

PERFORMANCE OF THE DEPARTMENT OF CO-OPERATIVES AND FRIENDLY SOCIETIES FOR FINANCIAL YEAR 2004/2005 AND FOCUS FOR FINANCIAL YEAR 2005/2006

1.0 Purpose of Ministry Paper

This Ministry Paper is intended to provide highlights of the performance of the Department of Co-operatives and Friendly Societies during the 2004/2005 Financial Year and the main focus and strategies in achieving targets for the 2005/2006 Financial Year.

2.0 Background

2.1 Mission Statement

To contribute to the social and economic development of the nation by facilitating the establishment and regulation of Co-operatives and Friendly Societies as viable business alternatives and effective social organizations, and protecting the stakeholders' interests

2.2 Vision Statement

'To be transformed to position Co-operatives and Friendly Societies as vibrant and viable sectors within Jamaica's socio-economic development by 2018.'

2.3 Roles and Functions

The Department of Co-operative Societies and Friendly Societies an agency within the Ministry of Commerce, Science and Technology has the responsibility for administering the Co-operative Societies Act and the Friendly Societies Act and their respective Regulations. It regulates and supervises Credit Unions, Agricultural, Benevolent, Friendly and fourteen (14) other types of Producers and Services Societies. It also plays the important role of ensuring stability in the Co-operatives and Friendly Societies Movements consisting of 601 societies 159 Co-operatives and 442 Friendly & Benevolent Societies with a membership of approximately 1,000,000 individuals.

The Department's mandate is in effect, aimed primarily at ensuring the safety of Societies assets and protection of members' savings and investments and other stakeholders' interests. Its functions include:-

- Registration of Societies and their Rules
- Inspection and Supervision of Societies
- Annual Audits and Investigations
- Arbitrations
- Inquiries
- Suspension of Societies Registration
- Cancellation of Societies Registration
- Dissolution of Societies

In addition, the Department by means of cost-effective use of available resources monitors and assists the development of the Movements in keeping with Government's policies.

The functions of the Department are effected through the following programmes:

- **Inspection:** Inspects the affairs of Co-operatives and Friendly Societies with a view to ensuring compliance with the Acts, Regulations, Rules and sound business practices.
- **Audit and Investigations:** Audits the accounts, systems and procedures of all registered societies annually and investigate all reported incidences of fraud or misappropriation in these societies.
- **Research, Training and Development:** Effects training, promotion, development, research and planning for the Co-operative Societies and Friendly Societies.

3.0 Highlights of Performance / Achievements for 2004/2005

Activities	Societies		
	Targets 04/05	Achievements *04/05	Targets 05/06
Audits	115 for 258 years	81 for 93 years	90 for 120 years
Inspection	58	53	80
Pre-Audit Checks	69	89	80
Liquidations	7	3	
Technical Support & Business Counseling	140	197 Societies & 16 Groups	150
α Training (persons)	520	604	500
Group Organization/Supervision	60	79	35
Development Planning	4	31	8
Appraisal of Rules	40	29	35
Feasibility Assessment	30	18	30
Development of Models and System	8	7	34
Special Projects	3	4	3
Settlement of disputes	80 cases involving \$40M	100 cases involving \$34.1M	200 cases \$67M
Cancellation of registration	16	18	25
Registration	15	49	30

* Statistics are at March 2005

α Additional 9 Department Staff received training

Special Activities

- i) **Revision of the Co-operative Societies Act and Regulations.** Representatives of the senior officer corps of the Department continued to engage in dialogue with the legal team of the Ministry of Commerce, Science and Technology and other stakeholders in treating with areas of concern regarding the proposed revision of the Co-operative Societies Act. A cabinet submission is expected to be made on this legislation in 2005/06.
- ii) **Revision of the Friendly Societies Act:** The Senior Officers within the Department maintained dialogue with Ministry of Finance in order to facilitate the collaborative and consultative process to be effected with Friendly and Benevolent Societies in soliciting their input to proposed

changes to the Friendly Societies Act. One public forum will be held to treat with concerns and/or recommendations of stakeholders.

- iii) **Department's website:** Training of the staff to manage the maintenance of the web-site completed. Software is in the process of being upgraded.
- iv) **Promotion of Co-operative of the Year and Volunteer of the Year Competitions:** Facilitating increased involvement of volunteers and fosters the implementation of standards within the Movement and Management of Producers and Services Co-operatives.
- v) **Essay Competition:** The presentation ceremony was rescheduled, due to the passing of Hurricane Ivan which impacted negatively on the school's submission of the essays. This led to a more inclusive approach being taken by the Officers who met with teachers in the English Department of schools to promote the Competition. Judging and presentation was done during the last quarter of 2004/2005. Trinidad and Tobago and St. Lucia have committed to assisting with the hosting of the winners. New strategies will be applied to enhance greater participation and interest for the coming year.
- vi) **Denbigh Agricultural Show:** The activities of the Department and some selected Societies within the Movement were again highlighted at the 2004 Denbigh Agricultural Show. For the first time a Friendly Society participated. The exposure at such a forum had resulted in an increase of business and interest by potential members for this Society.
- vii) **Study Tour / Consultation:** A visit from a representative of the Bahamian Co-operative Department was facilitated. The Officer was exposed to six (6) Societies Registered under the Co-operative Societies Act and two (2) under the Friendly Societies Act. Positive feedback was received and similar activities are in the making with at least two (2) other countries. Four (4) Consultants from the Co-operative Movement in Kenya visited to get first hand information on the regulatory framework and the role of the Department in shaping of Government Development Policies.
- viii) **Partnership / Collaboration:** The Department continues to develop partnerships and work collaboratively with other entities involved in Community development. The result of which saw seventy-nine (79) Groups in many Communities being organised of which forty-nine (49) were registered as legal entities. This facilitated road improvement, development of community centers, rehabilitation of basic schools, improvement in types and quality of water supplies and construction of multi-skilled training centers as projects being undertaken by the communities.

The collaboration and partnerships with Jamaica Social Investment Fund, Ministry of National Security, Social Development Commission and Jamaica 4H have resulted in increase exposure of the Department, and also the involvement of additional organizations such as Social Initiative for Urban Environment, Local Initiative Facility for the Environment, St. Elizabeth Environmental Protection Agency, United Nation Development Programme in the collaborative process

- ix) Supervision of the Jamaica Fishermen Co-operative Union:** The period saw the Department continuing its supervision of the Jamaica Fishermen Co-operative Union. Among the key areas targeted for intervention were:
- a. Development on Operational Policy Manual
 - b. Institutional Strengthening to include:
 - Assessment and preparation of report and updated training on gears store;
 - Implementation of policies/programmes;
 - Imbued a culture of transparency and fiduciary responsibility;
 - Revision and improvements in the process of manufacturing of boats.
 - c. Legal and Technical advice in revision and amendments to Rules
 - d. Technical Assistance with the development of a Strategic Plan
 - e. Monthly Supervision to include implementation of internal control system.

4.0 BUDGETARY ALLOCATION

Table 4.1: Actual Expenditure for 2004/05 and Approved Budget for 2005/06

Categories	04/05 Revised(\$'000)	04/05 Actual (\$'000)	05/06 Budgeted (\$'000)
Compensation of Employees	22,500	23,499	23,144
Travel Expenses and Subsistence	5,324	4,660	6,262
Rental of Property	408	336	408
Public Utility Service	1,284	1,241	1,262
Purchase of Goods & Services	1,451	2,487	1,392
Purchase of Capital Goods	373	188	502
Total	31,340	32,411	32,970

5.0 Challenges

The following challenges adversely impacted on the Department vis a vis its target.

- (a) The unavailability of officers within Friendly Societies to treat with queries and presentation of records for inspection.
- (b) Tardiness of Producer and Services Co-operatives in responding to measures aimed at improving their financial viability and effectiveness.
- (c) The increase in the number of entities seeking information on Registration under the relevant Acts.

6.0 Summary of Major Focus for 2005/2006 Financial Year

POLICIES	OBJECTIVES	STRATEGIES	PERFORMANCE TARGETS
Facilitate annual audits for reviewing of Societies' performance by their members.	Completion of Financial audits as required by Acts.	Application of audit techniques and assessment of financial performance. Tabulation of financial reports and statements.	Audits available for 120 years for 90 Societies.
Regulation and supervision of Societies through administration of the Acts.	Ensure continuous compliance by management/ volunteers in the conduct of Societies' affairs.	Conduct on-site inspections and off-site assessment into all areas of societies' activities.	Completion of detailed reports outlining findings and recommendations regarding the activities of 68 Societies. Examination of Financial and Legal Returns for 80 Societies. Conduct pre-audit checks into 80 Societies.
Effect Corporate Governance and adherence to statutes	Documentation and Implementation of appropriate policies	Collaborate with Board of Directors, Staff and Volunteers of Societies to develop appropriate policies	Development and implementation of policies and systems as internal controls and decision making tools within 95 Societies
-do-	Removal of non-performing Societies from the Register.	Review status of Societies that are in breach of the Act; recommend and facilitate the process for conducting enquiries and liquidations or resuscitations.	33 Societies' registration cancelled and/or Societies resuscitated.

POLICIES	OBJECTIVES	STRATEGIES	PERFORMANCE TARGETS
Settlement of disputes between members and their societies through the process of Arbitration.	Facilitate settlement of disputes within societies.	Receive applications and complaints from aggrieved parties; appoint arbitrators.	Settlement of 200 cases involving \$67 M.
Facilitate Modernization of Legal Statutes.	Modernization of Legal framework.	Facilitate amendments to Co-operatives and Friendly Societies Act and Regulations and Societies Rules.	Revision of Co-operative Societies Legislations. Amendment to the rules of 55 Co-operative Societies. Revision of Friendly Societies Legislations. Amendment to the Rules of 15 Friendly Societies
Intensify programmes for training and systems development in societies through technical support.	Ensure implementation of standardized document for transparency in management of Societies	Business counseling, training seminars and development of specific models and systems to enhance operations	Feasibility assessment of 30 Societies to ascertain viability. 600 persons to receive specialized training to manage their Societies' affairs more effectively and efficiently. Technical advice to Boards of Directors within 105 Societies to improve efficiency and viability.
Facilitate the registration of viable Co-operatives and socially acceptable Friendly Societies.	To increase employment creation, income generation, foreign exchange earnings and import substitution.	Vetting of rules, feasibility assessment of business/project proposals, training and supervision of group members.	Registration of 30 groups as legal entities under the relevant Acts.

POLICIES	OBJECTIVES	STRATEGIES	PERFORMANCE TARGETS
Computerization of Department's activities.	Faster and more efficient network facility for the Department and movement.	<ul style="list-style-type: none"> - Acquire additional computers and software. - Maintain website. 	Full integration of Department's computers with interactive website offering online training and information.
Facilitate appropriate internal control and accounting system.	Accountability and transparency of Societies operation.	Timely evaluation of systems and procedures to ensure adequacy.	Adequate system of accountability to enhance transparency, accountability and prevent malfeasance or misfeasance.

Phillip Paulwell
Minister
Ministry of Commerce, Science & Technology
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