acting upon a resolution of a previous general meeting.
(6) The secretary may resign his office by giving one month's notice to the committee in writing.

(7) On the occurrence of a vacancy in the office of the secretary, the provisions of this rule shall apply *mutatis mutandis* to the filling of such vacancy.

57 **Payment of secretary.**

The remuneration of the secretary, if any, shall be paid from the funds of the registered society monthly in arrears.

58 **Security by secretary.**

(1) The secretary may be required to give security in such amount as the committee may from time to time determine.

(2) Every such security and the amount thereof shall be subject to the approval by the next general meeting.

59 **Suspension of secretary.**

(1) The committee may at any time suspend the secretary for any irregularity in the performance of his duties.

(2) Such suspension shall be reported forthwith to the next general meeting for their decision to retain, or dismiss the secretary without further notice.

(3) In the event of the suspension of the secretary the committee shall forthwith appoint a substitute to hold office during the period of such suspension.

60 **Temporary absence of secretary.**

(1) The secretary shall not absent himself from duty save with the permission of the committee previously obtained: provided that in circumstances where it is not practicable to obtain such permission from the committee the chairman shall be authorised to grant it in its stead.

(2) During the absence of the secretary, the committee shall appoint a temporary secretary and shall report the appointment to the next general meeting.

(3) In case the secretary desires to be absent from duty for more than one month at any time, the committee shall, before granting permission for such absence, obtain the previous approval of the general meeting.
61 Duties of secretary.

The duties of the secretary shall be—

(a) To summon and attend all meetings of the registered society and of the committee and carry out all the instructions in accordance with the Act, Rules and By-laws by such meetings and by the committee;

(b) To attend to the business of the society at the office of the society during the normal hours of business and at such other times as may be required by the committee:

Provided that nothing in this rule shall be construed to prevent the secretary from attending to the business of the society elsewhere;

(c) To receive produce of such quality as is required by law or, as approved by the committee subject to the law, into the society's stores from members only, and conduct weighing and grading where necessary;

(d) To be responsible for the safety of the society's stores and their contents;

(e) To record, or cause to be recorded to his entire satisfaction the whole of the transactions of the registered society in the books provided for that purpose; to conduct correspondence on behalf of and in the name of the registered society; to prepare or cause to be prepared to his entire satisfaction the annual statement of accounts and balance sheet; and to have charge of the documents, books, and vouchers for payment and receipts on behalf of the registered society;

(f) To receive all applications for loans and bring the same before the committee; to prepare receipts and other documents in the form prescribed for signature by the borrowers prior to their taking the loans sanctioned; and with the authority of the committee to supply information about the registered society which may be applied for by members;

(g) To receive all moneys due or payable to the registered society and to acknowledge or cause to be acknowledged in an approved form such receipt;

(h) To deposit, or cause to be deposited, in an approved bank, all money received by him in excess of any sum authorised by the committee and to obtain receipts for such deposits in an officially approved form;

(i) To keep separate all moneys belonging to the registered society and on no account to mix them with other moneys; and to produce at any reasonable time when called upon to the committee or the
treasurer or assistant treasurer, or the Registrar or any person authorised by him or by law, all properties including the moneys in his hands belonging to the registered society;

(j) To make, or cause to be made to his entire satisfaction, payments on behalf of the registered society in respect of expenditure legitimately incurred in the conduct of the business of the registered society, and to obtain receipts in respect of such payments from the payees; and

(k) To summon meetings as provided in the rules and by-laws.

62 Treasurer.

The office of Treasurer and Assistant Treasurer shall be honorary, but the general meeting may approve of an allowance covering a certain period, or honoraria as eligible in accordance with the by-laws of the registered society.

63 Security by treasurer.

The treasurer and assistant treasurer may be required to give security for such amount as may be determined by, and to the satisfaction of, the committee.

64 Duties of treasurer.

(1) The duties of the treasurer shall be—

(a) To satisfy himself from time to time that all moneys received and paid in the name of, and on behalf of the registered society are properly recorded in the books of the registered society and faithfully accounted for;

(b) To report his findings to the committee at frequent intervals;

(c) To ensure that all moneys at the registered society are kept in safe custody in accordance with the by-laws;

(d) To accompany cash remittances to and from the registered society to or from its Bank or other authorised premises as approved by these rules;

(e) To sign on behalf of the committee the annual balance sheet and accounts to be presented at the annual general meeting;

(f) To sign on behalf of the registered society all cheques and legal documents concerning the transfer of funds and the acquisition of, and disposal of property of society.

(2) It shall be the duty of the assistant treasurer to assist the treasurer in the exercise of his office in every reasonable way when called upon to do so,
and in the absence of the treasurer for any reason whatsoever, to assume the duties of his office.

(3) Where no treasurer or vice-treasurer is appointed the duties of the treasurer shall be performed by the secretary. (*Inserted G.S. 3/82.*)

65 **Unfit officers.**

If in any society, in the opinion of the Registrar, any member of the committee or other officer is unfit for the discharge of his duties, the society shall on the requirement of the Registrar dismiss him.

66 **Reserve of fund.**

(1) The reserve fund of a registered society, created in pursuance of the provisions of Section 38(1) of the Act, may, with the sanction of the Registrar—

(a) be utilised in the business of the registered society; or

(b) be applied to meet occasional deficiencies incurred by the registered society.

(2) In sanctioning the utilisation or application of the reserve fund under paragraph (1) of this rule, the Registrar may impose such terms and conditions as he may deem fit.

(3) The reserve fund shall be indivisible and no member shall be entitled to claim any specified share in it.

67 **Audit of accounts.**

In pursuance of the provisions of Section 39 of the Act the accounts of every registered society shall be audited once at least in every year by some person authorised by the Registrar. Such person shall have access to all the books and accounts of the registered society and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the registered society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as found by him to be correct, duly vouched and in accordance with the Act, and shall report to the Registrar accordingly, or shall specially report to the Registrar in what respects he finds the same incorrect unvouched or not in accordance with the Act. The Registrar shall thereupon forward the report of such person to the committee.

No distribution of net surplus shall take place until such report has been forwarded by the Registrar to the committee. (*Amended G.S. 3/82.*)
68 Audit and supervision fund.

(1) There shall be constituted a fund to be known as the Audit and Supervision Fund and every registered society shall, when called upon to do so by the Registrar, make annually a contribution to such fund.

(2) Until such time as a society has been established and registered for the purposes of supervision and audit, such contributions shall be held by the Registrar and administered by him on behalf of the contributing registered societies.

(3) So long as the Registrar administers the fund on behalf of the contributing registered societies, he shall report in every year to the government in respect of the income derived from contributions, the expenditure he has sanctioned from the fund and return of the receipts and expenditure, funds and effects and of the balance in his hands.

(4) As soon as a society for supervision and audit has been established and registered the fund shall be credited to such society and shall be utilised by such society in accordance with its objects and by-laws.

(5) Until a society for supervision and audit has been established and registered, the Registrar shall fix the amount of the annual contribution to the fund of every registered society called upon to contribute to the fund. The amount of every such annual contribution shall be subject to a maximum of either 10 per cent (10%) on the net annual profits of the registered society or of 1 per cent (1%) of the working capital of the registered society, and shall not in any case be less than an amount as prescribed by the Registrar from time to time.

69 By-laws.

(1) The by-laws of a proposed society shall contain provision in respect of the following matters—

(a) the name of the society;

(b) the registered address of the society;

(i) area of operation;

(c) the objects for which the society was established;

(d) the purposes to which the funds may be applied;

(e) the qualifications for membership, the terms of admission of members, and the mode of election;

(f) the nature and extent of the liability of members; and

(g) the manner of raising funds, including the maximum rate of interest on deposits.
(2) If the objects of the proposed society include the creation of funds to be lent to the members, the proposed by-laws shall, in addition, contain provision in respect of the following matters—

(a) the occupation or residence of the members;
(b) the conditions on which loans may be made to members, including —
   (i) the rate of interest, and
   (ii) the maximum amount which may be lent to a member; and
(c) the consequences, if any, of default in the payment of any sum due on account of shares.

70 Amendment of by-laws.

(1) Where, in pursuance of the provisions of Section 11(1) of the Act, a registered society amends its by-laws, such amendment shall be made by a resolution of the members of the registered society at a general meeting.

(2) Every resolution under paragraph (1) of this rule shall not be valid and effective unless it was taken by a majority of not less than three-fourths of the members present at the general meeting at which the resolution was proposed.

(3) A copy of a resolution under paragraph (1) of this rule shall be forwarded to the Registrar together with two copies in Tongan and English of the amendment.

71 Copies of entries.

For the purposes of Section 21 of the Act a copy of an entry in the book of a society may be certified by a certificate written at the foot of such copy, declaring that it is a true copy of such entry and that the book containing the entry is still in the custody of the society; such certificate being dated and signed by the secretary and one member of the committee.

72 Reference of a dispute to the registrar for decision.

(1) Reference of a dispute to the Registrar for decision under the provisions of Section 54(1) of the Act may be made—

(a) by the committee; or
(b) by the registered society in pursuance of a resolution in that behalf taken in general meeting; or
(c) by any party to the dispute; or
(d) where the dispute concerns a member of the committee and the registered society, by any member of the registered society.

(2) Every reference under this rule shall be made by a statement in writing addressed to the Registrar. Such statement shall—

(a) be dated;
(b) specify the dispute;
(c) set out full particulars of the dispute; and
(d) be signed by the party making it.

73 Reference to arbitration by the Registrar.

(1) Where, in pursuance of the provisions of Section 54(2)(b) of the Act the Registrar decides to refer a dispute to arbitration, such decision shall be embodied in an order of reference under his hand.

(2) Every order of reference under this rule shall—

(a) specify the name, surname, place of abode and occupation of the arbitrator or arbitrators;
(b) set out the dispute and full particulars thereof; and
(c) limit the time within which the award shall be forwarded by the arbitrator or arbitrators to the Registrar;

Provided that, on good cause shown to his satisfaction, the Registrar may by a further order enlarge the time whether before or after the time limited by the order of reference has expired.

(3) Where the Registrar decides to refer a dispute to more than one arbitrator, such reference shall be to 3 arbitrators, of whom one shall be nominated by each of the parties to the dispute and the third shall be nominated by the Registrar and shall act as chairman.

(4) Where under paragraph (3) of this rule reference is made to 3 arbitrators, the following provisions shall have effect —

(a) if any party to the dispute fails to nominate an arbitrator within such time as the Registrar may specify, the Registrar may make the nomination himself;
(b) if an arbitrator nominated by one of the parties to the dispute dies, or refuses or neglects to act, or by absence or otherwise becomes incapable of acting, the Registrar shall call upon the party concerned to nominate a new arbitrator within such time as the Registrar may specify, and if no new arbitrator is nominated accordingly, the Registrar may nominate one himself;
(c) if the arbitrator who dies, or refuses or neglects to act, or becomes incapable of acting, was nominated by the Registrar, a new arbitrator shall be nominated in his place by the Registrar; and

(d) the opinion of the majority of the arbitrators shall prevail.

74 Proceedings before the arbitrator or arbitrators.

(1) The proceedings before the arbitrator or arbitrators shall, as nearly as possible, be conducted in the same way as proceedings before a court of law, and in particular the following provisions shall have effect in respect thereof —

(a) notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute, and such notice shall be a 10 days' notice;

(b) a record of the evidence adduced before the arbitrator or arbitrators shall be made, dated and signed by the arbitrator or arbitrators;

(c) documents produced as exhibits before the arbitrator or arbitrators shall be marked, dated and initialled by the arbitrator or arbitrators and shall be attached to the file of the proceedings; and

(d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator or arbitrators ex parte.

(2) The award of the arbitrator or arbitrators shall—

(a) be, in writing;

(b) be dated and signed by the arbitrator or arbitrators;

(c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid.

(3) Upon the completion of the proceedings, the arbitrator or arbitrators shall forward to the Registrar—

(a) the file of the proceedings;

(b) the award.

75 Proceedings before the Registrar.

Where, in pursuance of the provisions of Section 54(2)(a) of the Act the Registrar exercises the power of deciding a dispute himself, the proceedings before him in relation thereto shall, as nearly as possible, be conducted in the same way as proceedings before a court of law and the provisions of Rule 73 shall apply mutatis mutandis to such proceedings.