

**The Co-operatives Department of the
Ministry of Commerce, Consumer Affairs & Business Development**

A co-operative is a commercial enterprise which is formed by and operated for the benefit of those using it. In Barbados cooperatives include marketing co-operatives, transportation co-operatives, fishing co-operatives, consumer co-operatives and credit unions. Credit Unions are co-operatives whereby the members, through regular savings, create a fund for which loans are made to members for provident or productive purposes.

There are currently eleven (11) non-credit union co-operatives in Barbados with total assets estimated at \$4.2 million at March 2004. This is relatively small compared to its sister organization the Credit Union Cooperative. To date there are thirty eight (38) Credit Unions with membership reaching 112,681. This significant growth in membership over the years has resulted in assets rising from almost nothing in the 1950s to \$729 million at October this year. Thus the need for the safety and soundness of the societies are the primary purpose of the Cooperatives Department.

Government has always exercised a social responsibility to the people of Barbados and regulating and supervising Co-operatives and Friendly Societies is one mechanism used to achieve this.

The Co-operatives are regulated by the Department of Cooperatives and Friendly Societies. The co-operatives Department administers the following Acts of Parliament:

- (a) The Co-operative Societies Act Cap. 378A.
- (b) The Friendly Societies Act Cap 379.
- (c) Building Societies Act Cap. 377; and
- (d) Industrial & Provident Societies Act Cap 380.

The Government is currently in the process of amending the Co-operative Societies Act, which governs all co-operatives. With the view to:

1. Permit minors to become members of a credit union and to prohibit non-members from making deposits;
2. Make different provisions in respect of the capitalization level of credit unions;
3. Extend the liquidity reserve of credit unions to include shares;
4. Make different provisions in respect of the management and investment of the funds of societies;
5. Give the Registrar power to make guidelines to ensure the safety and soundness of the funds of societies;
6. Make provision for an annual budget to be presented to by members of credit unions;

7. Clarify the duties and liabilities of directors and officers of credit union; and
8. Generally, to clarify the law and make better provision for the regulation of credit unions.

There are currently no societies registered under the Building Societies Act, Cap 377 or the Industrial and Provident Societies Act Cap 380.

The Registrar of Cooperatives is responsible for carrying out the following functions:

- Regulating and supervising the Co-operatives and Friendly Societies;
- Assisting in the formulation, interpretation and implementation of Co-operatives Policy;
- Organising, carrying out and encouraging measures for the development of Co-operatives;
- Carrying out examinations of the Societies;
- Registering Co-operative Societies and Friendly Societies;
- Ensuring that a complete audit of co-operatives is carried out annually;
- Undertaking financial analyses to ensure safety and soundness of societies;
- Settling of disputes within the Societies; and
- Dissolving and liquidating societies when necessary.

The Department presently comprises a staff of fourteen (14) which includes, the Registrar, Deputy Registrar, one (1) Senior Co-operatives Officer, Six(6) Co-operatives Officers, two (2) Stenographers, two (2) Clerical Officer and one (1) maid.

The present Co-operative Societies Act was passed in 1990 and proclaimed on March 15, 1993. The new regulations under the Act came into force in 1993. The Act is currently undergoing some amendments and it is hoped that in the not too distant future, changes being sought would further strengthen the operations of the movement making the societies safer and sounder.

The technical staff of the Department received training in Financial Risk Management in the year 2003 to assist them in their examination procedures. Areas covered were:

- Internal Controls
- Asset/Liability Management
- Capital Management
- Liquidity Management
- Corporate Governance
- Credit Management
- Investment Management
- Asset Quality

As a result of the above training, examinations focused more on risk analysis and risk mitigation, thereby channelling scarce resources in the organizing of vital areas for the betterment of the sector.

Quality of Customer Service

A suggestion box is located in the lobby where it can be accessed by customers who may make suggestions for the improvement of customer services.

Computerisation

The Department is presently computerized and is in a position to generate financial data of which copies are sent to the Ministry of Economic Affairs, Central Bank of Barbados and the Statistical Department on a quarterly basis. The office provides data to other agencies such as the Barbados Co-operative and Credit Union League. This data facilitates better planning and decision making.

Future Plans

In order to promote and ensure the safety and soundness of Co-operatives, the Co-operatives Officers examine the affairs of the societies at regular intervals. Depending on the perceived risks, these examinations are conducted with varying scopes and frequencies.

When the Co-operative legislation is amended it is hoped this will result in higher level adherence to performance standards among other things.

One acknowledges that as the sector grows the need for increase in personnel for its monitoring will also increase. This will facilitate better coverage of areas being attended to, especially the non-credit union co-operatives; resulting in higher efficiency and effectiveness of the Department.

The Co-operatives Department will continue to assist the Barbados Co-operative and Credit Union League Limited with training by providing the resource persons where possible.