

**MINISTRY PAPER NO.:**\_\_\_\_\_

**PERFORMANCE OF THE DEPARTMENT OF CO-OPERATIVES AND FRIENDLY SOCIETIES FOR FINANCIAL YEAR 2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007**

**1.0 Purpose of Ministry Paper**

This Ministry Paper seeks to inform Parliament and the public about the performance of the Department of Co-operatives and Friendly Societies during the 2005/2006 Financial Year and its focus for the 2006/2007 Financial Year.

**2.0 Mission**

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

**3.0 Vision**

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

**4.0 Role and Functions**

The Department of Co-operative Societies and Friendly Societies, an agency of the Ministry, 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, as well as agricultural, benevolent, and friendly societies in addition to fourteen (14) other categories of producers and service societies. The Department also plays the important role of ensuring stability in the co-operative and friendly societies movement which consists of seven hundred and seventeen (717) societies, two hundred and thirty one (231) co-operatives and four hundred and eighty six (486) friendly & benevolent societies, with a combined membership of over one million individuals.

The mandate of the Department 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
- Training, Promotion, Research/Development, and Planning for Societies

In addition, the Department monitors and assists the development of the Co-operatives Movement in keeping with Government's policies.

The functions of the Department are carried out through the following programmes:

- **Inspection:** Inspects the affairs of co-operatives and friendly societies with a view to ensuring compliance with prevailing acts and regulations, and with sound business practice.
- **Audit and Investigations:** Audits the accounts, systems and procedures of all registered societies annually and investigates all reported incidents 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.

## 5.0 Highlights of Performance/Achievements for Financial Year 2005/2006

Activities	Societies		
	Targets '05/06	Achievements '05/06	Targets '06/07
Audits	112 for 226 years	112 for 161 years	94 for 208 years
Inspection	80	47	70
Pre-Audit Checks	80	59	70
Liquidations	7	1	12
Technical Support & Business Counseling	150	379 10 Groups	165
Training (persons)	500	593	550
Group Organization/Supervision	50	85	38
Development Planning	21	31	18 Societies 25 Groups
Development of Models & Rules	4	0	4
Appraisal of Rules	35	69	35
Feasibility Assessment	60	25	60
Special Projects	3	1	3
Settlement of disputes	200 cases involving \$67M	212 cases involving \$26.8M	220 cases \$28.6M
Rid registers of dormant societies (Cancellation/Mergers/Amalgamation/Transfers)	40	65	60
Registration	35	58	38

\* Statistics are as at March 2006.

### **Special Activities**

- i) **Revision of the Co-operative Societies Act and Regulations:** The Department continued to consult with the legal team of the Ministry of Industry, Technology, Energy and Commerce and other stakeholders to address areas of concern regarding the proposed revision of the Co-operative Societies Act. Recommendations from stakeholders are being assessed to facilitate inclusion prior to preparation of a submission for Cabinet consideration.
- ii) **Revision of the Friendly Societies Act:** The Department carried out discussion with the Ministry of Finance and Planning to facilitate a collaborative/ consultative process with friendly and benevolent societies in soliciting their input to proposed changes to the Friendly Societies Act.

- iii) Partnership/Collaboration:** The Department continues to work collaboratively with other entities involved in community development. This resulted in forty (40) groups in communities islandwide being organized, with thirty-five (35) being registered as legal entities. These societies facilitated projects for road improvement, community center development, rehabilitation of basic schools, improvement in types and quality of water supplies, and construction of multi-skill training centers.

The partnerships and collaboration with Jamaica Social Investment Fund (JSIF), Ministry of National Security, Social Development Commission and Local Initiative Facility for the Environment (LIFE) have enhanced the Department's impact on critical social-intervention projects. Increased exposure of the Department facilitated other types of collaboration with additional organizations such as Social Initiative for Urban Environment, St. Elizabeth Environmental Protection Agency and the United Nations Development Programme, in improving the capacity of the Department to discharge its functions in an effective manner and widen its social impact at the community level.

- iv) Youth Co-operative Education:** The Department, in conjunction with parish credit unions, has embarked on a program to establish junior co-operatives in schools and youth clubs, as one of the strategies to improve the knowledge and acceptance of co-operatives as vehicles for job creation, economic empowerment and social mobility. It is envisaged that such a programme will be complementary to the ongoing Schools Essay Competition, conducted for students attending primary, all age, secondary and high schools.

## 6.0 Challenges

The following challenges adversely impacted on the Department vis-à-vis its targets.

- a) The unavailability of officers within friendly societies to address the Department's queries and present records for examination and auditing.
- b) Tardiness of producer and service co-operatives in responding to measures aimed at improving their financial viability and effectiveness.
- c) An increase in the number of entities seeking information on registration under the relevant acts.

## 7.0 Summary of Major Focus for 2006/2007 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 208 years for 94 Societies.
Regulation and supervision of Societies through administration of the Co-operative Societies and Friendly Societies 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 70 Societies.  Examination of Financial and Legal Returns for 70 Societies.  Conduct pre-audit checks into 70 Societies.
Effect Corporate Governance and adherence to statutes	Documentation and Implementation of appropriate policies	Collaborate with Boards 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 114 Societies
-do-	Removal of non-performing Societies from the Register.	Review status of Societies that are in breach of the Statutes; recommend and facilitate the process for conducting enquiries and liquidations or resuscitations.	60 Societies' registrations cancelled and/or Societies resuscitated.

<b>POLICIES</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>	<b>PERFORMANCE TARGETS</b>
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, review awards and act upon appeals.	Settlement of 220 cases involving \$28.6 M.
Facilitate Modernization of Legal Statutes.	Modernization of Legal framework.	Facilitate amendments to Co-operative and Friendly Societies Acts & Regulations and Societies Rules.	Revision of Co-operative Societies Legislation. Amendment to the Rules of 30 Co-operative Societies.  Revision of Friendly Societies Legislation. Amendment to the Rules of 30 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 60 Societies to ascertain viability.  550 persons to receive specialized training to manage their Societies' affairs more effectively and efficiently.  Technical advice to Boards of Directors within 140 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 38 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 Movements.	<ul style="list-style-type: none"> <li>- Acquire additional computers and software.</li> <li>- Maintain website</li> <li>- Acquire equipment to facilitate networking of Department to include out offices.</li> </ul>	<p>Full integration of Department's computers with interactive website offering online training and information.</p> <p>Faster turn-around time in communicating and transmitting of information to officers.</p>
Facilitate establishment of appropriate internal control and accounting systems within Societies.	Accountability and transparency of Societies operation.	Timely evaluation of systems and procedures to ensure adequacy.	Adequate system of accountability developed within 40 Societies to enhance transparency, accountability and prevent malfeasance or misfeasance.

## 8.0 Budgetary Allocation

Revised Estimates (2005/06) (\$M)	Proposed Budget (2006/2007) (\$M)
<b>33.35</b>	<b>43.35</b>

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