

**IN THE FOURTH SESSION OF THE SIXTH PARLIAMENT OF THE  
FOURTH PARLIAMENT OF GHANA**

**REPORT OF THE COMMITTEE ON EMPLOYMENT, SOCIAL WELFARE  
AND STATE ENTERPRISES**

**ON THE**

**THE CO-OPERATIVES BILL, 2016**



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## **1.0 INTRODUCTION**

In accordance with Article 103 of the 1992 Constitution of Ghana, the Hon. Minister of Employment and Labour Relations, Hon. Haruna Iddrisu, on Friday 26<sup>th</sup> February, 2016 laid before the House, the Co-operatives Bill 2016. Pursuant to Standing Order 184 Mr. Speaker referred the Bill to the Committee on Employment, Social Welfare and State Enterprises for consideration and report.

## **2.0 PROCEDURE FOR CONSIDERATION OF THE BILL**

The Committee on Employment, Social Welfare and State Enterprises as part of its mandate under Article 106 (4) of the Constitution of Ghana, Standing Orders 125 and 184 published in the media requests for written memoranda on the bill.

Subsequently, the Committee met for three days with stakeholders and officials of the Ministry of Employment and Labour Relation to examine the bill in detail.

## **3.0 ACKNOWLEDGEMENT**

The Committee is grateful to the following for their inputs and support during the deliberations on the Bill:

1. Minister for Employment and Labour Relations, Hon. Haruna Iddrisu
2. Officials of the Ministry of Employment and Labour Relations
3. Officials of the Ghana Co-operative Council
4. Officials of the Department of Co-operatives

#### **4.0 REFERENCE DOCUMENTS**

In examining the bill, the Committee made reference to the following documents:

1. The 1992 Constitution of the Republic of Ghana
2. The Standing Orders of the Parliament of Ghana (2000)
3. Bye-laws of the Co-operatives Council
4. The Co-operatives Bill, 2016

#### **5.0 BACKGROUND**

Co-operative societies were introduced to Ghana in 1928 as part of attempts to improve the quality of cocoa exports. They were extended to the industrial, manufacturing, financial and service sectors.

The main object of the co-operative societies then was to organize their members for mutual self-help as a means of solving their social and economic problems. It was indeed considered as an instrument for poverty reduction.

Successive governments have organized co-operatives for the socio-economic development of the nation. Unfortunately, co-operatives like other small scale businesses in the informal sector have not been able to perform satisfactorily due to the unfavourable micro-economic environment in which they operate.

The first co-operative legislation, the Co-operatives Societies Ordinance (No 4), 1931 was passed in 1931 to regulate the activities of the cocoa marketing societies that were being formed in the then Gold Coast. A new Co-operatives Societies Ordinance (No 15), 1937 was passed to allow for the registration of secondary societies. In 1960 all the co-operatives were disbanded. However, in 1968, they were restored with the promulgation of the Co-operatives Societies Act, 1968 (NLCD 252). This law has since governed the operations of co-operatives with no significant change.

The Act is outdated and there is the need to formulate a new legislation to regulate the diversified activities of the co-operative societies to meet the needs of contemporary developments. This is because the law is oriented towards the control of the co-

operatives rather than promoting initiatives taken for their development. The provision of funds for member-training and lending at moderate interest rates to co-operative societies for enhanced development is not also catered for in the existing law.

The future of co-operatives will not be effected if efforts are not made to keep them abreast with reforms in the co-operative systems in other parts of the world. This is because of the pivotal role co-operatives play in the socio-economic development of every country. The reform will help strategically position co-operatives in Ghana to effectively contribute to the growth of the economy through employment creation, income generation and savings through macro-economic financial activities.

## **6.0 OBJECT OF THE BILL**

The object of this bill is to remove the excessive regulatory provisions and create room for a consultative approach in co-operative management. It is also aimed at granting autonomy and independence to co-operatives in the country as well as establish a decentralized Department of Co-operatives.

### **6.1 PARTS OF THE BILLS**

**Clauses 1 to 15** of the Bill provide for the establishment of a co-operative society. They also provide for a decentralized Department Co-operatives to be established at district, regional and national levels for effective management. The President in accordance with Article 195 of the 19912 Constitution will appoint a Nation, Regional and District Registrars of co-operatives and other staff for the performance of the functions of the Department of Co-operatives.

**Clauses 16 to 25** deal with the formation of a co-operative society. The co-operatives to be established are prohibited from operation until they are registered by the appropriate Registrar. A penalty is imposed for non-registration. The Clauses also provide for the inspection of co-operatives by the Registrar as well as the disposal of surplus income by co-operatives

**Clauses 26 to 28** provide for Yearly assessment of Co-operatives, the amalgamation of co-operatives and division of co-operatives into two or more to operate in other districts.

**Clauses 29 to 36** provide for the Board of Directors of a co-operative society, special general meetings, annual general meetings and the making of bye-laws.

**Clauses 37 to 43** focus on the membership of a co-operative society. It also provides for the qualification for membership of a co-operative, withdrawal from co-operatives,

suspension of members, liabilities for debts of co-operatives and the powers of a co-operative to put a lien on a debt which is payable to it by present and past members.

**Clauses 44 to 48** deal with the financial management of a co-operative society. It provides for the minimum shareholdings, an amount of money that can be borrowed, preparation of annual accounts for submission and the establishment of a Central Finance Facility for the co-operatives.

**Clauses 49 to 56** provide for the Ghana Co-operative College. The College would train executives, members and newly recruited staff of co-operatives. It would build capacities and organise refresher courses for management and staff of co-operatives. The college would award its own certificates. The Governing Board and Academic Board would also be created.

**Clauses 57 to 66** deal with disputes, offences and dissolution. Provide for the procedure for settlement of disputes and the dissolution of co-operatives established by criminal purpose. Provision is also made for a liquidator.

## **7.0 OBSERVATIONS AND RECOMMENDATIONS**

### **7.1 DECENTRALISATION OF THE DEPARTMENT OF CO-OPERATIVES**

It was realized that the bill seeks to decentralize the Department of Co-operatives for easy access and supervision. Offices would be created in all districts and regions to prevent members from coming all the way to Department of Co-operatives in Accra for registration and other requirements. The Committee recommends that approval should be given for the recruitment of staff to man the new offices to be created when the bill is passed because the department does not currently have the required staff strength to do so.

### **7.2 AUDITING OF CO-OPERATIVES**

The Committee realized that Co-operative Council has been given the mandate under this bill to audit all co-operatives. The Council has not however got the capacity or the resources to carry out the activity. The Committee therefore recommends that the

Department of Co-operatives which is the supervisory body should rather play that role since the Council has not got the capacity to play that role and cannot be a judge in its own course.

### **7.3 RECRUITMENT OF STAFF OF THE DEPARTMENT OF CO-OPERATIVES**

It was noted that the Local Government Service been given the mandate under this bill to recruit in consultation with the Department of Co-operatives, staff for the district and regional offices of the decentralized of Department of Co-operatives. It was also noted that the Department of Co-operatives is not mentioned as one of the departments to be decentralized in the Local Government Act, 2003. It was explained that the arrangement would ensure effective decentralization and proper integration and supervision of staff. The Committee recommends that adequate consultations should be made to prevent future misunderstandings. The Committee is of the view that the staff should be engaged by the Ministry of Employment and Labour Relations and allowed to serve in the District Assembly to prevent conflict and ensure a proper reporting structure. This is because it would be difficult for the Department of Co-operatives to supervise and control activities of staff it did not employ.

### **7.4 FUNDING OF THE CO-OPERATIVES COUNCIL**

It was realized that the Co-operatives Council is currently resourced by government and has not over the years been able to collect adequate dues from its members to ensure that it performs optimally. There is therefore the need for the Co-operatives Council to be properly resourced under the law and provided the necessary staff and equipment to allow for effective promotion, education and monitoring of the co-operatives. The Committee therefore recommends that the Co-operatives Council should be proactive in the collection of its fees to ensure that it carries out its mandate under the law effectively.

## 7.5 GHANA CO-OPERATIVES COLLEGE

It was realized that the Co-operatives Bill, 2016 seeks to make the Ghana Co-operatives College autonomous although it would continue to train staff and management of all the co-operatives. The College is however not very well resourced and would need to be provided financial and human resources to perform as envisaged. The Committee recommends that the Ministry of Employment and Labour Resources should assist the college to secure the needed resources to ensure that it performs its training and research activities effectively.

## 8.0 AMENDMENTS

The Committee after careful consideration of the Co-operatives Bill, 2016 recommends the following amendments:

1. Clause 3 - Amendment proposed - Paragraph (d) line 3 after “human” insert “and financial”
2. Clause 4 – Amendment proposed - Insert a new sub-clause “ A member of the Council shall hold office for two consecutive terms and is eligible for re-election after the lapse of a term”
3. Clause 5 – Amendment proposed - Sub-clause (1) paragraph (c) line 1 after “giving” insert “ professional”
4. Clause 5 - Amendment proposed - Sub-clause (1) paragraph (g) line 1 delete “making enquiries into” and substitute “monitor”
5. Clause 5 – Amendment proposed - Sub-clause (1) paragraph (i) delete
6. Clause 5 – Amendment proposed - Insert a new clause “ensuring that members abide by the law”

7. Clause 5 – Amendment proposed - Sub-clause (2) line 1 delete “shall” and substitute “may”
8. Clause 7 – Amendment proposed - line 1 after “council” insert “and” and in line 2 delete “and the District Assemblies”.
9. Clause 10 – Amendment proposed - Introduce a new clause “ The National Registrar shall register co-operative associations”
10. Clause 10 – Amendment proposed - Introduce a new paragraphs:  
 (a) “audit corporative associations”  
 (b). “be an arbiter to co-operatives”  
 (c). “Enquire into the operations of co-operatives”  
 (d) “be a liquidator of co-operatives
11. Clause 10 – Amendment proposed - paragraph (b) line 2 before “dissolved” insert “liquidate or”
11. Clause 10 – Amendment proposed- Paragraph (c) line 3 after “co-operatives” insert “in consultation with the Public Service Commission
12. Clause 10 – Amendment proposed - Paragraph (e) line 3 after “name of” delete “a” and insert “an existing”
13. Clause 13 – Amendment proposed - paragraph (b) line 1 after “co-operatives” insert “and inform the Registrar”



- 14 Clause 13 - Amendment proposed - Insert the following new paragraphs  
“(d) Register Regional Co-operative Unions”  
“(e) Audit Regional Unions”
15. Clause 14 – Amendment proposed - Sub-clause (1) line 1 delete “Section” and substitute “Unit” and do same wherever it occurs in this clause.
16. Clause 15 – Amendment proposed - Sub-clause (1) paragraph (c) line 2 after “dissolved or” insert “liquidated”
16. Clause 15 – Amendment proposed - Sub-clause (1) paragraph (d) line 1 delete “reasonably”
17. Clause 15 – Amendment proposed - Sub-clause (4) insert a new paragraph  
“(e) Auditing of District Co-operations”
18. Clause 17 – Amendment proposed - Sub-clause (1) paragraph (b) line 2 after “co-operatives” insert “society”
19. Clause 17 – Amendment proposed - Sub-clause (3) line 1 delete “central” and substitute “Regional”
20. Clause 17 – Amendment proposed - Sub-clause (3) line 4 delete “tertiary” and after “co-operative” delete “or an”.
21. Clause 18 – Amendment proposed - Sub-clause (2) line 2 after “accompanied” delete “by” and substitute “with”
22. Clause 19 – Amendment proposed - Sub-clause (4) line 3 delete all words after “Regional Minister”
23. Clause 19 – Amendment proposed - Sub-clause (6) line 2 delete “Registrar” and substitute “Minister”

24. Clause 19 – Amendment proposed - Insert a new sub-clause as follows: “Upon receipt of all prescribed documents the Registrar shall within a period of 90 days respond to the appeal”
25. Clause 20 – Amendment proposed - Sub-clause (3) line 1 after “co-operatives” insert “society” and before “pre-incorporated” insert “related”
26. Clause 20 – Amendment proposed - Sub-clause (3) line 2 delete “authorized by the initial promoters” and substitute “and approved by the society”
27. Clause 24 – Amendment proposed - Sub-clause (2) line 2 after “Facility” insert “as specified under section 47 of this Act”
28. Clause 26 – Amendment proposed - Sub-clause (5) line 1 delete “performance poorly” and substitute “performing poor”
29. Clause 27 – Amendment proposed - Sub-clause (3) line 1 delete “14” and substitute “16”
30. Clause 29 – Amendment proposed - delete and substitute with the following new sub-clause “A member of the Board shall not be absent for three consecutive times without permission and shall be liable to a fine as specified in section 59 of this Act”
31. Clause 29- Amendment proposed - sub-clause (4) line 3 after “offence” insert “liable to a penalty specified in section 59 of this Act”
32. Clause 29 – Amendment proposed - Insert a new sub-clause “The Board may co-opt technical persons when necessary to attend its meetings but a co-opted person shall have no casting vote”
32. Clause 30 – Amendment proposed - Sub-clause (2) after “lapse of a” delete “a”

33. Clause 37 –Amendment proposed - delete paragraphs (a) and (b) and substitute with a new paragraph “Is 18 years and of a sound mind”
34. Clause 41 – Amendment proposed - Headnote before “Member” insert “Past”
35. Clause 41 – Amendment proposed - Sub-clause (2) line 1 after “past member” insert “plus its accrued interest”
36. Clause 41 – Amendment proposed - Sub-clause (3) line 1 before “estate” insert “guarantors, next of kin and”
37. Clause 41 – Amendment proposed - Introduce a new sub-clause as follows:  
 “A person after ceasing to be a member shall not be liable to debt incurred by the co-operative after he has ceased to be a member but shall be liable to operational debts incurred by the co-operative when he was a member”
38. Clause 46 – Amendment proposed - Sub-clause (3) line 2 delete “Council may” and substitute “Department shall”
39. Clause 46 –Amendment proposed - Sub-clause (4) line 2 delete “if it has the resources to do so”
40. Clause 46 – Amendment proposed - Sub-clause (5) line 1 delete “Council” and substitute “Department”
41. Clause 46 – Amendment proposed - Sub-clause (7) line 1 delete “balance sheet” and substitute “Statement of financial position”
42. Clause 48 – Amendment proposed - Paragraph (c) delete

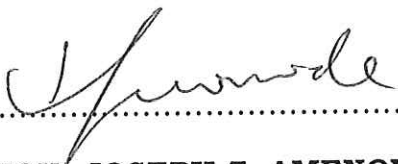
43. Clause 48 – Amendment proposed - Introduce a new Clause:  
Funds of the Co-operative Council
- (a) 5% of the funds of the Central Finance Facility
  - (b) Moneys received from government
  - (c) Fees charged by the Council
  - (d) Any other funds that the Council may generate
44. Clause 50 – Amendment proposed - Introduce the following new paragraphs
- (e) Provide consultancy services to co-operatives
  - (f) Conduct research into the operations of co-operatives
45. Clause 51 – Amendment proposed - Sub-clause (1) paragraph (VI) line 2 delete “Social Welfare” and substitute “Labour Relations”
46. Clause 51 – Amendment proposed - Sub-clause (1) paragraph (b) line 2 after “Secretary-General” insert “One of whom shall be a woman”
47. Clause 51 – Amendment proposed- Introduce a new sub-clause “two women with knowledge in co-operatives nominated by the president”
48. Clause 53 – Amendment proposed - Insert a new paragraph “Design modules for the training of executives, Members and employees of the co-operatives”
49. Clause 55 – Amendment proposed - Insert a new Sub-clause “The principal shall be appointed by the college council”

- 50. Clause 54 – Amendment proposed - Headnote delete “and diplomas”
- 51. Clause 54 – Amendment proposed- Line 1 delete “and diplomas”
- 52. Clause 59 – Amendment proposed - paragraph (b) line 2 after “Co-operative” insert “and section 44(3) of this Act”
- 53. Clause 65 – Amendment proposed - Interpretations: delete meaning of “Young persons” and “Co-operator”

**9.0 CONCLUSION**

Co-operatives formed the back bones of the cocoa industry in the early 1950s and continue to assist small scale industry operators in the country. They have however not received the needed support to ensure adequate growth in the agricultural, manufacturing, financial and transport sectors. If full economic development of the country can be realized, there may be the need to assist in revamping the co-operatives. The bill seeks to address the inadequacies in the operations of the co-operatives and hat would ensure sustainable growth in the co-operatives.

In this regard, the Committee proposed that the bill be passed into law subject to the amendments proposed.



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**HON. JOSEPH Z. AMENOWODE  
CHAIRMAN, COMMITTEE ON EMPLOYMENT, SOCIAL WELFARE  
AND STATE ENTERPRISES**



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**ANITA QUARTEY-PAPAFIO  
CLERK, COMMITTEE ON EMPLOYMENT, SOCIAL WELFARE  
AND STATE ENTERPRISES**

