

Zimbabwe

Co-operative Societies Act

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Zimbabwe

Co-operative Societies Act

Chapter 24:05

Commenced on 15 July 1990

[Up to date as at 31 December 2016]

[Note: This version of the Act was revised and consolidated by the Law Development Commission of Zimbabwe]

AN ACT to provide for the formation, registration, regulation, management, functioning and dissolution of co-operative societies in accordance with co-operative principles and in pursuance of Government policy and self-reliance; to provide for the formation of a National Co-operative Federation; to provide for the establishment of a Central Co-operative Fund; and to provide for matters connected with or incidental to the foregoing.

Part I – Preliminary

1. Short title

This Act may be cited as the Co-operative Societies Act *[Chapter 24:05]*

2. Interpretation

In this Act—

"**allowance**", in relation to a collective society, means any payment made to a member of the society in terms of its by-laws for work done for the society;

"**annual general meeting**" means a general meeting held in terms of section forty-eight;

"**apex organization**" means a society formed by primary or secondary societies or by both primary and secondary societies to carry out the functions specified in section nine;

"**by-laws**" means the registered or provisionally registered by-laws of a society;

"**Central Fund**" means the Central Co-operative Fund established by section ninety-one;

"**Central Fund Committee**" means the committee appointed in terms of subsection (1) of section ninety-two;

"**certificate of provisional registration**" means a certificate issued in terms of subparagraph (i) of paragraph (b) of subsection (2) of section sixteen;

"**certificate of registration**" means a certificate issued in terms of subparagraph (i) of paragraph (b) of section (2) of section seventeen;

"**chairman**" means the chairman of a registered society elected in terms of section forty-seven or fifty-four;

"**collective society**" means a society—

- (a) all of whose members work for the society; and
- (b) in which the means of production are jointly owned by its members;

"**co-operative officer**" means a co-operative officer referred to in section five;

"**dividend**" means a share of the net surplus of a society paid to the members in proportion to the shares held by them;

"**employee**" includes any person, other than a member of the society, who receives any form of remuneration

from a society;

"**Federation**" means the National Co-operative Federation formed in terms of section eighty-nine;

"**formation committee**" means a committee formed in terms of subsection (1) of section twelve;

"**general meeting**" means a meeting of members of a registered society referred to in section forty-five or a meeting of delegates referred to in section forty-six, and includes a first general meeting, an annual general meeting or a special general meeting;

"**honorarium**" means a payment to a member of a registered society made in accordance with a resolution of a general meeting of the society in consideration for services by the member which would not otherwise be remunerated;

"**liquidator**" means a person appointed in terms of section one hundred and three to wind up a registered society;

"**management committee**" means the governing body of a registered society constituted in terms of subsection (1) of section fifty-four;

"**manager**" means a person who has been appointed to be the manager of a registered society in terms of paragraph (a) of subsection (4) of section fifty-seven or who holds office as manager in terms of subsection (7) of section fifty-seven;

"**member**" means any person who has been admitted to the membership of a registered society in accordance with the by-laws thereof and who is not disqualified from membership by section thirty-eight;

"**Minister**" means the Minister of National Affairs, Employment Creation and Co-operatives or any other Minister to whom the President may, from time to time, assign the administration of this Act;

"**net surplus**" means the portion of a society's surplus remaining after contributions have been made to the society's reserve fund and the Central Fund and any other funds provided for in the society's by-laws;

"**officer**", in relation to a society, means—

- (a) the chairman, secretary, treasurer or manager of the society; or
- (b) a member of the management committee or any supervisory committee of the society; or
- (c) any other person empowered in terms of the by-laws of the society or this Act to give directions in regard to the business of the society;

"**patronage bonus**" means a portion of the surplus of a society divided amongst its members in proportion to the amount of business they have done with the society;

"**primary society**" means a society all of whose members are natural persons which operates in accordance with the co-operative principles set out in section seven;

"**provisionally registered**", in relation to a society or by-laws, means provisionally registered in terms of section sixteen;

"**Register**" means the Register of Co-operative Societies kept in terms of section ten;

"**registered**", in relation to a society or by-laws, means registered in terms of section seventeen;

"**Registrar**" means the Registrar of Co-operative Societies referred to in section four or any other person who performs any function of the Registrar that has been delegated or assigned to him in terms of section one hundred and twenty-one;

"**secondary society**" means a society formed by primary societies which operates in accordance with the cooperative principles set out in section seven;

"**secretary**" means the secretary of a registered society elected in terms of subsection forty-seven or fifty-four;

"**society**" means a primary society, a secondary society or an apex organization;

"**special general meeting**" means a general meeting held in terms of section forty-nine;

"**supervisory committee**" means a committee elected in terms of section sixty-five;

"**surplus**" means an excess of income over the expenditure of a society at the end of a financial year, as reflected in its audited financial statement;

"**treasurer**" means the treasurer of a registered society elected in terms of section forty-seven or fifty-four;

"**winding-up order**" means an order for the winding up of a registered society issued in terms of subsection (6) of section sixteen or subsection (1) of section one hundred and two.

Part II – Functions of Minister and other officers

3. Functions of Minister and other officers

In performing the functions conferred upon them by this Act, the Minister, the Registrar and other officers shall have regard to the need to attain the following objects—

- (a) to encourage the formation of societies in all sectors of the economy and to promote their efficiency;
- (b) to carry out educational and training programmes for officers, members and staff of societies wherever possible;
- (c) to raise the level of general and technical knowledge of officers, members and staff of societies, through the supply of information and educational materials to them;
- (d) to encourage and assist in the proper utilization, accounting and management of the funds of societies;
- (e) to monitor the activities of societies.

Part III – Registrar and co-operative officers

4. Registrar and assistant registrars of co-operative societies

There shall be—

- (a) a Registrar of Co-operative Societies; and
- (b) such assistant registrars of co-operative societies as may be required;

whose offices shall be public offices and form part of the Public Service.

5. Co-operative officers

- (1) There shall be such number of co-operative officers as may be necessary for carrying out the functions assigned to them in terms of this Act.
- (2) Co-operative officers shall be public officers whose offices shall form part of the Public Service.

Part IV – Structure of co-operative movement and co-operative principles and objectives

6. Structure of co-operative movement

The co-operative movement in Zimbabwe shall consist of—

- (a) primary societies, being associations of natural persons, which are registered in terms of this Act and operate in accordance with the co-operative principles set out in section seven; and
- (b) secondary societies, being associations of primary societies which are registered in terms of this Act and operate in accordance with the co-operative principles set out in section seven; and

- (c) apex organizations, being associations of primary societies or secondary societies or of both primary and secondary societies, which are registered in terms of this Act and operate in accordance with the cooperative principles set out in section seven; and
- (d) where such a Federation has been established by apex organizations in terms of Part XI, the National Co-operative Federation representing all societies and apex organisations at national and international level.

7. Co-operative principles

Every registered society shall operate in accordance with the following principles—

- (a) its membership shall be voluntary and open to every person who meets the requirements for membership in terms of the society's by-laws;
- (b) in the case of a primary society, every member shall have one vote in any general meeting, irrespective of the number of shares held by such member;
- (c) in the case of a secondary society or an apex organisation, every member shall have the voting rights prescribed in the by-laws of the society;
- (d) services shall be rendered by the society mainly to its members:
Provided that, in the case of a collective society, services shall include the provision of employment for its members and the improvement of their living conditions;
- (e) dividends on share capital shall be limited in accordance with this Act;
- (f) surplus shall be allocated to the reserves or, subject to this Act, distributed or credited to members only in proportion to the business done with the society;
- (g) education and training facilities shall be offered to members and prospective members with a view to improving their economic well-being and vocational skills and acquainting them with their rights and responsibilities in relation to the society;
- (h) the society shall co-operate as much as possible with other societies.

8. Objects of societies

Every society shall in its operations have regard to the need to attain the following objects—

- (a) promoting the economic and social interests of its members in accordance with Government policy;
- (b) performing any economic or social activity in the interests of its members;
- (c) participating in the overall economic and social development of the nation by increased production, improvement of supply and marketing channels and the mobilization of human resources.

9. Objects and functions of apex organizations

Every apex organization shall have any or all of the following objects and functions—

- (a) providing information, education, training and advice to its member societies;
- (b) assisting formation committees and emerging societies through the process of registration in terms of this Act;
- (c) auditing the books and accounts of its member societies through persons competent and authorized to carry out such audit in terms of section thirty-five;
- (d) providing services to its member societies, including—
 - (i) the joint supply of inputs and the pooling of raw materials; and

- (ii) the joint marketing of products; and
- (iii) loan facilities for the use of its member societies;
- (e) carrying out any other activities incidental to its objects.

Part V – Formation and registration of societies

10. Register of co-operative societies

- (1) The Registrar shall maintain at his office a Register of Co-operative Societies in which he shall enter all such particulars in relation to the registration and provisional registration of societies and their by-laws as he is required to enter by or in terms of this Act or any decision or order of a court:

Provided that the Registrar may enter particulars relating to the provisional registration of societies and their by-laws in a separate register.

- (2) The Register shall be open to inspection during office hours by any member of the public on payment of the prescribed fee, if any.

11. Societies which may be registered

Subject to this Act, any society which has as its object the promotion of the economic interests of its members or other societies in accordance with co-operative principles may be registered under this Act with limited ability as –

- (a) a primary society; or
- (b) a secondary society; or
- (c) an apex organization;

as may be appropriate.

12. Formation committees and their functions

- (1) Any group of persons being not less than—

- (a) ten, in the case of individuals intending to form a primary society;
- (b) two delegates from each society, in the case of primary societies intending to form a secondary society;

may form a formation committee and may request the registrar to assist them in forming such society:

Provided that the Registrar may authorize fewer persons or delegates, as the case may be, than those mentioned in paragraph (a) or (b) to establish a formation committee, where he is satisfied that there are good and compelling reasons for doing so and the interests of the prospective members justify the grant of such authority.

- (2) The functions of every formation committee shall be to—

- (a) determine the objects and scope of operations of the proposed society; and
- (b) organize educational meetings of prospective members on the nature of co-operatives; and
- (c) assess the suitability of prospective members and compile a list of those prospective members; and
- (d) determine the appropriate contribution to be made by members in the form of shares, labour, savings or otherwise and assess the expected volume of business and the benefit to members; and
- (e) undertake, where necessary in consultation with a co-operative officer or an officer of an apex organization, a feasibility study into the economic and practical aspects of the activity to be carried

- out by the proposed society, including a work programme for the first year; and
- (f) prepare, where necessary in consultation with a co-operative officer, draft by-laws for the proposed society; and
 - (g) carry out such acts as may be necessary for the purpose of making an application for the registration of the proposed society.

13. Requirements for registration

- (1) Subject to subsection (2), no society shall be registered—
 - (a) as a primary society, unless it consists of at least ten natural persons who are not disqualified from membership in terms of section thirty-eight; or
 - (b) as a secondary society, unless it consists of at least five primary societies registered in the same economic sector; or
 - (c) as an apex organization, unless it consists of at least—
 - (i) twenty-five primary societies; or
 - (ii) two secondary societies;registered in the same economic sector; or
 - (d) unless it has complied with any requirements imposed by the Registrar in terms of section fourteen, fifteen or sixteen.
- (2) Notwithstanding paragraph (a), (b) or (c) of subsection (1), the Registrar may register—
 - (a) a primary society with fewer than ten members; or
 - (b) a secondary society with fewer than ten registered primary societies; or
 - (c) an apex organization with fewer than twenty-five registered primary societies or five registered secondary societies, as the case may be;where he is satisfied that there are good and compelling reasons for the society to be registered and that its registration will be in the interests of the members.
- (3) No society shall be registered by a name which in the opinion of the Registrar is likely to mislead the public or to cause offence to any person or class of persons or is suggestive of blasphemy or indecency or which he considers to be undesirable for any other reason.
- (4) The word "co-operative" shall form part of the name of every registered society.
- (5) The word "limited" shall be the last word in the name of every registered society.

14. Applications for registration

- (1) Subject to this section, every application for registration shall be made to the Registrar in the form and manner prescribed.
- (2) An application for registration shall be signed—
 - (a) in the case of a primary society, by at least ten persons intending to become members;
 - (b) in any other case, by persons authorized to do so by the society concerned.
- (3) Every application for registration shall be accompanied by—
 - (a) three copies of the proposed by-laws, or such greater number as the Registrar may require, signed by all the persons authorized to sign the application in terms of subsection (2), unless the Registrar has permitted the proposed by-laws to be signed by fewer persons; and

- (b) a record of the resolutions made at the proceedings of the preliminary meetings if any, signed by all persons who attended such meeting and intend to be members; and
 - (c) a feasibility study, viability assessment and world programme of the society; and
 - (d) the prescribed application fee, which shall be payable, to the Central Fund.
- (4) The Registrar may require a society applying for registration to furnish any additional information, including information relating to all or any of the following—
- (a) the economic or social need for the formation of the society;
 - (b) the educational and advisory work pertaining to co-operative principles and practices which has been carried out among the members and prospective members of the society;
 - (c) the availability of capital or other resources for the commencement of operations;
 - (d) in the case of a primary society, the steps undertaken to seek affiliation to a secondary society or apex organization;
 - (e) any other matters that may be prescribed.

15. Preliminary meeting of society

Where the Registrar is satisfied that a society complies with the requirements for registration in terms of section thirteen, he may require the society to convene a preliminary meeting of members of the society for the purpose of—

- (a) discussing and adopting the proposed by-laws of the society; and
- (b) electing a provisional management committee to serve until the election of the management committee.

16. Provisional registration of societies

- (1) Where the Registrar is of the opinion that any society or group of persons applying for the registration of a society have not fulfilled any of the requirements for registration at the time of an application or that—
- (a) the applicants for registration and other persons expected to become members of the society require more educational and advisory work; or
 - (b) the expected or proposed membership appears too small for the satisfactory commencement of operations; or
 - (c) more time is needed to raise the capital which would be sufficient to enable the society to commence its operations; or
 - (d) more training is necessary for persons expected to become officers of the society at its registration;
- he may provisionally register the society and its by-laws subject to such terms and conditions as he may impose.
- (2) Where the Registrar provisionally registers a society, he shall—
- (a) enter in the Register—
 - (i) the name of the society; and
 - (ii) the economic sector in which it is to operate; and
 - (iii) the fact that it is provisionally registered; and
 - (iv) the terms and conditions, if any, imposed on its provisional registration; and
 - (v) such other particulars as may be prescribed or as the Minister may direct; and

- (b) forward to the society—
 - (i) a certificate of provisional registration; and
 - (ii) a copy of the by-laws of the society provisionally registered by him; and
 - (iii) a copy of this Act and any regulations made in terms of this Act; and
 - (c) direct the society to take all necessary steps to comply with the requirements for registration within two years.
- (3) Subject to this section and to any terms and conditions imposed by the Registrar in terms of subsection (1), where a society has been provisionally registered the society and its members shall be entitled to the same rights and privileges, and be subject to the same duties, as if it had been registered in terms of section seventeen.
- (4) Every society which is provisionally registered shall ensure that its registration is stated as provisional on all its letters, billheads, advertisements, publications and other correspondence and shall exhibit a notice stating that fact in a place easily accessible to the public at the premises where it carries out its major operations.
- (5) Any provisionally registered society that contravenes subsection (4) shall be guilty of an offence and liable to a fine not exceeding level four.

[subsection as amended by section 4 of Act No. 22 of 2001]

- (6) Where the Registrar is of the opinion that a society which is provisionally registered—
- (a) is not complying or has not complied with the terms and conditions of its provisional registration; or
 - (b) is not operating or has not operated in compliance with co-operative principles; or
 - (c) is doing or has done any act that is not in compliance with this Act;

he shall notify the society accordingly and require the society to take such steps as he may specify to rectify the matter.

- (7) Where a society which is provisionally registered—
- (a) has failed to comply with a requirement of the Registrar in terms of subsection (6); or
 - (b) has not applied successfully for registration after having been provisionally registered for two years;

the Registrar may issue a winding-up order in respect of the society and the society shall thereafter be dissolved in terms of Part XIV.

- (8) If at any time while a society is provisionally registered the Registrar is satisfied that the society complies with the requirements for registration, he shall register the society in terms of section seventeen.

17. Registration of societies

- (1) If the Registrar is satisfied that a society which has applied for registration complies with the requirements for registration and that its proposed by-laws are in accordance with this Act, he shall register the society and its by-laws.
- (2) Where the Registrar registers a society, he shall—
- (a) enter in the Register—
 - (i) the name of the society; and
 - (ii) the economic sector in which it is to operate; and

- (iii) such other particulars as may be prescribed or as the Minister may direct; and
- (b) forward to the society—
 - (i) a certificate of registration; and
 - (ii) a copy of the by-laws of the society as registered by him; and
 - (iii) a copy of this Act and any regulations made in terms of this Act; and
- (c) cause notice of the registration to be published in the *Gazette*.

18. Rejection of applications for registration

- (1) If the Registrar rejects an application for registration by any society, he shall forthwith notify the society concerned, giving his reasons for such rejection.
- (2) Any society whose application for registration is rejected may appeal in writing to the Minister against such rejection within sixty days after being notified of the rejection.
- (3) In an appeal in terms of subsection (2), the Minister may—
 - (a) confirm the refusal of the Registrar to register the society concerned; or
 - (b) order the Registrar to register the society concerned; or
 - (c) make such other order in the matter as he thinks necessary or desirable; andmay require additional information from the Registrar or the society concerned before acting in terms of paragraph (a), (b) or (c).

19. Register and certificates to be proof of registration, etc.

- (1) The Register shall be *prima facie* proof of matters directed or authorized by this Act to be entered therein.
- (2) Without derogation from section one hundred and eighteen, a document purporting to be a certificate of provisional registration or a certificate of registration shall be admitted in evidence in any court upon its production by any person and shall be *prima facie* proof that the society named therein is provisionally registered or registered, as the case may be.

20. Offences in connection with registration and provisional registration

- (1) Any person who—
 - (a) without lawful authority makes or causes to be made an entry in or alteration or deletion from—
 - (i) the Register or a certified copy thereof or extract therefrom; or
 - (ii) a certificate of registration or provisional registration; or
 - (b) without lawful authority destroys, defaces or renders illegible or causes to be destroyed, defaced or rendered illegible—
 - (i) an entry in the Register; or
 - (ii) a certificate of registration or provisional registration;
 - (c) *[paragraph repealed by section 4 of Act No. 22 of 2001]*
 - (d) *[paragraph repealed by section 4 of Act No. 22 of 2001]*

shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

[subsection as amended by section 4 of Act No. 22 of 2001]

- (2) Any person who--
- (a) by means of fraud, a false representation or the concealment of a material fact, procures or attempts to procure the registration or provisional registration of a society or the issue of a certificate of registration or provisional registration; or
 - (b) knowingly submits to the Registrar an application for registration—
 - (i) signed by a person who has not indicated that he intends to become a member; or
 - (ii) bearing a forged signature or the signature of a non-existent person;

shall be guilty of an offence and liable to a fine not exceeding level six or to imprisonment for a period not exceeding one year or to both such fine and such imprisonment.

[subsection repealed by section 4 of Act No. 22 of 2001]

Part VI – Nature, functions and privileges of registered societies

21. Registered societies to be bodies corporate

Every society shall on registration be a body corporate with perpetual succession and, in the name under which it is registered, be capable of holding property, entering into contracts, of suing or being sued and, subject to this Act, of performing all other acts that bodies corporate may by law perform.

22. Limited liability of members

Subject to this Act, the present or past members of a registered society shall not by reason of their membership be liable for the debts or obligations of the society beyond the amount, if any, unpaid on the shares held by them.

23. By-laws of registered societies

- (1) The by-laws of every registered society shall include all the matters specified in the Schedule:
Provided that the Registrar may authorize any society to omit from its by-laws such of those matters as he may specify.
- (2) The by-laws of a registered society shall when registered bind the society and its members:
Provided that the Registrar may authorize a society to depart from its by-laws if he is satisfied that such departure will not prejudice any member or creditor of the society.

24. Amendment of by-laws of registered societies

- (1) Subject to this Act, any registered society may amend its by laws:
Provided that no amendment shall be valid until it has been registered under this section.
- (2) Before transmitting a proposed amendment of its by-laws to the Registrar for registration, a society shall ensure that—
- (a) at least fifteen days' notice of the proposed amendment has been given to the members by the management committee; and
 - (b) a resolution to amend the by-laws has been passed by not fewer than three-quarters of the members present and voting at a general meeting duly convened for that purpose.
- (3) The chairman of a registered society which has resolved to amend its by-laws in terms of subsection (2) shall forward to the Registrar three copies of the proposed amendment or such other number of copies as

the Registrar may from time to time determine, and, if the Registrar is satisfied that the amendment is not contrary to this Act, he shall register the amendment.

- (4) If the Registrar refuses to register an amendment in terms of this section, he shall notify the society, giving the reasons for his refusal, and the society may appeal to the Minister against such refusal within sixty days after being notified of the refusal.
- (5) In an appeal in terms of subsection (4), the Minister may—
 - (a) confirm the refusal of the Registrar to register the amendment concerned; or
 - (b) order the Registrar to register the amendment concerned; or
 - (c) make such other order in the matter as he thinks necessary or desirable; andmay require additional information from the Registrar or the society concerned before acting in terms of paragraph (a), (b) or (c).
- (6) An amendment which changes the name of a registered society shall not affect any right or obligation of the society or of its members or past members, and any legal proceedings pending before the change of the society's name may be continued by or against the society under its new name.
- (7) If the Registrar registers an amendment of the by-laws of a society he shall issue to the society a copy of the amendment certified by him, which certificate shall be *prima facie* evidence of the fact that the amendment has been duly registered.

25. Register of members and shares

Every registered society shall establish and keep up to date at its registered address a register showing, in relation to each member—

- (a) his name; and
- (b) the date on which he became a member; and
- (c) the number and value of the shares currently held by him; and
- (d) when he ceases to be a member, the date on which he ceased to be a member; and
- (e) such other particulars as may be prescribed.

26. Third parties not deemed to have notice of by-laws, documents etc. of registered societies

No person shall be deemed to have notice or knowledge of the contents of a registered society's by-laws or any other document by reason only that the document has been registered or is available for inspection at the society's registered address.

27. Addresses of registered societies

- (1) Every registered society shall register its address with the Registrar in such manner as may be prescribed and, within fifteen days after acquiring a new address, shall notify the Registrar, in writing, of the new address.
- (2) Any registered society which contravenes subsection (1) shall be guilty of an offence and liable to a fine not exceeding level four.

[subsection as amended by section 4 of Act No. 22 of 2001]

28. Copy of act, regulations, by-laws and registers to be open to inspection

Every registered society shall ensure that—

- (a) a copy of this Act and any regulations made in terms of this Act;
- (b) a copy of its by-laws; and
- (c) every register kept by the society in terms of this Act;

are kept open to inspection by any person, free of charge, at all reasonable times at the registered address of the society.

29. Disposal of produce to or through registered societies

- (1) A registered society which has as one of its objects the disposal of any commodity or article produced or obtained by the work or industry of its members may provide in its by-laws or may contract with its members—
 - (a) that no member shall dispose of any such commodity or article or any part of such commodity or article by sale or barter otherwise than by sale to or through the society; and
 - (b) that any member who is proved or adjudged, in such manner as may be prescribed in the by-laws, to be guilty of a breach of the by-laws or the contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be so prescribed.
- (2) No contract entered into under subsection (1) shall be invalid on the ground that it constitutes a contract in restraint of trade.
- (3) As from the time that any commodity or article referred to in subsection (1) has been delivered to a registered society for the purpose of disposal to or through the society, neither the commodity or article nor any proceeds of the sale thereof remaining in the hands of the society shall be liable to attachment or to the creation of any security at the instance or in favour of any creditor of the member who delivered the article or commodity to the society.

30. Creation of securities in favour of registered societies

Subject to any prior rights in respect of the property of the debtor by way of pledge, mortgage, lien or other form of security and, in the case of immovable property, to any prior registered mortgage bond thereof, any debt payable to a registered society by any member, past member or deceased member shall be a first charge on all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan, whether in money or in goods, given to him by the society:

Provided that nothing in this section shall affect the claim of any *bona fide* purchaser or transferee without notice.

31. Charge and set-off in respect of shares of members

A registered society shall have a lien over the shares and deposits of a member, past member or deceased member and over any dividend, patronage bonus or surplus payable to a member, past member or to the estate of a deceased member in respect of any debt to the society owed by such member, past member or estate, and the society may set off any sum credited or payable to a member, past member or estate of a deceased member in or toward payment of any such debt.

32. Imposition of fines

- (1) A registered society may, in its by-laws, provide for imposition of fines on its members, not exceeding such amounts as are approved by the Registrar, for any infringement of its by-laws.
- (2) Before a fine is imposed on a member in terms of subsection (1), the society shall—
 - (a) give him written notice of the intention to impose the fine, giving its reasons therefor; and

- (b) give him an opportunity to be heard and to show cause why the fine should not be imposed on him.
- (3) Any fine imposed in terms of this section shall be recoverable by the society as a debt due to the society.

33. Acts of registered societies not to be invalid through certain defects

No decision or act of the management committee or other officer of a registered society shall be invalid only because—

- (a) there existed some defect in the constitution of the society; or
- (b) the management committee of the society consisted of fewer than the total number of members provided for in section fifty-four; or
- (c) a disqualified person purported to act as a member of the management committee at the time the decision was taken or the act was done or authorized; or
- (d) there existed some irregularity in the selection or appointment of the officer concerned, or such officer was disqualified from appointment or election;

if the decision was taken or the act was done or authorized by a majority of the persons who at the time were entitled to act as officers.

34. Accounts of registered societies

Every registered society shall ensure that its accounts and other records relating thereto are kept to the satisfaction of the Registrar and in accordance with generally accepted accounting practice and subject to such directions as the Registrar may give the society from time to time to ensure that the accounts and records give a true and fair view of the state of the financial affairs of the society.

35. Audit of accounts of registered societies

- (1) Every registered society shall have its books and audited once a year by—
 - (a) a person entitled to practise as a public auditor in terms of the Public Accountants and Auditors Act [Chapter 27:12]; or
 - (b) any other competent person approved by the Registrar; andany audit fees incurred thereby shall be borne by the society.
- (2) An auditor referred to in subsection (1) shall be entitled at all reasonable times to require to be produced to him all accounts and other records relating thereto and to require from any officer, member or employee of the society or from any person in possession or control of records, documents or information relating to the society's affairs, such information and explanations as, in the opinion of the auditor, are necessary for the purpose of his audit.
- (3) An auditor referred to in subsection (1) shall make a report to the Minister on the financial statement of the society prepared in terms of section thirty-six, and such report shall state whether or not the statement and accounts give a true and fair view of the state of financial affairs of the society.
- (4) If in the opinion of the auditor referred to in subsection (1)—
 - (a) he has not obtained the information and explanations he required; or
 - (b) the accounts and records relating thereto have not been properly kept; or
 - (c) the society has not complied with this Act;the auditor shall include in the report referred to in subsection (3) statements to that effect.

36. Annual reports, accounts and financial statements of registered societies

- (1) Every registered society shall submit to the Registrar, not later than six months after the close of its financial year, an annual report on its activities during the year, together with two certified true copies of the audited financial statement of the society and the audit report for that year.
- (2) Every registered society shall, within the prescribed period, furnish to the Registrar such reports and returns and such additional information as the Registrar may reasonably require.

Part VII – Membership of registered societies

37. Membership of registered societies

- (1) Subject to section thirty-eight, any person whose name appears in the application for registration of a society and who has signed the resolution of a preliminary meeting held in terms of section fifteen, and the proposed by-laws, shall be regarded on the registration of the society as a member.
- (2) Any person who wishes to join a registered society shall apply for membership to the management committee of the society in accordance with its by-laws and shall give a written undertaking, in a form provided by the society, to comply with the society's by-laws if admitted to membership.
- (3) Any person whose application for membership is rejected by the management committee of a registered society shall have such right of appeal to the members of the society as may be provided in the society's by-laws.

38. Qualifications for membership of registered societies

- (1) A person shall be qualified for membership of a primary society if he is a natural person who—
 - (a) has attained the age of eighteen years or has become a major by operation of law; and
 - (b) is a citizen of, or is ordinarily resident in, Zimbabwe; and
 - (c) has satisfied such other requirements with regard to residence, employment, profession or other matters as may be prescribed in the by-laws of the society.
- (2) The fact that a person is an employee of a registered primary society shall not disqualify him for membership of the society.
- (3) Primary societies shall be qualified for membership of a registered secondary society if they are registered in the same economic sector as the secondary society.
- (4) Primary societies and secondary societies shall be qualified for membership of a registered apex organization if they are registered in the same economic sector as the apex organization.
- (5) Any member who is or becomes disqualified from membership of a registered society in terms of this section or the by-laws of the society shall cease to be a member and shall be struck off the register of members by the management committee.

39. Restriction on memberships in more than one registered society

Except with the consent of the Registrar, no person shall be a member of more than one registered society having the same objects.

40. Members not to exercise rights until due payment is made

No member of a registered society shall exercise any rights as a member unless he has made such payment to the society in respect of membership or has acquired such interest in the society as may be prescribed in terms of this Act or the by-laws of the society.

41. Restriction on holding of share capital in primary societies

No member of a primary society shall hold more than one-fifth of the share capital of the society.

42. Right of member to withdraw from registered society

A member may withdraw from a registered society complying with such conditions and notice as may be prescribed in its by-laws:

Provided that such notice shall not exceed—

- (a) two years, in the case of a primary society; or
- (b) three years, in the case of a secondary society or apex organization.

43. Suspension or expulsion of member

- (1) A member of a registered society who contravenes this Act or the by-laws of his society or who acts in any way detrimental to the interests of his society may be suspended or expelled from the society in accordance with the by-laws of the society.
- (2) Every registered society shall prescribe in its by-laws a procedure for the suspension or expulsion of a member, including provision for giving the member reasonable notice and an opportunity for making representations responding to the charge.

44. Liability of past member and estate of deceased member for debts of registered society

- (1) Subject to section twenty-two, the liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall continue for a period of two years:

Provided that, if the first audit of the accounts of the society after his ceasing to be a member discloses a credit balance in favour of the society, such liability shall forthwith cease.
- (2) Subject to section twenty-two, the estate of a deceased member shall be liable for the debts of the society as they existed on the date of his death for a period of two years:

Provided that, if the first audit of the accounts of the society after his death discloses a credit balance in favour of the society, such liability shall forthwith cease.

Part VIII – Organization and management of registered societies

45. General meetings

- (1) The supreme authority of a registered society shall vest in the general meetings of its members.
- (2) Subject to this Act, every member shall have the right to attend and vote at all general meetings.
- (3) Notice of every general meeting shall be given, in writing or in any other way decided at the first general meeting or specified in the society's by-laws, to each member at least fifteen days before the date of the meeting.
- (4) Every notice of a general meeting shall state the nature of the business to be disclosed, and no other matter shall be discussed without the consent of the majority of members present and voting at such general meeting.
- (5) Subject to subsections (6) and (7), the accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.
- (6) Any person who has reason to believe that his non-receipt of notice of a general meeting was not accidental may apply in writing to the Registrar for the proceedings at that meeting to be nullified.

- (7) On receipt of an application in terms of subsection (6) the Registrar, if satisfied in the light of all the circumstances of the case that—
- (a) the omission to notify the person concerned was not accidental; and
 - (b) the person concerned was not aware that the general meeting was to be held and did not attend it; and
 - (c) if the person concerned had attended the general meeting, all or any of the resolutions passed at the general meeting would probably not have been passed or would probably have been passed in a materially different form;
- the Registrar may, by notice in writing to the society concerned, annul all or any part of the proceedings of the general meeting concerned.
- (8) If at any general meeting the chairman and vice-chairman are both absent, the members present shall elect one of their number to be chairman of the general meeting.

46. Meetings of delegates

- (1) Notwithstanding sections forty-five, forty-seven, forty-eight and forty-nine, provision may be made in the by-laws of any registered society to substitute general meetings of members by meetings of delegates with each delegate representing a specified number of members, and the provisions of this Act relating to general meetings shall apply with necessary modifications to any such meeting of delegates:

Provided that this subsection shall not apply to primary societies except where—

- (a) the primary society has more than two thousand members; or
 - (b) the Registrar certifies in writing that because of its large membership or for other reasons it is difficult for the primary society to convene general meetings.
- (2) No person shall be elected a delegate as provided in subsection (1) unless he is himself a member of the society concerned.
- (3) No delegate referred to in subsection (1) shall be entitled to vote at a meeting of delegates unless he attends the meeting in person.
- (4) A society which makes provision for meetings of delegates in terms of this section shall provide in its by-laws for—
- (a) the method of electing the delegates; and
 - (b) the number of members that may be represented by each delegate; and
 - (c) the term of office of delegates; and
 - (d) the manner in which delegates report back to the members they represent.

47. First general meeting

- (1) Every society shall, within three months after its registration, hold a first general meeting of its members:
- Provided that the Registrar may at the request of a majority of the members allow the society to defer the holding of the first general meeting for a period not exceeding six months.
- (2) The business of the first general meeting shall include the election of officers of the management committee, the election of the supervisory committee, where there is to be one, and the election or appointments of any other officers that the society may require.

48. Annual general meetings

Every registered society shall hold an annual general meeting to be convened by the management committee and to be held not later than six months after the end of each financial year:

Provided that—

- (i) in the first year after the registration of a society, the society's first general meeting held in terms of section forty-seven shall be deemed to be the annual general meeting for that year;
 - (ii) where a society does not hold its annual general meeting within six months after the end of its financial year, the society's management committee shall report this fact to the Registrar and give reasons why the meeting was not held.
- (2) The purpose of the annual general meeting of a registered society shall be to—
- (a) consider minutes of the general meeting immediately preceding that annual general meeting; and
 - (b) receive and discuss reports of the auditor referred to in section thirty-five and of the management committee and the supervisory committee, where there is one; and
 - (c) confirm the financial statements certified correct by the auditor referred to in section thirty-five;
 - (d) consider and approve the work-plan presented by the management committee for the next financial year; and
 - (e) consider and agree on the manner in which any available net surplus shall, subject to this Act and the society's by-laws, be distributed or invested; and
 - (f) consider any amendments to the by-laws; and
 - (g) elect officers of the management committee, the supervisory committee, where there is one, and any other officers that the society may require; and
 - (h) consider and determine the limits of borrowings by society; and
 - (i) subject to subsection (4) of section forty-five, consider any other matters raised by members or by the Registrar and transact any other general business of the society.

49. Special general meetings

- (1) A special general meeting may be convened at any time by a registered society's management committee on its own initiative, where it considers it necessary in the interests of the society to discuss any urgent matter, and shall be convened by the management committee—
 - (a) on the petition of such number of members, being at least one-quarter of the total number of members, as may be specified in the society's by-laws; or
 - (b) on the written request of the supervisory committee, where there is one.
- (2) If a management committee fails to convene a meeting in terms of paragraph (a) of subsection (1) within one month of receiving a petition for the meeting—
 - (a) the supervisory committee, where there is one, shall summon a special general meeting in all respects as if it were the management committee; or
 - (b) in the case of a society without a supervisory committee, the members who petitioned for the meeting may request the Registrar in writing to convene the meeting, and the Registrar may do so by notice to all members of the society stating the objects of the meeting and the fact that the management committee has failed to convene the meeting.
- (3) The Registrar may, on his own motion, convene a special general meeting of a society and shall direct the business that shall be discussed at that meeting.

50. Quorum at general meetings

- (1) The quorum necessary for the transaction of business at any general meeting shall be at least—
 - (a) twenty members or delegates, as the case may be, qualified to vote at the meeting; or
 - (b) one-quarter of the members or delegates, as the case may be, qualified to vote at the meeting;whichever is the lesser number.
- (2) If, within two hours after the time fixed for a general meeting, the members or delegates, as the case may be, present do not constitute a quorum, the meeting shall stand adjourned to seven days later at the same time and place.
- (3) If at a general meeting adjourned in terms of subsection (2) a quorum is not constituted within two hours after the time fixed for the general meeting, the members or delegates present shall be considered to constitute a quorum:

Provided that such adjourned general meeting shall not have power to amend the by-laws of the society concerned or to decide any other matter for which a three-quarters majority of the members present and voting at a general meeting is prescribed in terms of this Act.

51. Voting rights of members at general meetings

- (1) Each member of a registered primary society, irrespective of the number of shares he holds, shall have one vote on any question to be decided at a general meeting of members of the society, and his vote shall be exercised in person and not by proxy.
- (2) In the case of a registered secondary society or apex organization, each member shall have as many votes as may be provided in the by-laws of the society and may, subject to such by-laws, appoint any number of delegates, not exceeding the number of such votes, to exercise its voting power at general meetings of the society.

52. Voting at general meetings

- (1) Subject to this Act, any question referred to a general meeting shall be decided by a majority of votes.
- (2) Any resolution put to a vote at a general meeting shall be decided—
 - (a) by show of hands; or
 - (b) by secret ballot;as adopted by the members or delegates who are present:

Provided that, where at least one-tenth of the members or delegates present so require it, the voting shall be by secret ballot.
- (3) In the event of an equality of votes at a general meeting, no member present shall have a casting vote and the motion shall be deemed to be lost.

53. Minutes of general meetings

- (1) The management committee of every registered society shall ensure that proper minutes are kept of the proceedings of every general meeting.
- (2) Minutes of a general meeting shall specify—
 - (a) the names and number of the members or delegates present at the general meeting; and
 - (b) the name of the member presiding as chairman; and
 - (c) the time the general meeting commenced and ended; and
 - (d) all resolutions and decisions taken at the general meeting.

- (3) Minutes of each general meeting shall—
- (a) be read at the next general meeting; and
 - (b) upon being signed by the member presiding at that next general meeting and by the secretary, be *prima facie* evidence of the business transacted at the general meeting to which they relate.

54. Management committees

- (1) Every registered society at a general meeting shall elect a management committee composed of a chairman, vice-chairman, secretary, treasurer and such number of other committee members as the general meeting may decide, being no fewer than three but not more than nine:

Provided that, where a society has fewer than ten members, it may elect a management committee composed of not fewer than three officers.

- (2) Subject to this Act, members of a management committee may be suspended or removed only by a majority vote of members or delegates present and voting at a general meeting.
- (3) If, during the term of office of a management committee—
- (a) a vacancy occurs on the committee; and
 - (b) the number of members becomes less than the quorum specified in subsection (2) of section fifty-eight;

the management committee may co-opt a member of the society to fill the vacancy until the next general meeting.

55. Qualifications for membership of management committees

No person shall be elected or co-opted as a member of a management committee, and no person shall be qualified to hold office as a member of a management committee, who—

- (a) has, in terms of a law in force in any country—
 - (i) been adjudged or otherwise declared insolvent or bankrupt and has not been rehabilitated or discharged; or
 - (ii) made an assignment to, or arrangement or composition with, his creditors which has not been rescinded or set aside; or
- (b) has within the period of five years immediately preceding the date of his proposed election or co-option, as the case may be, been sentenced to a term of imprisonment of six months or more imposed without the option of a fine for an offence involving dishonesty or fraud and has not received a free pardon:

Provided that this paragraph shall not apply in relation to a society the majority of whose members are ex-prisoners; or
- (c) is not a member of the society or, in the case of a secondary society or an apex organization, is not a member of a primary society which is a member of or affiliated to that secondary society or apex organization; or
- (d) takes part, directly or indirectly, in any activity that is in competition with the society; or
- (e) is an employee of the society; or
- (f) has been dismissed from employment with any society; or
- (g) has defaulted in repaying a debt which is owing to the society at the end of the society's financial year and which does not arise out of a loan made under the by-laws of the society; or
- (h) in the case of a primary society, is a member of the management committee of another primary society

which has the same objects.

56. Term of office of members of management committees

- (1) Subject to this section, every member of the management committee of a registered primary or secondary society shall hold office for a term of three years, reckoned from annual general meeting to annual general meeting, and on the expiry of his term of office shall be eligible for re-election.
- (2) At the annual general meeting held after the first financial year of any registered primary or secondary society and in every subsequent annual general meeting, the meeting shall require at least one-third of the members of the management committee to retire from office.
- (3) The members of a management committee who are required to retire in terms of subsection (2) at—
 - (a) the annual general meeting held after the first financial year of a registered primary or secondary society, shall be those whom the general meeting shall by vote determine;
 - (b) any subsequent annual general meeting, shall be those who have been longest in office since their last election:

Provided that, where the members of the management committee who have been longest in office since their last election have been in office for the same period and comprise more than one-third of the total membership of the management committee, the general meeting shall by vote decide which of those members shall retire from office.

- (4) The term of office of the members of the management committee of a registered apex organization shall be as specified in its by-laws.
- (5) A member of a management committee shall vacate his office if, without the permission of the management committee and without due excuse, he is absent from three consecutive meetings of the management committee of which he has had notice.

57. Functions of management committees

- (1) The management committee of a registered society shall be vested with the conduct and management of the affairs and business of the society and may exercise all powers that are necessary to achieve the objects of the society.
- (2) The management committee of a registered society, in consultation with a co-operative officer, shall before the beginning of each financial year prepare a budget of income and expenditure for that financial year, and shall—
 - (a) present the budget to the society's annual general meeting for approval; and
 - (b) subject to paragraph (c), adhere in all respects to the approved budget during the financial year to which it relates; and
 - (c) if the budget requires revision in a material respect during the financial year to which it relates, convene a special general meeting of the society to approve the revision.

- (3) In the exercise of its functions, the management committee of every registered society—

- (a) may appoint subcommittees for carrying out such of its functions as the management committee may delegate to such subcommittee:

Provided that the delegation to a subcommittee of any functions of the management committee shall not divest the management committee of such functions and the management committee may, at any time, amend or rescind any decision made by any such subcommittee in the exercise or purported exercise of its functions; and

- (b) may require any manager appointed in terms of subsection (4) to report at least three times a year on the affairs of the society; and

- (c) may require other employees of the society to submit reports; and
 - (d) shall open and operate banking accounts.
- (4) A management committee may, on such terms and conditions as it thinks fit—
- (a) appoint a manager to administer and manage the day-to-day affairs of the society; and
 - (b) subject to any other enactment—
 - (i) employ such persons as the manager considers necessary to assist him in the discharge of his duties; and
 - (ii) fix the terms and conditions of service and, through the manager, suspend or discharge persons employed in terms of this subsection.
- (5) The management committee of a registered society may suspend any officer of the society, other than a member of the supervisory committee, for any irregularity in the performance of his duties and shall immediately thereafter report the suspension to the Registrar.
- (6) On receipt of a report of the suspension of an officer of a registered society by the management committee in terms of subsection (5), the Registrar may—
- (a) confirm the suspension of the officer and the period of suspension;
 - (b) require an investigation to be carried out into the performance of the duties of the officer and—
 - (i) if the investigation reveals any serious irregularities in the performance of the duties of the officer, recommend his expulsion;
 - (ii) if the investigation does not reveal any serious irregularities in the performance of the duties of the officer, negotiate with the society and the manager for the reinstatement of the officer.
- (7) The management committee of a registered society may, on the suspension of an officer in terms of subsection (5), appoint any member of the society to hold office during the period of such suspension.

58. Proceedings of management committees

- (1) Every management committee shall meet for the dispatch of business as often as necessary and at least once every month.
- (2) At any meeting of a management committee, one-half of the members of the management committee shall constitute a quorum:
- Provided that, if the management committee is composed of five members or less, three members shall constitute a quorum.
- (3) All acts, matters or things authorised or required to be done by a management committee may be decided by a majority vote at a meeting at which there is a quorum, and no member to the management committee shall have a casting vote.
- (4) If at any meeting of a management committee the chairman and vice-chairman are both absent, the members present shall elect one of their number to be chairman of the meeting.
- (5) At any meeting of a management committee the secretary shall record the minutes, which shall include a statement of the number and names of those present, the member presiding as chairman and a brief record of the business done and the decisions taken, whether by consensus or vote.
- (6) The minutes kept in terms of subsection (5) shall be made available at any time for inspection by the Registrar or by the auditor of the society appointed in terms of section thirty-five.

59. Liability of members of management committees

- (1) The members of the management committee of a registered society shall ensure that, in the exercise of their functions, they discharge their duties diligently and shall be liable jointly and severally to the society for any loss incurred by the society due to their negligence, default, breach of duty or breach of trust or due to any action taken by them contrary to this Act, the by-laws of the society or to a direction given by a general meeting.
- (2) The appointment of a manager of a society in terms of subsection (4) of section fifty-seven shall not absolve the members of the management committee from their liability in terms of subsection (1).

60. Prohibitions and restrictions on remuneration of members of management committees

- (1) No member of the management committee of a registered society shall—
 - (a) make any profit for himself from the business of the society; or
 - (b) receive any salary in respect of his duties as a member of the management committee; or
 - (c) receive an honorarium in respect of his membership of the management committee except with the approval of the Registrar and in accordance with a resolution passed by a general meeting of the society; or
 - (d) in the case of a member of the management committee of a collective society, receive an honorarium in respect of his membership of the management committee if he is in receipt of an allowance paid in terms of subsection (2).
- (2) With the approval of the Registrar, members of the management committee of a registered society may be paid from the funds of the society such allowances, if any, as a general meeting may fix, to meet any reasonable expenses incurred by them in connection with the business of the management committee.
- (3) Paragraph (a) of subsection (1) shall not be construed as limiting the application of any other law relating to the acquisition of profits by agents.

61. Duties of chairman and vice-chairman

- (1) The chairman of a registered society shall preside at general meetings of the society and at meetings of the management committee of the society.
- (2) The vice-chairman of a registered society shall exercise the functions of the chairman during any period that the chairman is unable to exercise his functions.

62. Duties of secretary

- (1) Subject to subsection (2), the secretary of a society shall be responsible for—
 - (a) maintaining an up-to-date record of all the records, documents and registers of the society; and
 - (b) keeping an inventory of the property of the society; and
 - (c) signing and conducting the correspondence of the society; and
 - (d) summoning members to attend meetings of the management committee and general meetings; and
 - (e) recording the proceedings of every meeting of the society; and
 - (f) performing any other duties that may be conferred upon him by the management committee or in terms of the by-laws of the society.
- (2) Where a registered society has appointed a manager, the functions of the secretary shall be performed by the manager, subject to the general supervision of the secretary.

63. Duties of treasurer

- (1) Subject to subsection (2), the treasurer of a registered society shall be responsible for—
 - (a) handling all the financial transactions of the society, including receipt of moneys and loans and disbursements and expenditure in accordance with the directions of the management committee; and
 - (b) preparing or causing to be prepared all receipts, vouchers and documents required by the by-laws or called for by the management committee; and
 - (c) keeping all the accounts and books of the society; and
 - (d) performing any other duties that may be conferred upon him by the management committee or in terms of the by-laws of the society.
- (2) Where a registered society has appointed a manager, the functions of the treasurer shall be performed by the manager, subject to the general supervision of the treasurer.

64. Duties of manager

- (1) Subject to this Act, any manager of a registered society shall be responsible for—
 - (a) managing the business and property of the society; and
 - (b) attending general meetings of members of the society and meetings of the management committee; and
 - (c) ensuring that the books of the society are kept properly; and
 - (d) with the approval of the management committee of the society and subject to any other enactment, recruiting employees of the society and suspending or dismissing such employees; and
 - (e) performing any other duties that may be conferred upon him by the management committee or in terms of the by-laws of the society.

65. Supervisory committees and their functions

- (1) Every registered society—
 - (a) which has fifty or more members; or
 - (b) which has as one of its main objects the granting of loans to its members;shall, at its first general meeting, elect a supervisory committee which shall be responsible for ensuring that the business and affairs of the society are conducted in a proper manner and in accordance with its by-laws and the resolutions of its general meetings.
- (2) Without limiting subsection (1), every supervisory committee shall—
 - (a) supervise the operations of the management committee and of the officers, employees and agents of the society and, where necessary, require the management committee to call special general meetings;
 - (b) ascertain the authority and validity of all expenditure; and
 - (c) examine the accounts of the society at least once every two months to ensure that the finances of the society are being handled properly; and
 - (d) ensure that all transactions of the society are properly entered in the respective books, accounts and other records of the society; and
 - (e) present to each annual general meeting of the society a special report on the management and

financial situation of the society, including any violations of its by-laws.

- (3) The supervisory committee of a registered society shall, at all times, have access to the books, accounts and other records of the society, and any person required by the supervisory committee to produce any book, account, record or information relating to the financial affairs or management of the society shall forthwith comply with the request.
- (4) The supervisory committee of a registered society may at any time require the management committee to summon a special general meeting of the society concerned, if it considers that all members should be informed of the position of the society, and the management committee shall comply with such a requirement.
- (5) If a management committee fails within one month to comply with a requirement of a supervisory committee in terms of subsection (4), the supervisory committee may call a special general meeting of members of the society, to which meeting the matter shall be reported.

66. Composition of supervisory committees

- (1) The supervisory committee of a registered society shall consist of not fewer than three and not more than five members.
- (2) Subject to this section, subsections (2) and (3) of section fifty-four and of sections fifty-five and fifty-six shall apply, with the necessary modifications, to the election, eligibility and terms of office of members of supervisory committees:

Provided that—

- (i) no member of the management committee of a society may simultaneously be a member of the supervisory committee of that society; and
 - (ii) societies shall, wherever possible, appoint persons with knowledge of accounts, book-keeping or financial procedure to be members of their supervisory committees.
- (3) Any vacancies arising in the membership of a supervisory committee shall remain unfilled until the next general meeting of members of the registered society concerned:

Provided that, if the number of members of the supervisory committee falls below three, the remaining member or members shall co-opt any other eligible person to bring the membership of the supervisory committee up to three.

67. Election of chairman and secretary of supervisory committee

- (1) The members of a supervisory committee shall, at their first meeting following their election, elect from amongst their number a chairman and secretary of the committee.
- (2) Sections sixty-one and sixty-two shall apply, with the necessary modifications, to the functions of the chairman and secretary of every supervisory committee.

68. Meetings and procedure of supervisory committees

- (1) A supervisory committee of a registered society shall meet for the dispatch of business as often as necessary but at least once every three months.
- (2) At any meeting of a supervisory committee one-half of the members of the supervisory committee shall constitute a quorum:

Provided that, if the supervisory committee is composed of fewer than four members, two members shall constitute a quorum.
- (3) Subject to the by-laws of the registered society concerned, issues to be decided at meetings of a supervisory committee shall be decided by consensus or by a majority of votes and no member of the

committee, including the person presiding at the meeting, shall have a casting vote.

- (4) In the event of an equality of votes at a meeting of a supervisory committee, the issue which is the subject of the voting shall be deemed to be lost unless the committee resolves to refer it to the next general meeting of members of the society for final determination.
- (5) Subsections (5) and (6) of section fifty-eight shall apply, with the necessary modifications, in relation to the keeping and inspection of minutes of meetings of supervisory committees.

69. Registrar may attend meetings of supervisory committees

The Registrar may attend any meeting of a supervisory committee of a registered society.

70. Allowances for members of supervisory committees

Section sixty shall apply, with the necessary modifications, in relation to the making of profits and the receiving of salaries, honoraria and allowances by members of supervisory committees.

71. Departures from provisions of this part

Notwithstanding any other provision of this Part, the Registrar may, by notice in writing to the society concerned, authorize or condone any departure by a registered society from any provision of this Part, if the Registrar is satisfied that the departure will not prejudice or has not prejudiced, as the case may be, any member or creditor of the society or the proper functioning of the society.

Part IX – Shares and debentures of registered societies

72. Nature of shares

- (1) The interest of each member of a registered society in the assets of the society shall be expressed in the form of a share.
- (2) A share shall be movable property, transferable to the extent and in the manner provided by this Act and the by-laws of the registered society concerned.
- (3) A registered society shall express the value of its shares as a sum of money specified in the society's by-laws.

73. Restrictions on transfer of shares

- (1) The transfer of any share of a member, past member or deceased member of a registered society, and the transfer of any unpaid dividend or bonus payable in respect of such a share, shall be subject to this Act and to such conditions as may be prescribed in the by-laws of the society.
- (2) The by-laws of every registered society shall prescribe—
 - (a) the minimum number of shares in the society that shall be held by each member; and
 - (b) the circumstances and manner in which shares in the society may be redeemed; and
 - (c) the manner in which persons who have ceased to be members of the society shall, subject to section seventy-four, dispose of their shares in the society.
- (3) No person shall transfer any share held by him in a registered society to any person other than the society, a member of the society or a person whose application for membership has been accepted by the society.
- (4) No transfer of a share of a member of a registered society shall be valid unless the transfer and the name of the transferee has been registered in the society's register of members and shares, on the direction of the management committee of the society.

74. Transfer of shares and interests on death of member

- (1) A member of a registered society may, by notice in writing signed in the presence of two or more witnesses, nominate a person to whom, on the member's death, the society shall transfer his shares and other interests in the society.
- (2) On receipt of a notice executed in terms of subsection (1), the management committee shall cause the name of the person nominated to be entered in the society's register of members and shares or in a special register kept for the purpose.
- (3) On the death of a member, a registered society may transfer the member's shares or other interests in the society, or pay the value of such shares or interests—
 - (a) to a person nominated by the deceased member before his death in terms of subsection (1); or
 - (b) if there is no person so nominated by the deceased member, to the deceased member's heir or to the executor, trustee or liquidator of his estate:

Provided that no payment shall be made in terms of this paragraph without the approval of the Registrar; or
 - (c) if the person referred to in paragraph (a) or (b), as the case may be, is not qualified for membership of the society in terms of section thirty-eight, to any person who is so qualified and who is specified by the nominee, heir, executor, trustee or liquidator, as the case may be, within six months after being called upon to do so.
- (4) All transfers and payments made by a registered society in accordance with this section shall be valid and effectual against any demand upon the society by any other person.

75. Issue of share certificates

- (1) Within two months after issuing any share to a member or registering the transfer of any share, a registered society shall complete and send to the member or transferee, as the case may be, a certificate in such form as may be prescribed or as may be approved by the Registrar, showing—
 - (a) the name of the registered society; and
 - (b) the nature and value of the share; and
 - (c) the name of the member or transferee, as the case may be; and
 - (d) any conditions subject to which the share is issued; and
 - (e) the amount, if any, unpaid on the share; and
 - (f) the date on which the certificate is issued.
- (2) If a society contravenes subsection (1) it shall be guilty of an offence and liable to a fine not exceeding level four.

[subsection as amended by section 4 of Act No. 22 of 2001]

76. Share certificates to be evidence of title

A document purporting to be a certificate issued in terms of section seventy-five and purporting to be signed by any two or more officers of a registered society shall be *prima facie* evidence of the title of the person named in the document to hold a share in the registered society of the nature and to the value stated in the document.

77. Shares not liable to attachment or forced sale

- (1) Subject to sections thirty and thirty-one, the shares of a member of a registered society shall not be liable to attachment or sale under any order of a court in respect of any debt or liability incurred by such

member.

- (2) On the insolvency of a member of a registered society, the trustee or assignee of such member shall not be entitled to claim any shares of that member as against the society.

78. Issue of debentures

- (1) A society, if so authorized by its by-laws, may with the approval of the Registrar create and issue secured or unsecured debentures.
- (2) The binding of movable property as security for any debenture may be effected by—
 - (a) a deed of pledge and the delivery of the movable property concerned to the debenture-holder or to a trustee for the debenture-holder; or
 - (b) a notarial bond, collateral notarial bond or notarial surety bond executed in favour of the debenture-holder or in favour of a trustee of the debenture-holder; or
 - (c) the pledging of incorporeal rights, whether present or future, by means of a cession of such rights.
- (3) The binding of immovable property as security for any debenture may be effected by a mortgage bond, collateral mortgage bond or surety bond executed in favour of the debenture-holder or a trustee for the debenture-holder.
- (4) A notarial bond or mortgage bond executed in pursuance of this section and subsequent transactions relating thereto shall be registered in a Deeds Registry in accordance with the law governing the registration of such bonds.
- (5) If a debenture has been notarially executed, it may be registered in a Deeds Registry in like manner as if it were a notarial bond executed in pursuance of this section.
- (6) Sections seventy-five and seventy-six shall apply, with the necessary modifications, to debentures and debenture certificates in the same way as they apply to shares and share certificates.

79. Register of pledges, bonds and debenture-holders

Every registered society shall establish and keep up to date at its registered address a register of—

- (a) pledges, notarial bonds, mortgage bonds and notarial debentures which affect the property of the society, giving in each case a short description of the property pledged or bound, the amount of the pledge or bond and the name and address of the person in whose favour the pledge or bond was executed or to whom any property was delivered; and
- (b) debenture-holders, showing the number of debentures issued and outstanding, the amount for which they were issued, whether or not they are payable to bearer, and, unless they are payable to bearer, specifying the name and address of the holders thereof.

Part X – Property and funds of registered societies

80. Restriction on disposal of property by registered societies

- (1) Subject to subsection (2) no registered society and, no member or employee of any such society, shall sell, donate or otherwise dispose of any movable or immovable property owned by the society, without the prior approval of the Registrar.
- (2) Subsection (1) shall not apply in relation to—
 - (a) commodities or articles produced by members of the society and held by the society for the purposes of sale or disposal or as security for the repayment of any debt; or
 - (b) in the case of a society engaged in any trade, the trading stock of the society; or

- (c) any property disposed of by a secondary society or an apex organization to a member society in the ordinary course of business of the secondary society or apex organization.
- (3) Subject to subsection (5), any person who was a party to a transaction prohibited by subsection (1), and any person who subsequently comes into possession of property that was disposed of in such a transaction, shall be liable—
 - (a) to restore the property concerned to the society or, if it is not possible for him to do so, to pay to the society the value of the property at the date of the transaction or at the date on which payment is made, whichever value is the higher; and
 - (b) in the case of a party to the transaction, to make good any loss caused by the transaction to the society.
- (4) Proceedings for the recovery of any property or payment in terms of subsection (3) may be instituted within a period of two years after the date on which the transaction concerned was concluded.
- (5) A person shall not be liable to restore any property or to make any payment in terms of subsection (3) if—
 - (a) in the case of a party to the transaction concerned, he was not at the time of the transaction a member of the society concerned and did not know and had no reason to suspect that the transaction was prohibited by subsection (1);
 - (b) in the case of a person who was not a party to the transaction concerned, he acquired the property in good faith and for value.
- (6) For the purposes of subsections (3) and (5), a member or employee of a society acting or purporting to act on behalf of the society in any transaction shall be deemed to be a party to the transaction.

81. Funds of registered societies

The funds of a registered society shall consist of—

- (a) members' entrance fees, if any, which shall not be refundable; and
- (b) the shares subscribed for and paid up by members; and
- (c) any voluntary savings, deposited with the society by members, which deposits may be withdrawn subject to conditions prescribed in the society's by-laws; and
- (d) subject to section eighty-three, deposits and loans made by non-members; and
- (e) any surplus carried to the reserve fund maintained by the society in terms of section eighty-five; and
- (f) any donations received by the society from non-members; and
- (g) any other moneys to which the society may become entitled.

82. Loans and credit granted by registered societies

A registered society shall not grant a loan or allow credit to—

- (a) a member of the society, except in accordance with its by-laws; or
- (b) an employee of the society, except on terms and conditions approved by a general meeting of members of the society; or
- (c) a member of the society's management committee, except with the approval of the society's supervisory committee or, in the case of a society without a supervisory committee, except with the approval of a general meeting of members of the society; or
- (e) a member of the society's supervisory committee, except with the approval of a general meeting of members of the society; or

- (f) any other person, except in accordance with its by-laws and with the prior approval of the Registrar.

83. Loans and deposits received by registered societies

- (1) Subject to subsection (3), a registered society may receive loans and deposits from persons who are not members only to such extent and under such conditions as may be prescribed by its by-laws.
- (2) A registered society which has power in terms of its by-laws to borrow money shall determine from time to time, at a general meeting, the maximum liability which it may incur in loans or deposits from members and non-members, and shall inform the Registrar accordingly.
- (3) A registered society shall not incur any liability by way of a loan or deposit from a member or non-member in excess of the maximum liability determined for the time being in terms of subsection (2).

84. Investment of funds by registered societies

A registered society may invest or deposit its funds—

- (a) in the Post Office Savings Bank; and
- (b) with any bank registered under the Banking Act [Chapter 24:01]; and
- (c) in the same manner as the moneys in the Guardian's Fund may be invested in terms of section 106 of the Administration of Estates Act [Chapter 6:01]; and
- (d) in the shares of any other society; and
- (e) in such manner as may be approved in writing by the Registrar.

85. Reserve funds

- (1) Every registered society shall establish and maintain a reserve fund which shall be used in the manner prescribed in the society's by-laws and to which the society shall allocate annually at least twenty *per centum* of the surplus raised from the society's operations during the financial year:
- Provided that, where the assets of the society exceeded its liabilities in the preceding financial year, the society may allocate a minimum of five *per centum* of its surplus to the reserve fund.
- (2) The by-laws of every registered society shall provide for the method of establishing, operating and allocating the reserve fund, the manner of fixing the amount to be contributed thereto, and the amount of the reserve fund to be retained in the form of liquid assets.
- (3) The reserve fund of a registered society shall be indivisible and no member shall be entitled to claim a specific portion of it.

86. Pension and provident funds

- (1) Subject to the Pension and Provident Funds Act [Chapter 24:09] a registered society may establish a contributory pension or provident fund for the benefit of its members and additionally, or alternatively, its employees, and shall credit to such fund all contributions made by the society and by its members or employees in accordance with the rules of the fund or the society's by-laws.
- (2) A contributory pension or provident fund established by a registered society in terms of subsection (1) shall not—
- (a) be used in the business of the society; or
- (b) form part of the assets of the society; or
- (c) subject to the Maintenance Act [Chapter 5:08] and part VI of the Children's Act [Chapter 5:05], be liable to attachment or be subject to any form of execution.

[paragraph amended by section 34 of Act 6 of 2005]

87. Distribution of net surplus

- (1) The remainder of the surplus resulting from the operations of a registered society during any financial year, after contributions have been made to the society's reserve fund and to the Central Fund, may, subject to this Act and if the society's by-laws so provide, be divided by way of dividend or patronage bonus among the members of the society or by way of honoraria to members of the society, or allocated to any other fund constituted by the society.
- (2) No registered society shall pay a dividend or issue paid-up share capital exceeding such maximum amount or rate as may be prescribed by the Minister.
- (3) A registered society may, with the approval of at least two-thirds of the members present and voting at a general meeting, contribute an amount, not exceeding ten *per centum* of the current year's net surplus, to a charitable purpose.

88. Bonus shares

- (1) Subject to Part IX and to section eighty-seven, a registered society may distribute a part of its net surplus among its members in the form of bonus shares.
- (2) A member or past member holding bonus shares shall be entitled to redeem or transfer such shares only after such period as may be determined in the by-laws of the society.

Part XI – National Co-operative Federation

89. Formation of Federation

- (1) Subject to this Part and with the approval of the Minister, registered apex organizations may form a National Co-operative Federation by adopting a written constitution for the Federation which shall provide for—
 - (a) the aims and objects of the Federation; and
 - (b) the appointment of a chairman, vice-chairman and other officers of the Federation; and
 - (c) the raising, administration and application of funds by the Federation; and
 - (d) the keeping of minutes and other records of the proceedings of the Federation; and
 - (e) the making of by-laws; and
 - (f) the amendment of the constitution of the Federation; and
 - (g) the winding-up of the Federation; and
 - (h) such other matters as the Minister may direct.
- (2) Where the Minister has approved the formation of the Federation in terms of subsection (1) and its proposed constitution, he shall direct the Registrar to register the Federation and, with effect from the date of such registration, the Federation shall be constituted as a body corporate with perpetual succession and, in its own name, capable of holding property, entering into contracts, of suing and being sued and, subject to this Act and to its constitution and by-laws, of performing all other acts that bodies corporate may by law perform.
- (3) Sections ten, seventeen, nineteen and twenty shall apply, with the necessary modifications, in relation to the registration of the Federation as if it were a society.

90. Functions of Federation

- (1) Subject to this Act, the Federation shall constitute the supreme representative organ of the co-operative movement at national and international level.
- (2) Without limiting subsection (1), the Federation may, subject to this Act and to its constitution and by-laws, exercise any or all of the following functions—
 - (a) to co-ordinate the economic and other plans of the co-operative movement for submission to the Minister for incorporation in the national development plans;
 - (b) to compile and provide such general information and advice to its members as will assist them in protecting their interests and enhancing their efficiency;
 - (c) to produce or facilitate the procurement of loan facilities, grants and other forms of financial and material assistance for its members from the State or from local and foreign institutions and from elsewhere:

Provided that no assistance shall be directly or indirectly procured from any foreign country or foreign-based institution without the prior written approval of the Minister;
 - (d) to represent the co-operative movement at international forums and at local seminars, conferences or other meetings to which it is invited for the purpose;
 - (e) to sponsor or to facilitate the sponsoring or organization of conferences, seminars and other meetings on behalf of its members for the promotion of good management practices in the running of societies generally;
 - (f) to advise and liaise with the Minister in relation to any matters affecting the co-operative movement.

Part XII – Central Co-operative Fund

91. Establishment and objects of Central Fund

- (1) There shall be a fund to be known as the Central Co-operative Fund, consisting of—
 - (a) moneys raised by way of contributions paid in terms of section ninety-three; and
 - (b) any other moneys to which the Central Fund may be lawfully entitled, including—
 - (i) any fees payable to it in terms of this Act; and
 - (ii) donations from any person.
- (2) The objects of the Central Fund shall be to finance all or any of the following—
 - (a) the education and training of members and prospective members of registered societies;
 - (b) research in relation to any activity carried on or likely to be carried on by registered societies;
 - (c) the audit of accounts and books of registered societies;
 - (d) the general development of the co-operative movement.

92. Central Fund Committee

- (1) The Central Fund shall be vested in a committee which shall consist of—
 - (a) two persons appointed by the Minister as his representatives; and
 - (b) three other persons appointed by the Minister from a list of persons nominated by the Federation:

Provided that—

 - (i) if the Federation fails within a reasonable time to submit a list of nominations when required

by the Minister to do so, the Minister may appoint such persons as he thinks necessary after consultation with registered apex organizations;

- (ii) if at any time there is no Federation in existence in terms of Part XI, the Minister may appoint persons after consultation with registered apex organizations.
- (2) Subject to this Act, the Central Fund Committee shall administer the moneys in the Central Fund and shall —
- (a) prepare annually a capital-budget and a revenue and current expenditure budget for the approval of the Minister; and
 - (b) submit an annual report on the Central Fund to the Minister.
- (3) Three members of the Central Fund Committee shall constitute a quorum.
- (4) Subject to this section the Central Fund Committee shall determine its own procedure.
- (5) No act or decision of the Central Fund Committee or act done under the authority of the Central Fund Committee shall be invalid only because—
- (a) the Central Fund Committee did not consist of the full number of members for which provision is made in subsection (1); or
 - (b) a disqualified person acted as a member of the Central Fund Committee at the time the act was done or authorized or the decision was taken, if the qualified members who were then present constituted a quorum.

93. Contributions to Central Fund

- (1) Every registered society shall contribute annually to the Central Fund five *per centum* of its surplus raised from the operations of the society during the immediately preceding financial year.
- (2) A society liable to pay a contribution in terms of subsection (1) shall pay the amount due not later than three months after finalising its annual audit.
- (3) A contribution in terms of subsection (1) shall be a debt due to the Central Fund and may be recovered by action in any court at the suit of the Central Fund Committee.

94. Accounts and audit of Central Fund

- (1) The Central Fund Committee shall cause proper books of account of the Central Fund to be kept, together with adequate financial and other records in relation thereto.
- (2) The Central Fund Committee shall, within three months after the end of the financial year to which the accounts relate, have its books and accounts audited by a person registered as a public auditor in terms of the Public Accountants and Auditors Act [Chapter 27:12].

95. Financial year of Central Fund

The financial year of the Central Fund shall be the period of twelve months ending on the 30th June in each year or on such other date as may be prescribed.

96. Disbursements from Central Fund

The Central Fund Committee may authorize payments from the Central Fund for costs involved in the promotion of the objects of the Central Fund and to meet any reasonable and necessary expenses arising from the maintenance of the Central Fund.

97. Holding of Central Fund

- (1) All moneys received on behalf of the Central Fund shall be paid into a banking account and no moneys may be withdrawn therefrom except by means of cheques signed by such persons as are authorized in that behalf by the Central Fund Committee.
- (2) Any part of the Central Fund not immediately required for the purpose of the Central Fund may be invested in the manner specified in section eighty-four.

Part XIII – Amalgamations, transfers and divisions

98. Amalgamation of registered societies

- (1) Any two or more registered societies which wish to amalgamate may apply to the Registrar to be amalgamated into one society and, if the Registrar is satisfied that—
 - (a) the proposed amalgamation is not against the interests of the members of the societies or their creditors; and
 - (b) the proposed by-laws of the proposed society are in accordance with this Act; and
 - (c) at least one month before making the application, each of the amalgamating societies has submitted to the Registrar its audited accounts for the current financial year; and
 - (d) all the requirements of subsections (2) and (3) has been complied with;he shall register the amalgamated society and its by-laws in accordance with Part V and cause a notice of the amalgamation to be published in the *Gazette*.
- (2) A resolution by any registered society to amalgamate with another shall be passed by at least three quarters of the members present and voting at a general meeting specially called for the purpose after due notice.
- (3) Where an amalgamation will involve the transfer of assets or liabilities from one society to another, every amalgamating society shall—
 - (a) give its creditors at least three months' written notice of the intended amalgamation; and
 - (b) notify each or the other amalgamating societies, in writing, of all liabilities which it has incurred up to the date of amalgamation.
- (4) Upon the registration of an amalgamated society in terms of subsection (1)—
 - (a) the registration of each of the amalgamating societies shall be cancelled and they shall be dissolved; and
 - (b) subject to subsection (5), all the members of the amalgamation societies shall become members of the amalgamated society and be governed by its by-laws; and
 - (c) all the assets and liabilities of the amalgamating societies shall vest in the amalgamated society; and
 - (d) any creditors of the amalgamated societies, and any persons who have any claim whatsoever, whether present or future, vested or contingent, against any of the amalgamating societies, may pursue their claims against the amalgamated society in all respects as if the amalgamated society were the amalgamating society; and
 - (e) if any of the amalgamating societies has failed to notify the other societies of any liability as required in terms of paragraph (b) of subsection (3), the persons who at the time were officers of the amalgamating society shall be jointly and severally liable in their personal capacities towards the amalgamated society for the full amount of the liability.
- (5) A member of a society which has been amalgamated with another in terms of this section may, after giving notice in writing to his society at least one month before the date of the amalgamation, withdraw his membership with effect from the date of the amalgamation.

- (6) If a society, prior to its amalgamation in terms of this section, failed to notify each of the other amalgamating societies, in writing, of all liabilities which it had incurred up to the date of the amalgamation, every person who was at the time an officer of the society shall be guilty of an offence unless he proves that he was unaware of the failure and could not by the exercise of reasonable diligence have become aware of it.
- (7) Any person guilty of an offence in terms of subsection (6) shall be liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

[subsection as amended by section 4 of Act No. 22 of 2001]

99. Transfer of assets and liabilities of registered society

- (1) A registered society which wishes to transfer its assets and liabilities to another society may apply to the Registrar and, if the Registrar is satisfied that—
- (a) the proposed transfer is not against the interests of the members of the transferring society or its creditors; and
 - (b) all the requirements of subsections (2) and (3) have been complied with;
- he shall approve the transfer and cause a notice of the transfer to be published in the *Gazette*.
- (2) A resolution to transfer the assets and liabilities of a registered society to another society shall be passed by at least three-quarters of the members present and voting at a special general meeting of all the societies concerned, specially called for the purpose after due notice.
- (3) A society proposing to transfer its assets and liabilities in terms of this section shall—
- (a) give its creditors at least three months' written notice of the intended transfer; and
 - (b) notify the society to which it will transfer its assets and liabilities, in writing, of all liabilities which it has incurred up to the date of transfer.
- (4) Upon the publication of a notice in the *Gazette* in terms of subsection (1)—
- (a) the registration of the society transferring its assets and liabilities shall be cancelled and it shall be dissolved; and
 - (b) any of the members of the society transferring its assets and liabilities shall be entitled to become members of the society taking over those assets and liabilities, and be governed by its by-laws; and
 - (c) all the assets and liabilities shall vest in the society taking them over; and
 - (d) any creditors of the society transferring its assets and liabilities, and any persons who have any claim whatsoever, whether present or future, vested or contingent, against that society may pursue their claims against the society taking over the assets and liabilities, in all respects as if that society were the first mentioned society; and
 - (e) if the society transferring its assets and liabilities has failed to notify the society taking them over of any liability as required by paragraph (b) of subsection (3), the persons who at the time were officers of the society transferring its assets and liabilities shall be jointly and severally liable in their personal capacities towards the society taking over the assets and liabilities for the full amount of the liability.
- (5) If a society, prior to its dissolution in terms of this section, failed to notify the society to which it transferred its assets and liabilities, in writing, of all liabilities which it had incurred up to the date of transfer, every person who at the time was an officer of the society shall be guilty of an offence unless he proves that he was unaware of the failure and could not by the exercise of reasonable diligence have become aware of it.
- (6) Any person guilty of an offence in terms of subsection (5) shall be liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

[subsection as amended by section 4 of Act No. 22 of 2001]

100. Division of registered society

- (1) A registered society which wishes to be divided into two or more societies may apply to the Registrar and, if the Registrar is satisfied that—
 - (a) the proposed division is not against the interests of the members of the society or its creditors; and
 - (b) each of the proposed new societies is capable of being registered; and
 - (c) at least one month before making the application, the society has submitted to the Registrar its audited accounts for the current financial year; and
 - (d) all the requirements of subsection (2) have been complied with;he shall register the societies and their by-laws in accordance with Part V, and—
 - (i) shall cancel the registration of the society which has been divided, and that society shall there upon be dissolved; and
 - (ii) shall determine the manner in which the assets and liabilities of the dissolved society shall be divided or distributed amongst the new societies; and
 - (iii) where necessary, shall determine the area of operation of each new society; and
 - (iv) may give such directions as he considers necessary or desirable for giving effect to the division of the society.
- (2) A resolution by a registered society to be divided into two or more societies shall—
 - (a) be passed by at least three-quarters of the members present and voting at a special general meeting of the society, specially called for the purpose after due notice; and
 - (b) contain proposals for the division of the assets and liabilities of the society among the proposed new societies; and
 - (c) specify the members who will constitute each of the new societies; and
 - (d) where necessary, prescribe the area of operation of each of the new societies; and
 - (e) be sent to all the members and creditors of the society at least three months before the date of the special general meeting.
- (3) A member of a society which is to be divided in terms of this section may, after giving notice in writing to his society at least one month before the date of the division, withdraw his membership with effect from the date of the division.
- (4) Upon the registration of new societies in terms of subsection (1), the Registrar shall publish a notice in the *Gazette*—
 - (a) stating that the new societies have been registered, giving the names of the societies and the date of their registration; and
 - (b) stating that the registration of the society which was divided has been cancelled with effect from the date of registration of the new societies; and
 - (c) specifying the manner in which the assets and liabilities of the society which was divided have been or are to be divided or distributed amongst the new societies; and
 - (d) where necessary, specifying the area of operation of each of the new societies; and
 - (e) describing any directions he may have given in terms of paragraph (iv) of subsection (1).

Part XIV – Dissolution of registered societies

101. Restriction on dissolution of registered societies

No registered society shall be wound up or dissolved except by order of the Registrar in terms of this Act.

102. Winding-up orders

- (1) If—
 - (a) after an inquiry has been held in terms of section one hundred and thirteen into the constitution, administration, management or finances of a registered society; or
 - (b) after an audit of the accounts of a registered society in terms of section thirty-five or one hundred and thirteen; or
 - (c) on receipt of an application made by a registered society pursuant to a resolution passed by at least three-quarters of the members present and voting at a general meeting of the society specially called for the purpose after due notice; or
 - (d) on receipt of an application made by a creditor of a registered society who has deposited such sum as the Registrar may require as security for the costs of any necessary investigation into the matter;the Registrar is of the opinion that the society ought to be dissolved, he may issue an order directing that it should be wound up.
- (2) The Registrar may, on his own initiative, issue an order that a registered society should be wound up if he is satisfied that the society has ceased to operate for a period of at least one year or that the membership of the society has fallen below the minimum membership for such society required in terms of section thirteen.
- (3) The Registrar shall cause notice of the issue of a winding-up order to be published in the *Gazette*.
- (4) Any member of a society in respect of which a winding-up order has been issued may, within thirty days after the publication of the order in the *Gazette*, appeal against the order to the Minister, and the Minister may confirm, vary or set aside the order appealed against or make such other order in the matter as he considers appropriate.

103. Appointment of liquidator

- (1) Where the Registrar has issued a winding-up order in respect of a society, he may, subject to subsection (2), appoint one or more persons to be the liquidator or liquidators of the society.
- (2) The Registrar shall not appoint a person as liquidator, and no person shall be qualified to hold office as a liquidator, who—
 - (a) is not ordinarily resident in Zimbabwe; or
 - (b) is a minor or a person under legal disability; or
 - (c) is a body corporate; or
 - (d) has, in terms of any law in force in any country—
 - (i) been adjudged or otherwise declared insolvent or bankrupt and has not been rehabilitated or discharged; or
 - (ii) made an assignment to, or an arrangement or composition with, his creditors generally which has not been rescinded or set aside; or
 - (e) has, within the preceding three years, been released from prison having served a term of imprisonment exceeding three months which was imposed without the option of a fine after

conviction—

- (i) within Zimbabwe of a criminal offence; or
 - (ii) outside Zimbabwe of an offence by whatever name called which, if committed within Zimbabwe, would have been a criminal offence; or
- (f) has at any time been convicted, whether inside or outside Zimbabwe, of a criminal offence involving dishonesty for which he was sentenced to imprisonment without the option of a fine, whether or not the whole or any part of the term of imprisonment was suspended; or
- (g) has an interest in the affairs of the society concerned that is opposed to the general interest of the creditors of the society.
- (3) The Registrar shall cause notice of the appointment of a liquidator in terms of this section to be published in the *Gazette*.

104. Functions of liquidator

- (1) Subject to section one hundred and five, a liquidator of a society shall—
- (a) take custody of the books and documents of the society and ensure the protection of the assets of the society until the order cancelling its registration takes effect; and
 - (b) carry on the business of the society so far as may be necessary for the winding up of the society: Provided that he shall not be entitled to make any loan or issue any debentures; and
 - (c) determine from time to time the contribution to be made by members and past members and by the estates of deceased members of the society to its assets; and
 - (d) appoint a day, by notice in the *Gazette*, by which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or otherwise be excluded from any distribution made before they have proved them; and
 - (e) decide any question of priority which arises between creditors; and
 - (f) refer disputes to arbitration and institute and defend legal proceedings on behalf of the society in his capacity as liquidator;
 - (g) decide by which persons and in what proportions the costs of liquidation are to be borne; and
 - (h) subject to the approval of the Registrar, compromise any claims by or against the society; and
 - (i) call such general meetings of members as may be necessary for the proper conduct of the winding up; and
 - (j) sell or arrange for the distribution of the assets of the society in accordance with a scheme of distribution approved by the Registrar.
- (2) A liquidator shall, at least once every three months, submit to the Registrar a report on the progress of the winding up of the society and, at the end of the winding up proceedings, shall submit a final report on the proceedings.
- (3) In the exercise of his functions under this Part, a liquidator shall have the same powers to summon and enforce the attendance of parties and witnesses, and to compel the production of documents, as are conferred on the Registrar by section one hundred and fourteen.

105. Powers of registrar on winding up

A liquidator shall exercise his powers subject to the directions of the Registrar, who may do all or any of the following—

- (a) rescind or vary any order made by the liquidator and make any new order that is required;
- (b) remove the liquidator from office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing, limit the powers of the liquidator under section one hundred and four;
- (e) require accounts to be rendered to him by the liquidator;
- (f) cause the liquidator's accounts to be audited and authorize the distribution of the assets of the society;
- (g) refer any subject of dispute between the liquidator and any third party to arbitration if that party has consented in writing to be bound by the decision of the arbitrator.

106. Remuneration of liquidator

- (1) A liquidator who is not in the full-time employment of the State, a statutory body or a local authority shall be paid such remuneration as may be fixed by the Registrar with the approval of the Minister responsible for finance.
- (2) The remuneration of a liquidator in terms of subsection (1) shall be paid as part of the costs of winding up, from the assets of the society concerned.

107. Appeals against decisions or orders of liquidator or registrar

- (1) Any person aggrieved by the decision of a liquidator made in terms of paragraph (c), (e) or (g) of subsection (1) of section one hundred and four may appeal in writing to the Registrar within thirty days of the date of such decision.
- (2) Any person aggrieved by a decision of the Registrar in terms of section one hundred and five or on an appeal in terms of subsection (1) may appeal to the Minister within thirty days after being notified of the decision, and the Minister may confirm, vary or set aside the decision appealed against or make such other order in the matter as he considers appropriate.

108. Closure of winding-up proceedings

- (1) Upon the winding up of a society, the funds of the society, including the reserve fund, shall be applied first to the costs of winding up, then to the discharge of the liabilities of the society, then to payments to members in proportion to the amounts paid up on their shares and then, if the by-laws of the society permit, to the payment of a dividend at a rate not exceeding ten *per centum* per annum for any period for which no disposal of surplus was made.
- (2) After the winding up of a society has been closed and notice of the closing has been published in the *Gazette*, any claim by a creditor of the society who has not claimed or received what is due to him under the scheme of distribution shall be prescribed after two years have elapsed from the date of the publication of the notice.
- (3) Any surplus remaining after the application of the funds to the purpose specified in subsection (1) and the payment of any claims from which an action is instituted under subsection (2) shall—
 - (a) in the case of a primary society, be distributed amongst the members of the society or in such other manner as may be specified in the society's by-laws, unless the Registrar directs that the surplus be carried forward to the Co-operative Societies Liquidation Account referred to in section one hundred and nine;
 - (b) in the case of a secondary society or an apex organization, be applied in such manner as may be specified in the society's by-laws.

109. Co-operative societies liquidation account

- (1) The Registrar shall keep and control a Co-operative Societies Liquidation Account for the purpose of depositing any surplus remaining in terms of paragraph (a) of subsection (3) of section one hundred and eight.
- (2) Any funds transferred to the Co-operative Societies Liquidation Account and any interest accruing thereto shall be kept in that account for two years and thereafter be transferred to the Central Fund.

110. Cancellation of registration of society

- (1) The Registrar shall, by order in writing, cancel the registration of any society after the society has been wound up.
- (2) After the cancellation of the registration of a society in terms of subsection (1), the society shall cease to exist as a corporate body from the date of such cancellation.
- (3) The Registrar shall cause notice to be published in the *Gazette* of every cancellation of the registration of a society in terms of subsection (1).

111. Offences consequent upon winding up

- (1) Any person who, within six months before the date of the issuing of a winding-up order in respect of a society—
 - (a) conceals, removes, destroys, mutilates or falsifies, or is party to the concealment, removal, destruction mutilation or falsification of, any book or document relating to the property or affairs of the society, or makes or is party to the making of any false entry in any such book or document; or
 - (b) conceals any property of the society which ought by law to be divided amongst the creditors of the society; or
 - (c) causes or permits any property of the society, which the society has obtained on credit and has not paid for, to be pledged, mortgaged or disposed of otherwise than in the ordinary course of the society's business; or
 - (d) removes or disposes of any part of the property of the society; or
 - (e) when making any statement, either verbally or in writing, in regard to the business or affairs of the society, and for the information of its creditors or of any person who becomes its creditor on the faith of such a statement—
 - (i) conceals any liability, present or future, vested or contingent, which the society may then have contracted; or
 - (ii) mentions, as if it were an asset of the society, any property which is not then an asset; or
 - (iii) conceals or disguises, or attempts to conceal or disguise, any loss which the society has sustained, or gives an incorrect account thereof;

shall, unless he satisfies the court that he had no intention to defraud, be guilty of an offence and liable to a fine not exceeding level eight or to imprisonment for a period not exceeding three years or to both such fine and such imprisonment.

[section as amended by section 4 of Act No. 22 of 2001]

Part XV – Inspections, inquiries and audits by registrar

112. Inspections by Registrar

The Registrar may at any time—

- (a) inspect the Records, books and accounts of any Registered society; and
- (b) carry out a physical check of property and assets, including stock and cash in hand, held by a registered society.

113. Inquiries and audits by Registrar

- (1) The Registrar may at any time—
 - (a) on his own initiative; or
 - (b) on the application of a majority of the members of a management committee; or
 - (c) on the application of at least one-third of the members of the society concerned; or
 - (d) on the application of a supervisory committee; or
 - (e) on the application of a creditor of the society concerned, who deposits with him such sum of money as the Registrar may require as security for the costs of the proposed inquiry or audit;
conduct—
 - (i) an inquiry into the constitution, administration, management or finances of a registered society; or
 - (ii) an audit of the accounts of a registered society.
- (2) The Registrar shall submit a written report on the results of any inquiry or audit in terms of subsection (1) to every creditor of the society, to the society and to the Minister.
- (3) Where an inquiry or audit has been conducted in terms of subsection (1), the Registrar may apportion the costs of the inquiry or audit or such part of the costs as he may think right between the society and the members seeking the inquiry or audit, the officers or former officer of the society or the creditor, if any, on whose application the inquiry or audit was conducted.
- (4) Any sum awarded by way of costs against any society or a person under this section may be recovered by the Registrar on application to a court having jurisdiction in the place where the registered office of the society is situated or where the person resides or carries on business for the time being.

114. Powers of registrar in relation to inspection, inquiry or audit

- (1) For the purposes of an inspection, inquiry or audit in terms of this Part, the Registrar may—
 - (a) summon to appear before him any officer, member, employee or agent of the society concerned who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs;
 - (b) require any officer, member, employee or agent of the society to provide such information or explanation as he can provide in relation to any matter regarding the transactions of the society or the management of its affairs;
 - (c) require any officer, member, employee or agent of the society to produce any account, book or document relating to the affairs or transactions of the society, or any property or asset, including cash, held by or belonging to the society.
- (2) Any person who—
 - (a) having been summoned in terms of paragraph (a), subsection (1), fails without lawful excuse to appear in answer to the summons; or
 - (b) having been required in terms of paragraph (b) of subsection (1) to provide any information or explanation, fails without lawful excuse to do so; or

- (c) having been required in terms of paragraph (c) of subsection (1) to produce any account, book, document, property or asset, fails without lawful excuse to do so; or
- (d) hinders or obstructs any inspection, inquiry or audit in terms of this Part;

shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

[subsection as amended by section 4 of Act No. 22 of 2001]

Part XVI – Resolution of disputes and appeals

115. Settlement of disputes

- (1) If any dispute concerning the business of a registered society arises—
 - (a) within the society, whether between the society and any member, past member or representative of a deceased member, or between members of the society or the management or any supervisory committee; or
 - (b) between registered societies; and no settlement is reached within the society or between the societies, as the case may be, the dispute shall be referred to the Registrar for decision.
- (2) Without limiting subsection (1), any—
 - (a) claim by a society for a debt due to it from a member, past member or the nominee or legal representative of a deceased member, whether such debt is admitted or not;
 - (b) claim by a member, past member or nominee or legal representative of a deceased member for a debt, whether admitted or not; or
 - (c) dispute concerning the interpretation of a society's by-laws; or
 - (d) recourse by a member who was surety for the repayment of a loan granted by the society to another member, arising out of a default by the borrower;

shall be regarded as disputes concerning the business of the society for the purposes of subsection (1).
- (3) Where a dispute has been referred to him in terms of subsection (1), the Registrar may—
 - (a) settle the dispute himself; or
 - (b) refer the dispute for settlement to an arbitrator or arbitrators appointed by him; or
 - (c) refer the dispute to the Minister for decision.
- (4) For the purpose of settling a dispute in terms of paragraph (a) of subsection (3), the Registrar may exercise any of the powers conferred on him under section one hundred and fourteen.
- (5) The Arbitration Act *[Chapter 7:02]* shall apply in relation to any reference of a dispute to an arbitrator or arbitrators in terms of paragraph (b) of subsection (3).
- (6) Any person aggrieved by a decision made by—
 - (a) the registrar in settling a dispute in terms of paragraph (a) of subsection (3); or
 - (b) an arbitrator or arbitrators appointed in terms of paragraph (b) of subsection (3);

may appeal to the Minister within sixty days after being notified of the decision, and the Minister may confirm, vary or set aside the decision appealed against or make such other order in the matter as he thinks appropriate.

116. Appeals to Administrative Court

- (1) Any person aggrieved by a decision made by the Minister in terms of this Act may appeal against it to the Administrative Court within two months after being notified of the decision.
- (2) For the purpose of hearing appeals in terms of this Act, the Administrative Court shall consist of a President of the Court and two assessors appointed by the Minister from a list of not fewer than ten persons who have been nominated by apex organizations and who are suitable for appointment from their experience in co-operative matters.
- (3) Subject to the Administrative Court Act [Chapter 7:01] the Administrative Court may in any appeal confirm, vary or set aside the decision appealed against or make such other order in the matter as the Court thinks just.

Part XVII – General

117. Special provisions for collective societies

- (1) Every member of a registered collective society shall hold at least one share, the value of which shall be determined in the by-laws of the society.
- (2) A registered collective society may employ a person who is not a member only if—
 - (a) the employment of such person is for a specific period not exceeding twelve months, in order to utilize the skills of that person:

Provided that the collective society may at a general meeting extend the period of employment of such person; or
 - (b) the employment of such person is on a seasonal basis and for a specific duty; or
 - (c) such person is on probation or apprenticeship for a period not exceeding twelve months.
- (3) The remuneration of members of a registered collective society shall be regulated in the by-laws of the collective society.
- (4) Any new member of a registered collective society who, upon admission, is unable to pay for his shares in full shall be allowed a period not exceeding eighteen months over which the amount due may be paid in instalments out of his earnings.
- (5) Upon a person's ceasing to be a member of a registered collective society, the collective society shall pay him or, if he has died, his nominee or his estate, the value of his shares in the collective society within two years from the date on which he ceased to be a member.
- (6) The amount to be refunded in terms of subsection (5) may be—
 - (a) increased by the amount of any net surplus due to the past member or deceased member for the last financial year during which he was a member; or
 - (b) decreased by the amount of any net loss for which the past member or deceased member was liable, for the last financial year during which he was a member;

as reflected in the audited financial statement of the collective society for that year.
- (7) Notwithstanding any other provision in this Act, a collective society may—
 - (a) distribute any part of its net surplus among its members in the form of advances based on the proportion of work done by them during the preceding financial year; and
 - (b) pay a monthly advance to its members in anticipation of any net surplus; and
 - (c) utilize its net surplus to provide its members with communal housing, welfare facilities and other services.

118. Proof of entries in registers, books, etc.

- (1) A document purporting to be an extract from or copy of an entry in the Register or of a document in the custody of the Registrar shall, if it purports to be certified by the Registrar as a true copy of the relevant part of that Register, be received in any legal proceedings, civil or criminal, on its production by any person as *prima facie* proof of its contents.
- (2) A document purporting to be an extract from or copy of an entry in any register or book of account kept by a registered society shall, if purporting to be certified in terms of section (3), be received in any legal proceedings, civil or criminal, on its production by any person, as *prima facie* proof of its contents.
- (3) An extract or copy referred to in subsection (2) shall be certified by a declaration in writing to the effect that—
 - (a) it is a true copy of the part or entry concerned; and
 - (b) the register or book of account is in the custody of the society; andsuch declaration shall be dated and signed by the chairman and secretary of the society.
- (4) A document purporting to be signed by the Registrar and stating that he has reached any decision or done any thing in terms of this Act shall be received in any legal proceedings, civil or criminal, on its production by any person as *prima facie* proof of its contents.

119. Additional powers of registrar

In addition to any powers conferred upon him by this Act, the Registrar may at any time—

- (a) attend—
 - (i) any general meeting of any registered society; and
 - (ii) any meeting of the management committee of any registered society; andmay require every registered society to send him, in advance, notices and agendas of all its general meetings and meetings of its management committee and all communications in respect thereof,
- (b) require the management committee of any registered society to convene a special general meeting to discuss any matter which the Registrar considers as urgent and, if the management committee fails to convene such general meeting within one month, may convene the meeting himself;
- (c) rescind any resolution or action of an officer of any registered society or of a general meeting of a registered society which in his opinion, is detrimental to the interests of the society or outside the objects of the society as defined in its by-laws;
- (d) determine the forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure to be followed in such applications;
- (e) determine the returns to be submitted by a registered society to the Registrar and any forms to be used in making such returns;
- (f) determine the accounts and books to be kept by a registered society and require the periodical publication of a balance sheet showing the assets and liabilities of the society.

120. Administration of affairs of society by registrar

- (1) Notwithstanding any other provision of this Act, if—
 - (a) upon receiving a report from a majority of the members of a management committee or a supervisory committee of a registered society; or
 - (b) after an inquiry or audit conducted in terms of section one hundred and thirteen into the affairs or accounts of a registered society;the Registrar has reason to believe that the property or funds of the society are being misappropriated or

misapplied or that the affairs of the society are being conducted in a manner that is detrimental to the interests of the members as a whole, the Registrar may do any one or more of the following—

- (i) order the freezing of the bank accounts or any other deposits of the society by notice in writing to any person holding the bank accounts or the deposits of such society;
- (ii) order the suspension of all or any of the operations of the society or prohibit the disposal of any of its assets for such period as he shall specify by notice in writing to the officers of the society;
- (iii) appoint an administrator and such assistants as may be necessary to administer the affairs of such society:

Provided that the Registrar shall not appoint an administrator unless, after consultation with the society's main creditors, he is of the opinion that there is a reasonable possibility that the appointment will lead to the rehabilitation of the society.

- (2) An administrator may be appointed for such period, not exceeding one year, as the Registrar may specify.
- (3) During the term of an administrator's appointment, the management committee of the society concerned shall be suspended and the administrator shall administer the affairs of the society in such manner as will rectify the matters giving rise to his appointment.
- (4) In the exercise of his powers in terms of subsection (3), an administrator—
 - (a) may exercise all the functions normally exercised by the management committee or manager of the society concerned in terms of this Act; and
 - (b) before vacating his office, shall convene one or more special meetings of members of the society concerned for the purpose of reporting to the members on his activities and of securing the election of a new management committee in accordance with the by-laws of the society.
- (5) After completing this term of office, an administrator shall send a report on his activities to the Registrar.
- (6) Any allowances or remuneration of an administrator and his assistants shall be paid out of the funds of the society concerned.
- (7) Any person who—
 - (a) knowingly contravenes any order made by the registrar in terms of paragraph (i) or (ii) of subsection (1); or
 - (b) hinders or obstructs an administrator in the performance of his functions in terms of this section;
 shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding one year or to both such fine and such imprisonment.

[subsection as amended by section 4 of Act No. 22 of 2001]

121. Delegation, assignment and assumption of powers

- (1) Notwithstanding any other provision of this Act, the Minister may delegate to the Registrar, either absolutely or subject to conditions, any of his functions in terms of this Act, other than the power to make regulations.
- (2) Notwithstanding any other provision of this Act, the Registrar may—
 - (a) with the consent of the Minister, delegate any of his functions in terms of this Act, either absolutely or subject to conditions, to any other member of the Public Service;
 - (b) assume and exercise any function which in terms of this Act is vested in a co-operative officer;
 - (c) assign or authorize the delegation of any function which in terms of this Act is vested in a co-operative officer or other official to any other such official.

- (3) A delegation of functions in terms of subsection (1) or paragraph (a) of subsection (2) shall not prevent the exercise of those functions by the Minister or the Registrar respectively.
- (4) Any delegation, assumption or assignment in terms of this section may be withdrawn at any time.

122. Prohibition of use of word "co-operative"

- (1) No person other than a registered society shall trade or carry on business under a name or title of which the word "co-operative" is a part, without the authority of the Registrar:

Provided that this section shall not apply to—

- (a) any person who, before the date of commencement of this Act, traded or carried on business under a name or title of which the word "co-operative" is a part;
 - (b) a co-operative company registered under the Companies Act [Chapter 24:03].
- (2) Any person who contravenes subsection (1) shall be guilty of an offence and liable to a fine not exceeding level four.

[subsection as amended by section 4 of Act No. 22 of 2001]

123. Offences and penalty

Any person who—

- (a) becomes or attempts to become a member or officer of a registered society, knowing that he is not qualified to be such a member or officer; or
- (b) being a member or officer of a registered society, contravenes any provision of this Act with which it is his duty to comply, after having been ordered by the Registrar or a co-operative officer to comply therewith; or
- (c) hinders or obstructs the Registrar or a co-operative officer in the performance of any of his functions in terms of this Act;

shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

[section as amended by Act No. 22 of 2001]

124. Regulations

- (1) The Minister may make regulations providing for all matters which by this Act are required or permitted to be prescribed or which, in his opinion, are necessary or convenient to be provided for in order to carry out or give effect to the provisions of this Act.
- (2) Regulations made in terms of subsection (1) may provide for—
 - (a) the functions of co-operative officers;
 - (b) the maximum rate of dividend that may be paid by societies;
 - (c) the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;
 - (d) the appointment of arbitrators for the purposes of section one hundred and fifteen;
 - (e) the procedure to be followed in proceedings before the Registrar;
 - (f) penalties for contraventions of the regulations:

Provided that no such penalty shall exceed a fine of level four or three months imprisonment or both such

fine and such imprisonment.

[paragraph as amended by section 4 of Act No. 22 of 2001]

Schedule (Section 23 (1))

Matters to be included in by-laws of registered societies

[References to section numbers are to the relevant sections of this Act]

A – Identification of society

1. The name of the society ([section 13](#) (3), (4) and (5)).
2. The location of the society's registered office and its postal address ([section 27](#)).
3. The objects of the society (sections [8](#) and [12](#) (2), (a)).
4. The means of achieving these objects.
5. Purposes for which the funds of the society may be applied.
6. Scope and area of operation ([section 12](#) (2) (a)).

B – Membership

7. Requirements for membership, with regard to—
 - (a) residence, occupation or other requirements ([sections 7](#) (a) and [38](#) (1) (c));
 - (b) entrance fees and affiliation fees, if any, payable ([section 81](#) (a));
 - (c) minimum shareholding or subscriptions to be paid by each member ([section 73](#) (2) (a)).
8. The mode of admission to membership and the procedure for appeals against refusal of admission ([section 37](#)).
9. Rights of members, with regard to—
 - (a) participation in meetings ([section 45](#) (2));
 - (b) voting (sections [7](#) (b) and [45](#) (2));
 - (c) the right to elect officers and to be so elected (sections [48](#) (2) (g) and [55](#));
 - (d) the right to nominate a person to whom the member's share shall be transferred in case of death ([section 74](#) (1));
 - (e) the right to use the facilities of the co-operative enterprise;
 - (f) the right to withdraw from the society and conditions of withdrawal including payments to be made to such members by the society (sections [42](#), [73](#) and [117](#) (5) and (6)).
10. The obligation of members—
 - (a) to comply with the by-laws and with the decisions of the general meetings and the management committee and to sign an undertaking to this effect ([section 37](#) (2));
 - (b) liability of members and past members for the debts of the society (sections [22](#) and [44](#));
 - (c) to make contributions to the funds of the society as prescribed in the by-laws ([section 40](#)).
11. The procedure for the expulsion of members and payments, if any, to be made to such members ([section 43](#)).

C – Organization and management of society

12. Modes of summoning and conducting general meetings ([section 45](#) (3), (4) and (5)).
13. Quorum at general meetings ([section 50](#)).
14. Voting at general meetings (section 52).
15. Minutes of general meetings (section 53).
16. The purposes of general meetings (sections [45](#) and [48](#) (2)).
17. Modes of summoning special general meetings ([section 49](#)).
18. The methods of election, qualifications for election and terms of office of members of the management committee (sections 55 and 56).
19. Modes of summoning and conducting meetings on the management committee (sections 58 and 61).
20. The powers, duties and liabilities of the management committee and of the chairman, secretary, treasurer and other officers of the society (sections 57, 59, 61, 62, 63 and 64).
21. Procedure for the suspension and removal of members of the management committee (section 57 (4), (5) and (6)).
22. The method of election and terms of office of members of the supervisory committee, where applicable (section 66).
23. Functions of the supervisory committee, where applicable (section 65).
24. Methods of appointment, suspension and removal of the manager, if any (section 57 (4) and (5)).
25. Functions of the manager, where applicable (section 64).
26. The authorization of an officer or officers to sign documents and to use the seal of the society.
27. The banking and investment of funds (section 84).
28. The marketing of members' products ([section 29](#)).
29. The recruitment and dismissal of employees other than the manager (section 57 (4) (b)).
30. Business with non-members ([section 26](#)).
31. Allowances or honoraria, if any, to be paid to officers of the society (sections 60 and 70).

D – Rights of worker-co-operators

E – Property and funds of society

32. The value of each share and modes of payment of share contributions (sections [12](#) (2) (d) and 72).
33. The conditions under which shares may be transferred or redeemed (sections 73 and [74](#)).
34. Methods of disposal of the annual surplus—
 - (a) allocation to the reserve fund (sections [7](#) (f) and 85);
 - (b) contribution to the Central Fund (section 93);
 - (c) allocation to a pension or provident fund, where applicable (section 86);
 - (d) allocation to other funds.
35. Distribution of net surplus—
 - (a) dividend on paid-up share capital (sections [7](#) (e) and 87);
 - (b) patronage bonus;

- (c) honoraria to officers of the society (section 87);
- (d) distribution of net surplus in other ways e.g. issue of bonus shares to members (section 87).

F – Special by-laws for special types of societies

36. In the case of societies having as their object the issuing or receiving of loans or deposits—
- (a) conditions under which loans may be made to members or non-members (section 82), including—
 - (i) the maximum rate of interest;
 - (ii) the maximum period of the loans and their repayment;
 - (iii) the purpose of the loans;
 - (iv) the security required;
 - (b) the methods of election and terms of office of members of a loans committee and the powers and duties of the loans committee;
 - (c) conditions under which loans may be received from non-members (section 83);
 - (d) the maximum liability which the society may incur in loans or deposits from members and non-members (section 83 (2));
 - (e) the consequences of default in the payment of any sum due.
37. In the case of collective societies (section 117)—
- (a) the manner in which the members and officers of the society may be remunerated for work done;
 - (b) the conditions under which non-members may be employed;
 - (c) the manner in which the net surplus may be used.
38. In the case of primary societies having meetings of delegates ([section 46](#))—
- (a) the number of members to be represented by one delegate;
 - (b) the method of election of delegates;
 - (c) the obligation of delegates to report back to the members.
39. In the case of secondary societies, apex organizations or the federation (sections [9](#), [88](#) and [89](#))—
- (a) the method of representation of members in meetings of delegates, the method of election of delegates and the terms of office, suspension and removal of delegates;
 - (b) the voting rights of members;
 - (c) shares, subscriptions and other contributions to be paid by members.

G – General

- 40. The method of making notifications to the society.
- 41. The amendment of by-laws ([section 24](#)).
- 42. The form of undertaking to be signed by persons upon admission to membership to comply with the by-laws ([section 37](#) (2)).
- 43. The imposition of fines on members ([section 32](#)).
- 44. The consequences of default in payment of any sum due to the society in respect of shares, subscriptions or fines.
- 45. The financial year of the society.

46. The registers and records to be kept by the society (sections [25](#), [34](#) and [79](#)).
47. Audit ([section 35](#)).
48. Amalgamation, transfer and division of societies (section [98](#) to [100](#)).
49. The procedure for settling internal disputes prior to arbitration.
50. Winding up (sections [101](#) to [111](#)).