



**REPUBLIC OF VANUATU**

**CO-OPERATIVE SOCIETIES (AMENDMENT)  
ACT NO. 19 OF 2019**

**Arrangement of Sections**

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# REPUBLIC OF VANUATU

Assent: 23/12/2019  
Commencement: 15/01/2020

## CO-OPERATIVE SOCIETIES (AMENDMENT) ACT NO. 19 OF 2019

An Act to amend the Co-operative Societies Act [CAP 152].

Be it enacted by the President and Parliament as follows-

### **1 Amendment**

The Co-operative Societies Act [CAP 152] is amended as set out in the Schedule.

### **2 Commencement**

This Act commences on the day on which it is published in the Gazette.

## SCHEDULE

### AMENDMENTS OF CO-OPERATIVE SOCIETIES ACT [CAP 152]

#### **1 Section 1 (Interpretation)**

Insert in their correct alphabetical positions:

“agricultural society” means a registered society that produces, processes or markets agricultural products, and supplies agricultural inputs and provides services to its members;

“banning order” means a banning order under section 38G;

“consumer and marketing society” means a registered society that procures and distributes goods or commodities to its members and non-members and provides services to its members;

“co-operative principles” means the internationally accepted principles of co-operation, exemplified by the principles adopted by the International Co-operative Alliance and includes the co-operative principles in section 1B;

“co-operative society” means an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise organized and operated on co-operative principles;

“Council” means the Vanuatu Co-operatives Leadership and Management Council established under section 52D;

“Department” means the department responsible for co-operative societies;

“domestic investor” means an investor who is a citizen of Vanuatu or an entity wholly owned and controlled by one or more citizens of Vanuatu;

“electricity society” means a non-profit registered society that engages in the delivery of electricity to its members;

“fisheries society” means a registered society whose principal activities are fishing, processing and marketing of fish and sea products;

“foreign investor” has the same meaning as in the Vanuatu Foreign Investment Promotion Act [CAP 248];

“housing society” means a registered society whose principal activities are the building and construction of houses and the promotion of housing programs for its members;

“livestock society” means a registered society whose principal activities are animal husbandry, livestock keeping and dairy farming for its members;

“Minister” means the Minister responsible for co-operative societies;

“multi-purpose society” means a registered society that combines 2 or more of the business activities of different types of societies that may be registered under section 3A;

“multi-sectoral society” means a registered society other than a savings and credit co-operative society;

“multi-sectoral tertiary society” means a registered umbrella society whose members are primary and secondary societies (other than savings and credit co-operative societies) and whose objectives are to provide sectoral services to member societies, and to advocate, and engage with the Government, the private sector and stakeholders, on behalf of its members in line with its sectoral mandate;

“national apex society” means the national umbrella society established under section 29F;

“primary society” means a registered society formed by a minimum of 7 natural persons whose objectives are to provide employment or services to its members and to facilitate community development;

“producer society” means a registered society whose principal activities are the production of agricultural, forestry and other natural products;

“sectoral tertiary society” means a registered umbrella society whose members are primary and secondary savings and credit co-operative societies and whose objectives are to provide sectoral services to member societies, and to advocate and engage with the Government, the private sector and stakeholders on behalf of its members in line with its sectoral mandate;

“savings and credit co-operative society” means a registered society whose principal objectives are to encourage thrift among its members and to create a source of credit for its members;

“school co-operative society” means a registered society established in a school whose membership may consist of the staffs of the school, the students of the school, and the parents of those students;

“secondary society” means a registered society formed by 2 or more primary societies to facilitate the operations of its member societies in accordance with the co-operative principles;

“tertiary society” means the sectoral tertiary society or the multi-sectoral tertiary society;

“water society” means a non-profit registered society that engages in the delivery of water to its members.”

**2 Section 1 (definition of “committee”)**

After “entrusted”, insert “and includes a board of directors”

**3 Section 1 (definition of “registrar”)**

Delete “appointed under section 2 of this Act”

**4 Section 1 (definition of “Director”)**

Delete “of Co-operative and Ni-Vanuatu Business Development Services”, substitute “responsible for co-operative societies”

**5 After section 1A in Part 1**

Insert

**“1B. Co-operative principles**

(1) For the purposes of this Act, a co-operative society operates in accordance with co-operative principles if:

- (a) its membership is open and available, without any restriction or any unlawful basis of discrimination for membership, to any person who can use its services and is willing to accept the responsibility of membership; and

- (b) it is democratically controlled by the members who actively participate in setting the policies and in making decisions of the society; and
- (c) in the case of a primary society, each member has only 1 vote; and
- (d) its members contribute equitably and democratically control the capital of the co-operative society, and if it enters into an agreement with another organisation or raises capital from an external source, it does so on terms that ensure democratic control by its members and maintains its co-operative autonomy; and
- (e) its business is carried on primarily as an economic activity for the benefit of its members; and
- (f) it utilises any surplus or savings arising out of its operations:
  - (i) to strengthen its business; and
  - (ii) to provide or improve common services to its members; and
  - (iii) for the payment of dividends on permanent share capital purchased by its members; and
  - (iv) among its members in proportion to the business done by each member with the co-operative society; and
  - (v) to provide education and training for members, committee members, managers, and employees so that they can contribute effectively to the development of the co-operative society; and
  - (vi) to inform the general public, particularly, the young people and leaders about the nature and benefits of co-operation; and
  - (vii) for non-profit, charitable or cultural purposes; and
- (g) it pursues co-operation with other co-operative societies; and

- (h) it contributes to the social and economic development of its community.
- (2) A registered society must operate in accordance with the co-operative principles as set out in subsection (1).”

**6 Part 2 (Heading)**

Delete the heading, substitute

PART 2 REGISTRAR OF CO-OPERATIVE SOCIETIES

**7 Section 2**

Repeal the section, substitute

**“2. Registrar of co-operative societies**

The Director is to be the registrar of co-operative societies and is responsible for the efficient administration of this Act and the implementation of the National Co-operative Policy.

**2A. Functions of the registrar**

- (1) The registrar has the following functions:
  - (a) to register all co-operative societies that the registrar consider to be viable; and
  - (b) to inspect and monitor all co-operative societies; and
  - (c) to supervise and regulate all co-operative societies; and
  - (d) to lead and manage the regulatory process; and
  - (e) to carry out such other functions as may be conferred on the registrar under this Act or any other Act.
- (2) The registrar may in writing, delegate to an assistant registrar or a senior officer of the Department any of his or her powers or functions under this Act.

- (3) The delegation may be made generally or in respect of a particular function or powers or class of functions or powers.
- (4) The registrar may at any time revoke or vary a delegation.
- (5) A delegation does not prevent the registrar from performing the function that he or she has delegated.

**2B. Assistant registrar**

- (1) The manager compliance to the Department is to be the assistant registrar.
- (2) In the case where there is a vacancy in the office of the assistant registrar, the registrar may appoint an assistant registrar as may be necessary to assist the registrar in performing his or her functions under this Act and for the efficient discharge of the functions of the Department.”

**8 Section 3**

Repeal the section, substitute

**“PART 2A REGISTRATION**

**3. Requirement for registration**

- (1) A person must not carry on the business of a co-operative society unless it is registered under this Act.
- (2) If a person contravenes subsection (1), the person commits an offence and is punishable on conviction:
  - (a) in the case of an individual - to a fine not exceeding VT15,000,000 or to imprisonment for a term not exceeding 3 years or both;  
or
  - (b) in the case of a body corporate - to a fine not exceeding VT30,000,000.

**3A. Types of societies which may be registered**

- (1) The following types of societies may be registered under this Act:



- (a) a primary society; and
  - (b) a secondary society; and
  - (c) a tertiary society; and
  - (d) a national apex society.
- (2) Without limiting the number and types of societies which may be registered under this Act, the following societies may be registered:
- (a) an agricultural society; and
  - (b) a consumer and marketing society; and
  - (c) an electricity society; and
  - (d) a fisheries society; and
  - (e) a housing society; and
  - (f) a livestock society; and
  - (g) a multi-purpose society; and
  - (h) a producer society; and
  - (i) a savings and credit co-operative society; and
  - (j) a school society; and
  - (k) a water society.”

**9 Subsection 4(1)**

Repeal the subsection, substitute

“(1) A society must not be registered under this Act unless it complies with the requirements for the formation of a primary society, a secondary society, a tertiary society or a national apex society in Part 4A.”

**10 Subsection 5(2)**

Repeal the subsection, substitute

“(2) The application must be made in the prescribed form and signed by:

- (a) in the case of a primary society - a minimum of 7 individuals qualified to be members under section 23; and
- (b) in the case of a secondary society - duly authorized persons representing at least 2 registered primary societies; and
- (c) in the case of a tertiary society - duly authorized persons representing at least 7 registered secondary societies and primary societies; and
- (d) in the case of the national apex society - duly authorized persons representing the multi-sectoral tertiary society and the sectoral tertiary society.”

**11 Subsection 5(3)**

Delete “the Schedule to”, substitute “Schedule 1 of”

**12 After paragraph 7(1)(b)**

Insert

“(ba) that the proposed by-laws of the society comply with the co-operative principles; and”

**13 After paragraph 7(2)(b)**

Insert

“(ba) whether the person is in a good financial standing with the society;

(bb) whether the person has made an arrangement with his or her creditors which he or she is unable to honour;

(bc) whether the person was a member of the committee of a failed co-operative society of the same type;

- (bd) whether the person is or becomes bankrupt;
- (be) whether the person is already part of the management of another society of the same type;”

**14 After section 9A in Part 2A**

Insert

**“9B. Annual registration fee**

- (1) A registered society must pay an annual registration fee of such amount and within such time as may be prescribed by the rules made under this Act.
- (2) A registered society that fails to pay the prescribed annual registration fee by the due date is liable to a surcharge equal to the amount of the annual registration fee payable within 7 days after the due date for payment of the annual registration fee.
- (3) The rules made under this Act may prescribe different annual registration fees for different types of registered societies.

**9C. Prohibition of incorporation under another Act**

- (1) The registrar must, prior to registering a society confirm with the Vanuatu Financial Services Commission that the society is not formed or incorporated under any law administered by the Vanuatu Financial Services Commission or any other law relating to the incorporation of entities.
- (2) A society that is registered under section 7 must not apply for formation or incorporation under any other law, including incorporation as a company under the Companies Act No. 25 of 2012 or formation under any other law relating to the incorporation of entities.
- (3) To avoid doubt, a registered society must conform to and operate in accordance with the co-operative principles, and must not have concurrent formation or incorporation as a different entity under any other law.”

**15 Subsection 10(3)**

Delete “law he”, insert “law and he or she is satisfied that the amendment complies with the co-operative principles he or she,”

**16 Section 23**

Repeal the section, substitute

**“23. Qualification for membership**

A person must not be a member of a primary society unless he or she:

- (a) is a citizen of Vanuatu; and
- (b) subject to section 57, has attained the minimum age of 18 years; and
- (c) undertakes a trade or occupation relevant to the primary society's objective as defined in its by-laws; and
- (d) has a common need which the primary society seeks to satisfy; and
- (e) is capable of paying fees and acquiring shares in the primary society.”

**17 Section 26**

Repeal the section, substitute

**“26. Votes of members**

A member of a registered society has 1 vote in the conduct of the affairs of the society, except that:

- (a) if the votes taken are equal, the Chairperson has a casting vote; and
- (b) in the case of a secondary society, a tertiary society, or the national apex society - the member societies are entitled to vote in the manner prescribed by the rules and by the by-laws of that registered society.”

**18 After Part 4**

Insert

“PART 4A      FORMATION OF CO-OPERATIVE SOCIETIES AND NATIONAL  
CO-OPERATIVE POLICY

**29A. Structure of co-operative societies**

The structure of co-operative societies in Vanuatu is made up of:

- (a) primary societies; and
- (b) secondary societies; and
- (c) a multi-sectoral tertiary society; and
- (d) a sectorial tertiary society, and
- (e) a national apex society.

**29B. Formation and objectives of primary society**

- (1) A primary society must be formed by a minimum of 7 individuals each of whom is qualified to be a member under section 23.
- (2) The objectives of a primary society are:
  - (a) to raise the standard of living of its members; and
  - (b) to facilitate the operations of the individual members; and
  - (c) to provide services to its members, including supplying agricultural inputs, and collecting, processing and marketing of the products of its members; and
  - (d) to provide relevant information of its undertakings; and
  - (e) to do any other thing which is connected with or is necessary to the objectives set out in paragraphs (a) to (c).

**29C. Formation and objectives of secondary society**

- (1) A secondary society must be formed by a minimum of 2 primary societies of the same type.

- (2) The objectives of a secondary society are:
- (a) to facilitate the operation of the member societies; and
  - (b) to provide services to the member societies as may be provided for in the by-laws of that secondary society; and
  - (c) to collect, process and sell products of member societies; and
  - (d) to provide consultancy services to member societies; and
  - (e) to provide relevant information of its undertakings; and
  - (f) to do any other thing which is connected with or is necessary to the objectives as set out in paragraphs (a) to (e).

**29D. Formation and objectives of multi-sectoral tertiary society**

- (1) Multi-sectoral societies may establish a multi-sectoral tertiary society which is to be called the Vanuatu Co-operative Business Network.
- (2) The multi-sectoral tertiary society must be formed by a minimum of 7 primary and secondary societies.
- (3) Subject to subsection (2), the multi-sectoral tertiary society must be formed by the combination of primary and secondary societies.
- (4) The multi-sectoral tertiary society must be a registered society under this Act and may provide, organize and supervise effective centralized services for the member societies.
- (5) Without limiting subsection (4), the multi- sectoral tertiary society must:
- (a) perform representational and other functions as may be determined by its constituent members, including:
    - (i) to ensure that there is a strong multi-sectoral co-operative movement in Vanuatu; and

- (ii) to ensure that the farming interests of its agricultural society members are maintained; and
  - (iii) to identify national and export markets; and
  - (iv) to market local produce and processed products; and
  - (v) to import and supply necessary products; and
  - (vi) to establish a savings and loans mechanism that its members may borrow money from to improve their farms; and
- (b) coordinate, assist and promote activities for the development, growth and expansion of multi-sectoral societies; and
  - (c) liaise with appropriate Government departments including departments responsible for agriculture, tourism and trade and the private sector for business development and to coordinate business development and planning; and
  - (d) coordinate the economic plans of the member societies and forward them to the registrar for incorporation in the national planning; and
  - (e) provide co-operative education and training and any other services as may be necessary or expedient for its members; and
  - (f) disseminate information on co-operative development, principles and practices; and
  - (g) represent its member societies in national and international forum relating to co-operative matters; and
  - (h) do any other thing which is connected with or is necessary to the objectives as set out in paragraphs (a) to (g).
- (6) The multi-sectoral tertiary society may advise the registrar on co-operative education and operating methods including the establishment of a college

or other tertiary level institute to provide education or training on co-operative society development, operation and management.

**29E. Formation and objectives of sectoral tertiary society**

- (1) Registered societies may establish a sectoral tertiary society.
- (2) The sectoral tertiary society must be formed by a minimum of 7 primary and secondary societies.
- (3) The sectoral tertiary society must be a registered society under this Act and may provide, organize and supervise effective centralized services for the member societies.
- (4) Without limiting subsection (3), the sectoral tertiary society may:
  - (a) provide, organize and supervise effective centralized services for the member societies and for co-operative education on savings and credit; and
  - (b) establish a national savings and credit mechanism for member societies for their savings and deposits and create a national savings and credit society; and
  - (c) provide training and any other services as may be necessary or expedient for its members; and
  - (d) coordinate the economic plans of the member societies and forward them to the registrar for incorporation in national planning; and
  - (e) carry on, encourage and assist educational and advisory work relating to co-operative enterprises; and
  - (f) represent its member societies in national and international forum relating to co-operative matters; and
  - (g) do any other thing which is connected with or is necessary to the objectives in paragraphs (a) to (f).



- (5) The sectoral tertiary society may advise the registrar on co-operative education and operating methods including the establishment of a college or other tertiary level institute to provide education or training on co-operative society development, operation and management.

**29F. Formation and objectives of national apex society**

- (1) The multi-sectoral tertiary society and the sectoral tertiary society may establish a national apex society.
- (2) The objectives of the national apex society must include the following:
- (a) to advocate and engage with the Government, the private sector, and stakeholders on behalf of its members; and
  - (b) to organise and supervise effective centralized services for the tertiary societies, for co-operative education and training and any other services as may be necessary or expedient for the tertiary societies.
- (3) Any other objectives of the national apex society must be determined by its member societies and must be included in the by-laws of the national apex society.”

**19 Section 34**

Repeal the section, substitute

**“34. Statutory reserve fund**

- (1) A registered society must establish a statutory reserve fund and must deposit to the fund not less than 25% or such other percentage as the registrar may approve of the net profits of the registered society during a financial year.
- (2) A registered society must use the statutory fund established under subsection (1) only in the manner and for the purpose for which it was established, and subject to any conditions, as may be prescribed by the rules.

- (3) The registrar or any person authorized by the registrar must monitor the statutory reserve fund of a registered society through the annual audited accounts under section 36.

**34A. Conditions for distribution of surplus**

A registered society may make payments out of any surplus remaining after section 34 has been complied with and from any surplus of past years available for distribution as:

- (a) dividends or bonus on member's equity shares in the manner set out in the by-laws of the registered society; and
- (b) allocation towards any funds of the registered society to the extent or under the conditions as may be prescribed by the rules or as provided for by the by-laws of the registered society.

**34B. Contribution to charitable purpose**

A registered society may out of any surplus remaining after section 34A has been complied with contribute an amount not exceeding 10% of the remainder of the surplus for any charitable purpose.”

**20 After section 36**

Insert

**“36A. Keeping of accounts and records**

- (1) A registered society must keep proper books of accounts and other books for the purpose of all transactions relating to its undertaking, funds, activities and property.
- (2) A registered society must:
- (a) ensure that all payments are authorized and correctly made and that adequate control is maintained over its income, assets and liabilities; and
- (b) keep all accounts and records in a manner that reflects the true financial situation of the registered society so that an auditor can have access to them at all reasonable times; and

- (c) ensure that all accounts in respect of a financial year are drawn up and audited under section 36.”

**21 Paragraph 37(2)(b)**

Delete “.” substitute “; or

- (c) the registered society’s compliance with co-operative principles.”

**22 After Part 6**

Insert

“PART 6A POWERS FOR GIVING DIRECTIONS AND BANNING ORDERS

**38A. Power to give directions**

Subject to this Part, the registrar may at any time give directions in writing to a registered society.

**38B. Conditions when giving directions**

The registrar may give directions under section 38A, if:

- (a) after an inquiry or inspection of a registered society under section 38, or on the receipt of any information, the registrar is of the opinion that the funds of the registered society are not being properly managed or protected; or
- (b) the registrar has reason to believe that a registered society is likely to take any action that would affect the financial situation of the registered society; or
- (c) it appears to the registrar that a requirement in this Act, the rules or the by-laws of a registered society is being contravened, but the circumstances are not such as to justify the taking of action under section 39 or 58.

**38C. Form of directions**

- (1) If the registrar exercises his or her power under section 38A, the registrar may:

- (a) by notice in writing direct the committee of the registered society within a period as the registrar may specify, to cease an action or a

practice as the registrar may specify or to take any measures as the registrar considers necessary to protect the funds of the registered society or the interests of the registered society's members; and

- (b) place the registered society under administrative supervision and appoint a person who in the registrar's opinion, has the necessary experience and training to supervise the registered society on the action to be taken to remedy the situation.
- (2) A direction under paragraph (1)(a) may include a direction for the registered society to deposit and maintain the funds of the registered society in an account with a financial institution licensed under the Financial Institutions Act [CAP 254] if the registered society is operating in a municipality or area council where such a financial institution is operating.
- (3) The board of directors, an employee or agent of a registered society must at all times give all information required by a person appointed under paragraph (1)(b), for the full and satisfactory performance of his or her duties and for this purpose section 38 applies as if any reference to the registrar includes a reference to a person appointed under paragraph (1)(b).
- (4) If a registered society fails to comply with the notice referred to in paragraph (1)(a), after giving the committee the opportunity to be heard in a general meeting called by the registrar for that purpose, the registrar may dissolve the committee and section 58 applies.
- (5) For the purpose of this section:

“municipality” means a municipality established under the Municipalities Act [CAP. 126];

“area council” means an area council established under the Decentralization Act [CAP 230];

**38D. Representations to the registrar**

- (1) A registered society or a person who is required to take any action under section 38C, may within 21 days of the service of the notice by the registrar, make representations in writing to the registrar as to why the action required should not be taken.

- (2) After taking into account any representations made under subsection (1), the registrar must decide whether to:
- (a) proceed with the action proposed in the notice; or
  - (b) take no further action.

**38E. Person appointed to supervise**

A person appointed to supervise a registered society under paragraph 38C(1)(b):

- (a) may hold office for a period not exceeding 12 months and on such terms and conditions as the registrar may specify; and
- (b) may be paid such remuneration as the registrar may determine, and the remuneration, and any other expenses of and incidental to the appointment, must be paid out of the funds of the registered society; and
- (c) must report to the registrar, in a manner and with a frequency as the registrar may direct, on the affairs of the registered society.

**38F. Revocation or cessation of direction**

- (1) The registrar may, by notice in writing to the registered society, revoke a direction under paragraph 38C(1)(a) if, at the time of the revocation, he or she considers that the direction is no longer necessary or appropriate.
- (2) A direction ceases to have effect if:
  - (a) the registrar revokes it under subsection (1); or
  - (b) the registration of the registered society is cancelled under section 39.

**38G. Power to make a banning order**

- (1) The Minister may, on the recommendation of the registrar make a banning order against a person if:

- (a) the person has not complied with the requirements under this Act;  
or
  - (b) the registrar has reason to believe that the person is likely to breach a provision of this Act; or
  - (c) the person is convicted of fraud; or
  - (d) the registrar has reason to believe that the person is not of good character; or
  - (e) the person has been involved in a contravention of this Act by another person; or
  - (f) the registrar has reason to believe that the person is likely to be involved in breaching a provision of this Act by another person.
- (2) The Minister may by a banning order prohibit a person permanently or for a specific period from:
- (a) applying for or retaining membership of a registered society; or
  - (b) being an officer of a registered society.
- (3) Before making a banning order, the Minister must give the person an opportunity to make written submissions to the Minister stating reasons why the Minister should not make a banning order.
- (4) After taking into account any written submissions, the Minister must decide whether to:
- (a) proceed with the banning order; or
  - (b) take no further action.

**38H. Consideration of good character**

For the purpose of paragraph 38G(1)(d), the Minister may have regard to the following in considering whether, at a particular time, there is reason to believe that a person is not of good character:

- (a) any conviction of the person, within 10 years before that time, for an offence that involves dishonesty and is punishable on conviction to imprisonment for at least 3 months; or
- (b) whether the person has been a member of a society whose registration was suspended or cancelled; or
- (c) any other matter that the Minister considers relevant.

**38I. Duration of banning order and publication**

- (1) If the Minister has reason to believe that a person is not of a good character, the Minister may make the banning order permanent.
- (2) In any other case, the Minister must specify the period of the banning order.”

**23 After section 47 in Part 7**

Insert

**“47A. Revival of dissolved society**

- (1) If a co-operative society has been dissolved under this Part, any interested person may apply to the registrar to have the co-operative society revived by submitting to the registrar:
  - (a) an application for revival in such form as the registrar may prescribe; and
  - (b) any other information as the registrar may require.
- (2) If the registrar receives an application for revival under subsection (1) and the registrar is satisfied that the co-operative society is in compliance with this Act, the registrar may:
  - (a) issue a certificate of revival to the co-operative society; and
  - (b) impose any conditions on the co-operative society that he or she considers necessary with respect to the society.

- (3) A co-operative society is revived on the date shown in the certificate of revival.
- (4) If a co-operative society is revived under this section, it:
  - (a) has all the rights and privileges of a registered society and is taken to be a registered society; and
  - (b) is liable for the obligations, that it would have had if it had not been dissolved, subject to any terms that may be imposed by the registrar and to any rights acquired by any person after its dissolution.”

**24 After Part 9A**

Insert

“PART 9B VANUATU CO-OPERATIVE LEADERSHIP AND  
MANAGEMENT COUNCIL

**52D. Establishment of the Council**

The Vanuatu Co-operative Leadership and Management Council is established.

**52E. Functions of the Council**

- (1) The functions of the Council are to advise the Minister generally, and to make recommendations, with regards to:
  - (a) the policy for the development of co-operative societies in Vanuatu; and
  - (b) the application of any of the provisions of this Act or any other law on matters affecting co-operative societies; and
  - (c) the rules made under this Act; and
  - (d) any matter concerning the Co-operative Development Fund; and
  - (e) any matter referred to the Council by a registered society, a registered probationary society or member of a registered society



that relates to promoting the development of co-operative societies; and

- (f) any decision the Minister is required to take under this Act.
- (2) The Council may also engage with the Government, the private sector and stakeholders, and engage in advocacy on behalf of co-operative societies.

**52F. Composition of the Council**

- (1) The Council consists of 8 persons to be appointed by the Minister as follows:
  - (a) 6 persons representing each province nominated by the registered societies in each province; and
  - (b) 1 person nominated by the Minister; and
  - (c) the registrar or his or her representative.
- (2) The meetings to elect the persons under paragraph (1)(a) must be organised by the tertiary societies acting jointly except:
  - (a) if only 1 tertiary society has been formed and registered under this Act, the elections must be organized by that tertiary society and the Department; or
  - (b) if no tertiary society has been formed and registered under this Act, the elections must be organized by the Department.
- (3) The members of the Council are to elect amongst themselves the Chairperson and the Deputy Chairperson.

**52G. Term of office and conditions of service of members of the Council**

- (1) Subject to section 52F, the members of the Council are to be appointed for a period of 2 years.
- (2) A member of the Council is eligible for re-appointment and must not hold office for more than 2 consecutive terms.

- (3) A member of the Council may resign by notice in writing to the Minister.
- (4) The Minister may, by notice in writing, remove a member of the Council from office for:
  - (a) serious misconduct; or
  - (b) permanent incapacity; or
  - (c) engaging in any activity that may undermine the integrity of the Council.
- (5) The Minister is to prescribe, on the recommendation of the registrar, the sitting allowances for the members of the Council.

**52H. Funding for the Council**

The expenses of the Council must be paid out of the budget of the Department.

**52I. Meetings of the Council**

- (1) The Council is to meet at least 2 times a year and is to hold any other meetings as are necessary for the proper performance of its functions.
  - (1A) However, the Council must not meet more than 4 times a year.
- (2) The Chairperson is to preside over all meetings of the Council. If the Chairperson is absent the Deputy Chairperson is to preside over that meeting.
- (3) At a meeting of the Council a quorum consist of the Chairperson or Deputy Chairperson and 5 other members present at that meeting.
- (4) The decisions of the Council are made by a majority vote of members present and voting.
- (5) If there is a tie vote at a meeting of the Council, the Chairperson has a casting vote.

- (6) Despite subsection (4), a decision of the Council may be made by letter, fax, or electronic message by the majority of the members of the Council.
- (7) The decision made under subsection (6) is valid and effective as if it had been made at a meeting of the Council duly constituted.
- (8) A decision of the Council is valid and effective as if it had been made at a meeting of the Council duly constituted if:
  - (a) a telephone or video meeting is held and a majority of the members of the Council are present; and
  - (b) a decision is made by a majority votes of the members present and voting.
- (9) The Department must meet the reasonable travel expenses of members attending meetings of the Council.”

**25 Paragraph 53(2)(p)**

Delete “.”, substitute “;

- (q) prescribe a model agreement to guide the formulation of a joint venture partnership between a registered society and a foreign investor;
- (r) prescribe the fees to be paid in respect of:
  - (i) the issue of a registration certificate and registration of by-laws; and
  - (ii) the registration of amendments to by-laws; and
  - (iii) a search in the registration register; and
  - (iv) the issuing of certified or uncertified copies of documents; and
  - (v) the registration of charges; and
  - (vi) the inspection of the register of charges; and

- (vii) the provision of training by the Department to members, committee members and employees of registered societies; and
- (viii) any other matter in respect of which a fee is payable under this Act.”

**26 At the end of section 53**

Add

- “(4) The Minister may, in the case of a primary society, vary or waive any of the fees under paragraph 53(2)(r).
- (5) The Minister may, under subsection (2), prescribe different fees for the different types of societies.

**53A. By-laws**

A registered society must ensure that its by-laws are consistent with the provisions of this Act.”

**27 Subsection 57(1)**

Repeal the subsection, substitute

- “(1) Despite anything contained in this Act, the registrar must not register a school co-operative society except with the written consent of the Minister after consultation with the Minister responsible for education.
- (1A) Despite section 23, a student must have attained the age of 13 years in order to qualify for membership of a school co-operative society.”

**28 After section 58**

Insert

**“58A. Foreign investment**

- (1) This section applies to a registered society other than a savings and credit co-operative society.

- (2) Despite the provisions of the Vanuatu Foreign Investment Promotion Act [CAP 248], an investment agreement between a registered society and a foreign investor may only be in the form of a joint venture agreement.
- (3) A joint venture agreement between a registered society and a foreign investor:
  - (a) must not be in a reserved investment area under the Vanuatu Foreign Investment Promotion Act [CAP 248]; and
  - (b) must be in accordance with the co-operative principles.
- (4) A joint venture agreement under this section is subject to the approval of the registrar and any limitations that the registrar may impose, for the purpose of operating and carrying on the joint venture enterprise created under the joint venture agreement.
- (5) The rules may prescribe an agreement to guide the formulation of a joint venture agreement between a registered society and a foreign investor.

**58B. Societies may form joint enterprise or enter into joint ventures**

- (1) Registered societies may form a joint enterprise to operate a business if it is necessary or desirable for the efficient operation of the business.
- (2) A joint enterprise formed under subsection (1) is subject to the approval of the registrar and any limitations as the registrar may impose.
- (3) Registered societies which form a joint enterprise under subsection (1), may form a joint committee for the purpose of managing the joint enterprise.
- (4) The joint committee must not have separate representation either in a tertiary society or the national apex society.
- (5) A registered society may join with private or public company to form a joint venture enterprise, subject to the written approval of the registrar.

**58C. Co-operative Development Fund**

- (1) The Minister may establish a fund to be known as the Co-operative Development Fund (“the Fund”) to promote and facilitate the social and economic development of Vanuatu by providing financial and other assistance to registered societies.
- (2) The Fund may receive money from:
  - (a) monies appropriated by Parliament; and
  - (b) international donor funds; and
  - (c) any other organisation or body in or outside Vanuatu.

**58D. Prohibition from interfering with management of a society**

- (1) A member of a registered society who is appointed or elected to a political position is deemed to have conflict of interest and is not eligible for election as a member of the committee of a registered society.
- (2) If:
  - (a) a person through his or her position unreasonably interferes with the management or affairs of a registered society; and
  - (b) as a result of the interference, the registered society suffers loss or fails to perform its functions;the person commits an offence punishable on conviction to a fine not exceeding VT 75,000,000.
- (3) For the purpose of this section:
  - (a) “political position” means a position of provincial councillor, municipal councillor, mayor, member of parliament or any other person serving in a leadership position in a political party;
  - (b) “interfere” means any act of interfering, hindering, obstructing, disturbing, blocking or impeding a registered society from properly performing its duties under this Act or the rules.

**58E. Registrar may require financial institution to provide information**

Despite any other Act, the registrar may, if the registrar considers it necessary to do so require any financial institution licensed under the Financial Institutions Act [CAP 254] to:

- (a) furnish any information regarding the transactions of any registered society with the financial institution; and
- (b) provide a copy showing the accounts of the registered society with the financial institution from the ledger kept by the financial institution; and
- (c) produce any cheques paid to the credit of the registered society or endorsed by the registered society.

**58F. Special provisions for certain types of registered societies**

Schedule 2 provides for certain matters for certain types of registered societies.”

**29 Section 59 (section heading)**

Delete “national and secondary societies”, substitute “the national apex society and tertiary societies”

**30 Subsection 59(1)**

Delete “a national society or of a secondary”, substitute “the national apex society or of a tertiary”

**31 Subsection 59(5)**

Delete “the national or secondary”, substitute “the national apex society or tertiary”

**32 Subsection 59(7)**

Repeal the subsection.

**33 Section 60**

Delete “VT 10,000”, substitute “VT 15,000,000”

**34 Subsection 62(1)**

Delete “3”, substitute “12”

**35 Paragraph 62(1)(a)**

Delete "VT 20,000", substitute "VT 30,000,000";

**36 Section 63**

Repeal the section, substitute

“(1) A person must not in doing business in Vanuatu:

- (a) use the word “co-operative” or any abbreviation or derivation as part of the name of the business or with respect to goods, wares, merchandise or services or the person’s method of conducting business; or
- (b) hold himself or herself or his or her business to be a registered society unless the person or his or her business is registered under this Act.

(2) If a person contravenes subsection (1), the person commits an offence and is liable on conviction:

- (a) in the case of a natural person - to a fine not exceeding VT 10,000,000 or imprisonment for a term not exceeding 3 years or both; or
- (b) in the case of a body corporate - to a fine not exceeding VT 50,000,000.”

**37 Schedule (Heading)**

Delete “SCHEDULE”, substitute “SCHEDULE 1”

**38 Item 4 Schedule 1**

Repeal the item, substitute

“4. The terms of admission of members that should be in accordance with the co-operative principles.”

**39 At the end of the Act**

Add

**"SCHEDULE 2"**



**(Section 58F)**

**SPECIAL PROVISIONS RELATING TO CERTAIN TYPES OF  
REGISTERED SOCIETIES**

**PART 1 SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES**

**1 Application of this Part**

This Part applies to a registered savings and credit co-operative society.

**2 Objective of a savings and credit co-operative society**

A registered savings and credit co-operative society is solely dedicated to the promotion of thrift and saving among its members by receiving and investing their savings and creating of a source of credit for necessary or productive purposes for members at competitive rates of interest through financial intermediation.

**3 Name and common bond of a savings and credit co-operative society**

- (1) The words "Savings and Credit" must form part of the name of a registered savings and credit co-operative society.
- (2) The by-laws of a registered savings and credit co-operative society must prescribe the common bond of occupation, association or residence to which the membership of the registered savings and credit co-operative society is limited, and the common bond must be clearly defined.

**4 By-laws of a savings and credit co-operative society**

In addition to the requirements in Schedule 1, the by-laws of a registered savings and credit co-operative society must provide for the following:

- (a) the appointment of a credit committee; and
- (b) the determination of the rate of interest for loans; and
- (c) the maximum period which can be granted for the repayment of a loan; and
- (d) the purpose of loans; and

SCHEDULE  
"SCHEDULE 2

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- (e) the consequences of default in payment of any sum due on account of shares or deposits or loans and the consequences of failure to use a loan for the purpose for which it was granted; and
- (f) any other matters consistent with the rules relating to a registered savings and credit co-operative society .

## **PART 2      CONSUMER AND MARKETING SOCIETIES**

### **1      Application of this Part**

This Part applies to a registered consumer and marketing society.

### **2      Restriction on membership of committee**

- (1) An employee of a registered consumer and marketing society must not be a member of the committee of the society.
  
- (2) A registered consumer and marketing society must provide in its by-laws that an elected member of the committee must not be an employee of the registered consumer and marketing society.”