



Department of Co-operatives and Friendly Societies (DCFS)

MINISTRY OF INDUSTRY, INVESTMENT & COMMERCE (MIIC)



Annual Report 2013/2014

MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES



VISION STATEMENT

‘TO TRANSFORM THE DEPARTMENT OF
CO-OPERATIVES AND FRIENDLY SOCIETIES
TO POSITION CO-OPERATIVES, INDUSTRIAL
& PROVIDENT AND FRIENDLY SOCIETIES
AS A VIBRANT AND VIABLE SECTOR WITHIN
JAMAICA’S SOCIO-ECONOMIC
DEVELOPMENT BY 2018.’

MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES



MISSION STATEMENT

‘TO CONTRIBUTE TO THE SOCIAL AND
ECONOMIC DEVELOPMENT OF THE NATION
BY FACILITATING THE ESTABLISHMENT AND
REGULATION OF CO-OPERATIVES AND
INDUSTRIAL & PROVIDENT SOCIETIES AS
VIABLE BUSINESS ALTERNATIVES AND
FRIENDLY SOCIETIES AS EFFECTIVE
SOCIAL ORGANIZATIONS AND PROTECTING
THE STAKEHOLDERS’ INTEREST.’

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1. CORPORATE DATA

The Department of Co-operatives and Friendly Societies (DCFS)

is a Division of the Ministry of Industry, Investment and Commerce and has been in existence since 1950. The Department has been privileged to serve under the following Ministries:

- Ministry of Agriculture
- Ministry of Parliamentary & Regional Affairs
- Ministry of Youth & Community Development
- Ministry of Local Government & Community Development
- Ministry of Local Government & Works
- Ministry of Commerce, Science and Technology (with Energy)
- Ministry of Industry, Technology, Energy and Commerce
- Ministry of Industry, Investment and Commerce.

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Sub Offices

The Department maintains two (2) Sub-offices, which facilitate the work of four (4) Inspectorate Officers with responsibilities for the parishes of St. Ann, Trelawny, St. James, Westmoreland, Hanover, St. Elizabeth, Clarendon and Manchester. These offices are located at:

The Office of The Prime Minister
10 Delisser Drive
Montego Bay, St. James
Tel: 952-7913

Rural Agricultural Development
Authority (RADA)
Barham Plaza
Mandeville P.O.
Manchester
Tel: 287-4580/3

2. MANAGEMENT TEAM



ERROL A. GALLIMORE, JP

Errol now the Registrar of Co-operative Societies & Friendly Societies joined the staff in 1980 and was assigned to the Audit Section and was promoted to Supervisor with-in a reasonable short period. He had a passion for financial matters and so he further built on the training he received on the job by doing extensive research on financial matters. It was no surprise that he worked his way to the top of the Audit Section by 1999; this position he held until he was appointed Registrar in 2010. He has studied at the Loughborough University in England, Xavier University in Canada, Management Institute for National Development as well as the Jamaica Paralegal Institute in Kingston.



SONIA V. SMITH

Sonia is currently the Director with responsibilities for the Inspectorate Section. She joined the Department in 1979 as a Co-operative Officer after graduating from the Jamaica School of Agriculture. Since then she held several positions in the Department. She possesses a wealth of knowledge gained through training in Co-operative management and development from Hungary, Israel and England. She holds a BSc. Degree in HRM, Associate Degree in Co-operative Management and a Diploma in Agriculture. She is married with six (6) daughters.



LAVERN GIBSON-ECCLESTON

Lavern, began her career at the Department as an Auditor and has moved her way up to her current position as Director of Audits and Investigations. She is accountable for the audit of the accounts of all Co-operatives and Friendly Societies, their financial management, and the investigations into fraudulent or unlawful use of these Societies' funds and assets.

She is a Professional Accountant, married and has two (2) daughters.



PAULETTE A. KIRKLAND, B.Sc., JP

Paulette, As the Director of Research, Training and Development is responsible for the provision of Co-operative Education and the facilitation of training and developmental activities of Groups seeking registration as well as registered Societies. She has been with the Department for the past fifteen (15) years and has held several positions over the period. Ms. Kirkland graduated from UWI, Mona with a BSc. in Management Studies, and also holds Post Graduate Diplomas in Human Resource and Public Sector Senior Management Development. Paulette Kirkland is a certified trainer of trainers by HEART/NTVET. She serves as a Justice of the Peace for the Parish of Kingston and is a member of the Kiwanis Club of New Kingston.

Her involvements in a number of civic duties and social activities have touched the life of many.



The end of another year and the Co-operative and Friendly Societies Movements remain dedicated towards the development of Jamaica through provision of products and services and charitable means. In the midst of a challenging landscape, these entities remain resonate towards their goals; with the Department of Co-operatives and Friendly Societies providing assistance where possible. It is against this, that the Department looks forward to these Movements continue resilience within the year 2014; as these entities are imperative to the growth and development of the Nation.

The Department, having received the responsibility of the Charities Act also anticipates new experiences which will no doubt contribute to our growth as regulators. As we move forward in this new year, let us reminisce on the words of Martin Luther King, Jr. "Change does not roll in on the wheels of inevitability, but comes through continuous struggle..."

CHARITIES ACT

On December, 2013 the Department

of Co-operatives and Friendly Societies was designated the Authority for charities as provided for within the Charitable Organisations (Tax Harmonisation) (Miscellaneous Provision) Act which was passed by parliament in May, 2013. The Act which is a vital of the Extended Fund Facility between Jamaica and the International Monetary Fund seeks to regulate all persons and organisations established to carry out charitable means. The legislation will therefore register, regulate and administer all charities desirous of tax relief.

The legislation which harmonised the various tax statutes which previously provided for tax exemption for Charities has standardized the definitions for the terms "approved charitable organisation" and "charitable purposes" for tax use and has resulted in amendments to Customs Act, Business Tax Order, General Consumption Act, Income Tax Act, Property Tax Act, Stamp Duty Act, and the Transfer Tax Act.

Errol Gallimore
Registrar of Co-operative Societies
& Friendly Societies



4. INTRODUCTION

The Department of Co-operatives and Friendly Societies has responsibility for administering the Co-operative Societies Act, the Friendly Societies Act and the Industrial and Provident Societies Act and their respective Regulations. Effective January 1, 2014, the Department also has been designated 'Charities Authority' with the responsibility for registering charities within Jamaica.

The Department's focus is to ensure stability within the Movements

- 520 Industrial and Provident Societies
- 159 Co-operative Societies
- 436 entities under the Friendly Societies Act to include Benevolent Societies.
- 54 Charitable Organization

The mandate of the Department is facilitate through the following activities:

- Registration of Societies
- Registration of Rules
- Inspection and Supervision
- Annual Audits and Investigations
- Settlement of disputes
- Conducting of Inquiries
- Suspension of Registrations
- Cancellation of Registrations
- Dissolution and Liquidation
- Training and Promotion

- Development and Research
- Planning and Capacity Building Programmes

In addition, the Department monitors and assists with the development of the Co-operative Movement in keeping with Government's policies and global trends, the monitoring of the Industrial and Provident Societies and the providing of technical assistance to facilitate sustainability and social mobility of the Friendly Societies Movement.

The Department has three (3) main Sections through which its programmes are executed:

- **Inspectorate:** Ensure entities are operating in keeping with various Statutes and Regulations.
- **Audits and Investigations:** Audits annually the Financial Records and systems. Investigates reported and suspected incidences of fraud or misappropriation.
- **Research, Training and Development:** Facilitates the registration process. Effects capacity building activities for DCFS's staff, and personnel and other volunteers within the Movements. Conducts research, promotional and developmental activities.

As a Regulatory Authority the



4. INTRODUCTION

Department conducts effective monitoring and inspections to ensure:

- Compliance with standards ;
- Safety and soundness of public funds invested;
- Establishment of sound internal control systems;
- Compliance with the Rules, Acts, Regulations and policies governing Societies.

As an Auditor, the Department ensures:

- Compliance with the International Accounting Standards (IFRS);
- Transparency and accountability of operations;
- Societies are appropriately advised on financial and operational conditions based on the findings from the Audit Process;
- Development of Accounting Systems
- Business plans for Groups seeking registration under the Co-operative Societies Act are assessed

As a Facilitator the Department:-

- Assesses the applications of Groups seeking Charitable Status to ensure that they are engaged in activities geared toward charitable purpose;
- Liaises with Tax Administra-

tion Jamaica (TAJ) designated 'Commissioner General' and the Registrar of Companies, designated 'Registrar of Charities' under the Charities Act 2013 in effective the registration of Charitable Organization.

- Assesses the applications of Groups seeking registration as Co-operative Societies;
- Validates that Groups seeking registration as Benevolent Societies programmes as proposed will provide benefits to stated stakeholders/beneficiaries;
- Validates that Groups seeking registration as Industrial and Provident Societies objects are in keeping with the I & P Act.
- Ensures that Groups seeking registration as Friendly Societies are engaged in activities geared toward the relief and maintenance of members;
- Rejects applications that did not meet the required standards;
- Liaises and collaborates with external entities such as; Jamaica Social Investment Fund (JSIF), Social Development Commission (SDC), Citizen Security and Justice Programme (CSJP), and Rural Agricultural Development Authority



4. INTRODUCTION

(RADA) to acquire technical and financial support to entities on register.

- Ensures that operational assessments are conducted and appropriate feedback provided.
- Facilitates capacity building programmes.





5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

5.1 INSPECTORATE SECTION

The following regulatory activities were accomplished for the period April 2013 – March 2014.

5.1.1 Inspections

<i>Full and Partial Inspections</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2013/14	129	106	82.2%

This activity impacted One hundred and six (106) Societies' operations which were inspected in 2013/14 and for which numerous breaches of Rules, Statutes and lack of proper internal control systems were detected.

The necessary interventions were facilitated for corrective actions to be undertaken which included dismissal of staff and in two instances staff was legally charged by the Courts for misappropriation of funds. Where Officers on Committees were involved affidavits were secured for repayment of unaccounted funds.

5.1.2 Pre-audit Checks

<i>Pre Audits Checks</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2013/14	106	157	148.1%

The objective of this activity was to facilitate the auditing of accounting

records within six (6) months after the closure of the Societies' financial year and for the convening of Societies' Annual General Meetings.

Pre-audit checks were undertaken for one hundred and fifty-seven (157) Societies in 2013/14 which represented an achievement of 148.1% of projection. However, in some instances the Societies had more than one year's financial audits processed.

5.1.3 Mergers

The Department of Co-operatives & Friendly Societies' (DCFS) regulatory efforts complemented by the Bank of Jamaica (BOJ) attributed mergers in instances where (i) credit union were unable to fulfill prudential requirements; (ii) credit unions were unable to secure the necessary membership base to maintain viability; and (iii) credit unions acted upon both the DCFS's and BOJ's assessment of their operations determined that the particular credit union was non-viable and unprofitable.

By all accounts, in anticipation of the more stringent regulatory oversight from the BOJ in the foreseeable future, mergers was deemed to be the credit unions' most effective alternative strategy to mitigate the legal restrictions that a common bond imposes on the ability of credit unions to expand their customer base.



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

This strategic means of repositioning and consolidating by way of merger suggested that stakeholder's interest would be best preserved and such strategy is likely to be continued in the foreseeable future. Since 2013 several Credit Unions have announced their intention to integrate.

Mergers in the Credit Union sector is expected to increase as the community bankers' position themselves to strategically streamline their operations and shore up their capital base ahead of what will be tighter regulatory requirements by future overseer, the Bank of Jamaica.

During the period under review:-

C&WJ and Westmoreland Credit Unions Merger (August 2013)

Westmoreland and C&WJ Credit Unions merged their operations on August 31, 2013. The combination has created the fourth-largest credit union with asset base of J\$5.56 billion and a membership base of 64,000 spanning 14 branches in seven parishes.

JPS and Partners Credit Unions Merger (August 2013)

Effective August 31, 2013 Kirkvine and Ewarton Works Credit Union merged via Transfer of Engagement to JPS & Partners Cooperative Credit Union thus consolidating their operations. This merger resulted in a

combined asset base of J\$3.8 billion.

First Regional Cooperative Credit Union Merger (July 2013)

First Regional Cooperative Credit Union, merger with Round Hill Staff Credit Union and Hospitality Industries Credit Union which took effect July 1, 2013.

First Regional Cooperative Credit Union, whose operations were previously confined to two parishes, expanded its reach from the merger with the two smaller Credit Unions whose members were drawn from the hospitality sector. This will result in the merged entity serving 53,000 members through a network of 10 branches throughout and total assets at J\$3.2 billion.

Palisadoes Co-operative Credit Unions Merger (December 2013)

Petroleum Industries Employees Co-operative Credit Union ceased to exist on December 31, 2013 via a merger in the form of Transfer of Engagements to Palisadoes Co-operative Credit Union limited

AAMM & UWI (mona) Community Co-operative Credit Unions (Amalgamation)

Both Credit Union's Boards has signed a Memorandum of Understanding which will lead to greater economies of scale. This decision



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

culminated the process of discussions that began in June 2013 when the idea of the amalgamation of the two Credit Unions was born. The proposed merger of the two (2) Credit Unions will result in an asset base of approximately \$4.1 billion dollars. This will significantly improve the earnings ability of the new amalgamated entity for future periods.

5.1.4 Financial Assessments

<i>Financial Assessments</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2013/14	172	150	87.2%

One Hundred and Seventy-Two (172) Societies in 2013/14 were targeted to have their financial performances assessed however this target was surpassed and resulted with an increase of Thirty Six (36) Societies or an overall achievement of 87.2% of projection.

5.2 AUDITS AND INVESTIGATIONS

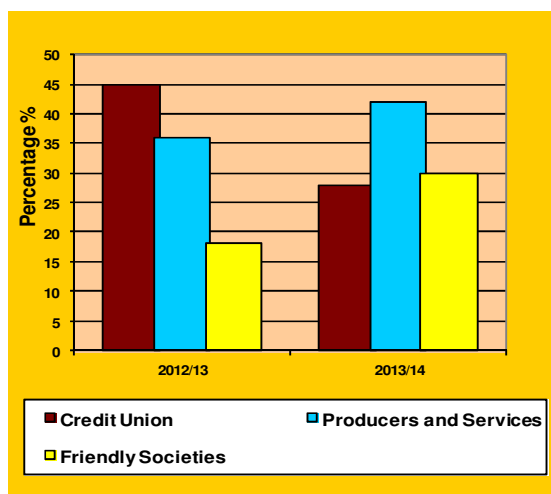
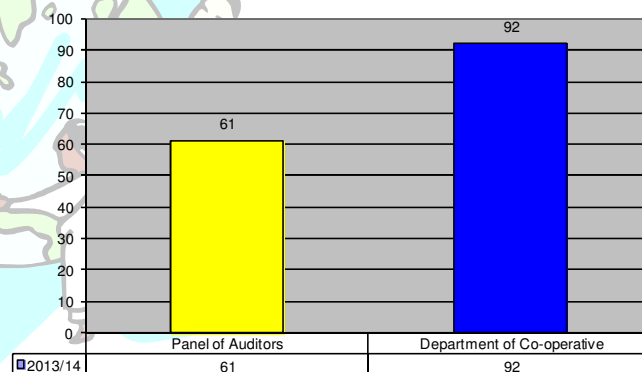
The unit has a staff complement of ten (10) Officers which includes a Director, two (2) Senior Auditor, four (4) Auditors and two (2) Assistant Auditors and a Secretary.

A total of one hundred and fifty three (153) Societies were audited for the period 2013/14; ninety two (92) were completed internally and sixty-one

(61) completed externally by the Department's panel of Auditors. These Audits represent two hundred and twenty-seven (227) financial years.

Producers and Services were among the Societies with the greatest level of compliance as they represented 42% of the audit for the period under review. Societies registered under the Friendly Societies Act represented 30% while Credit Unions represented 28% for 2013/14.

NUMBER OF AUDITS COMPLETED BY DEPARTMENT AND PANEL OF AUDITORS 2013/2014





5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

The increase in the audits of Producers and Services was due mainly to ensure compliance by all Societies in having a yearly audit with specific focus on this sector for the financial year. Friendly Societies were targeted during the last financial year as the focus of the Registrar is to have compliance in all Societies or be faced with Regulatory Sanctions. This resulted in an increase in the number of records received for Auditing.

There was an increase in the numbers of Credit Unions audited for the 2013/14 financial year due mainly to a delay in the Actuarial Valuation of the Pension Fund by the Actuaries. The Registrar granted approval for an extension of the deadline from March 31, 2013 to April 30, 2013.

5.2.1 Audits

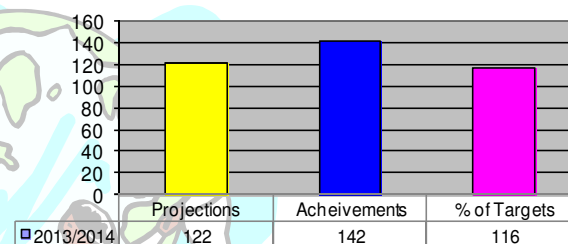
Audit			
Year	Projection	Achievement	% of target
2013/14	Two Years and less		
	122	142	116%
	Over Two (2) Years		
	40	11	27%

The Section facilitated the completion of one Hundred and forty-two (142) Societies' audits in the 'two years and less' category and eleven (11) Societies' audits completed in the 'over 2 years' category. This represents an achievement of 116 %

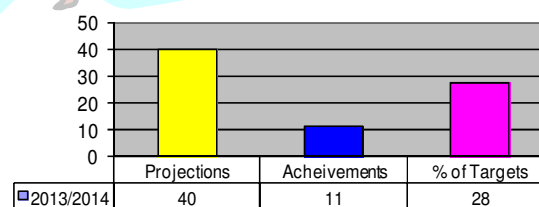
and 30% respectively of projection.

These percentages represent an increase over the same period last year for the 'two or less' category and a decrease 'in the over two years' category. This indicates that the drive to increase compliance has been fruitful as there are fewer Societies with outstanding audits.

AUDIT OF ACCOUNTS TWO (2) YEARS AND LESS 2013/2014



AUDIT OF ACCOUNTS OVER TWO (2) YEARS 2013/2014



5.2.2 Investigations

Investigations			
Year	Projection	Achievement	% of target
2013/14	-	3	100%

Investigations are conducted based on



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

reported cases and as such no projections were made for this activity; for the period Investigations were conducted for the following Societies:

▪ ***Jamaica Public Service Co-operative Credit Union Limited:***

A Special investigation was conducted in the operations and governance structure of the Credit Union based on a request by the Registrar. This was based on complaints received on the stewardship of the Board in dealing with issues that affects the safety and soundness of the Society.

The finding were discussed and recommendations accepted by the Board.

▪ ***First Heritage Co-operative Credit Union Limited:*** A Special Investigation was conducted into a customer's complaint about unauthorised disclosure of personal balance.

▪ ***Correctional Service Co-operative Credit Union Limited:*** Special investigation was conducted into dispute between the Credit Union and a member. Recommendations were made to the Board on the process that should be followed in having the matter resolved.

5.2.3 Development of Accounting Systems

The objective of this activity is to develop functional accounting systems within Societies and improve the quality of book-keeping practices which would increase the number of Monthly Financial Returns and results in timely submission of the accounting records to facilitate an audit of the Societies records.

For the period 2013/2014, eleven (11) accounting system were developed, representing 92% achievement over target compared to 42% for the 2012/2013 financial year.

Development of Accounting Systems			
Year	Projection	Achievement	% of target
2013/14	12	11	92%

5.2.4 Assessment of Accounting System

The objective of the activity is to access the system used by the Society to determine weaknesses and adequacy and make recommendations for improvements where necessary. For the 2013/2014 financial years, twenty-three (23) societies were assessed representing 77% of projection.

This was 59% less than the achievement for the 2012/2013 financial year due mainly to a reduction in the requests for



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

assistance from the other sections in conducting assessments.

5.2.5 Assessment of Accounting Systems			
Year	Projection	Achievement	% of target
2013/14	30	23	77%

5.2.6 Other Activities Performed by the Section

- **Assessment of Business Plans** - The assessment of business plans were done for groups seeking registration under the Co-operative Societies Act to determine the feasibility of the proposed venture before being considered for registration. Eight (8) business plan were assessed by the Section; Seven (7) were found feasible as a business venture.
- **Review of Annual Returns and Financial Statements for Industrial and Provident Societies** - The section reviewed Annual Returns and Financial Statements for compliance with the Industrial and Provident Societies Act, International Financial Reporting Standard, Tax Laws and other Act relevant to their own operation.

There has been marginal improvement in Societies compliance as they are now

becoming aware of the Departments roles in the regulating of their Societies. In order to achieve compliance letters of good standing have been denied to a number of Societies where it is evident that the Societies have failed to file Annual Returns or have their accounts audited as required by Law.

The Unit continues to provide guidance to these Societies as they seek to improve their knowledge on the requirements of the Act and the Rules that govern their operation.

5.3 RESEARCH, TRAINING AND DEVELOPMENT

The Research, Training and Development Section had a staff complement of nine (9) Officers for the year under review.

The main activities of the Section involved facilitating the Registration of entities under the Co-operative Societies Act, Friendly Societies Act (Benevolent, Friendly and Specially Authorized Societies), the Industrial and Provident Societies Act and the Charity Act. This was achieved via activities such as group organization, group supervision, recommendation for registration and providing technical support before and after registration.



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

Other activities includes the development of Societies through the following intervention: development planning, resuscitation of Societies, training, technical support and business counselling as well as responsibility for special projects.

5.3.1 Group Organization

Group Organization			
Year	Projection	Achievement	% of target
2013/14	55	73	133%

While fifty-five (55) groups were targeted to be organised, seventy-three (73) were achieved; representing 125% of target.

5.3.2 Group Supervision

Group Supervision			
Year	Projection	Achievement	% of target
2013/14	45	53	118%

In the year under review, 118% was achieved in relation to target for Group Supervision.

5.3.3 Registration of Societies

Registration of Society			
Year	Projection	Achievement	% of target
2013/14	40	53	132.5%

The figures show that a 132.5% achievement for the year under

review for the Registration of Industrial and Provident, Co-operatives and Friendly Societies.

Additionally the Department has registered fifty-four (54) Charitable Organization as part of its' nearly assigned responsibility as Charities Authority.

See *Appendix II* for Societies registered over the period.

5.3.4 Development Planning, Resuscitation and Cancellation

Development Planning			
Year	Projection	Achievement	% of target
2013/14	11	11	100%

To date eleven (11) Societies are now receiving assistance in developmental activities. This represent a 100% achievement of target.

5.3.5 Appraisal of Rules

Appraisal of Rules			
Year	Projections	Achievements	%of targets
2013/14	65	76	117%

The appraisals of Rules were done in order to complement the registration process as well as to ensure compliance with Regulation.



5.3.6 Education and Training

The year 2013/14 saw a 162% achievement of target, as one thousand, two hundred and nineteen (1,219) personnel within the Movements received training.

<i>Training of Individuals (Movements)</i>			
<i>Year</i>	<i>Individuals</i>		<i>% of target</i>
	<i>Projection</i>	<i>Achievement</i>	
2013/14	750	1,219	162%

This resulted with the facilitation of registration for fifty-three (53) organizations under the Co-operative and Friendly Societies Acts.

The Department continues to collaborate with government funded and non-government organization to provide post registration training. Presently the Department has signed MOU's with Jamaica Social Investment Fund (JSIF) and Citizens Social Justice Programme (CSJP). In some instance training was undertaken through a collaborative approach, but as per its mandate the Research, Training and Development Section had portfolio responsibility in executing the training exercises.

5.3.7 Staff (DCFS)

DCFS Staff Training

Several members of Staff participated in various training sessions. These included:

- Government of Jamaica Procurement Planning Workshop
- Government Accounting
- Certificate in Administrative Management

Technical Officers also pursued other courses. These included:

- ISO 9001:2008 Quality Management System Training for the Document and Management Teams to facilitate documentation and implementation

The Department also provided In-House training, some of the topics covered were:

- Mergers: Amalgamation and Transfer of Engagement
- Industrial and Provident Societies Act: Cancellation and Filling of Returns
- NDX 2 and it's impact on Credit Union
- Industrial Co-operative and their impact on Poverty Alleviation
- Gender Focal Point Mainstreaming
- Access to Information Act
- Stock Market Sensitization Session



5.3.9 INTERNATIONAL CO-OPERATIVE ALLIANCE CONFERENCE: Co-operative global arena

During the period November 1-5, 2013, The International Co-operative Alliance Conference was held at the Cape Town International Convention Centre, Cape Town, South Africa. ICA's Global Conference and General Assembly was convened under the theme "A Co-operative Decade in Action" and facilitated the attendance of 88 Nations to include Mr. Errol Gallimore, the Registrar of Co-operative Societies (Jamaica).

The Conference which aimed to take Co-operatives to a position of being the preferred model and as a result the fastest growing form of enterprise by 2020 facilitated a number of workshops dealing with areas such as; food security and sustainable supply chains, access to community and the Power of communication to name a few.

5.3.10 A



COOPERATION

Collaborative Approach

Through continued collaboration with Government and Non-Government Organisations, the Department's Developmental and Capacity Programme is ongoing. Two Residential Workshops were sponsored by Jamaica Social Investment Fund with a number of Groups and Societies beneficiaries from various communities and being recipients of training focusing on:

- Pre-registration Training and Development.
- Records Keeping
- Good Governance within Benevolent Societies/Enterprises

The objective of these workshops was to build capacity at the Community level thus ensuring sustainability, compliance and efficiency in operations.

For the period under review, the Department also undertook Pre-Registration Training and Development for five (5) Groups and Audit Committee Training for fourteen (14) Societies under the Memorandum of Understanding between DCFS and Citizen Security & Justice Programme (CSJP) entered into on November 2012 and extended to September 2013.

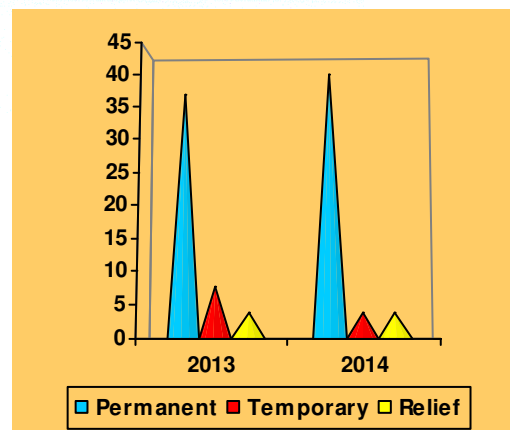


5.4 COLLABORATIVE ACTIVITIES BETWEEN SECTIONS

5.4.1 Technical Support

The execution of this activity was done on a joint basis, thus ensuring more effective use of human and capital resources of the Department.

Technical Support / guidance is offered to the Societies we regulate in order to assist with the development and implementation of appropriate systems and procedures to enhance good governance in the operation of these Societies.



ii) Staff Turnover: Resignation, Recruitment and Transfer

In the year under review staff turnover was limited to two who resigned during the period.

5.5 ADMINISTRATION

The Administration Section provided the necessary support service to enable the Department to undertake its functions.

5.1 Staff Welfare

i) Staff Complement:

- The Department ended the financial year with the following staff:

	2013	2014
Permanent	38	41
Temporary	8	4
Relief	4	4

iii) Vacation Leave

The Department developed its Vacation Leave Policy, which ensured that vacation leave was taken in a timely and structured manner. During the year under review, thirty-eight (38) persons proceeded on vacation leave.

5.5.2 Audit and Supervision Fund (ASF)

The Department in accordance with the Co-operative Societies Act has responsibility for administration of the ASF Fund.

Inflows to the Fund for the period were mainly from audit fees, while outflows were for expenses related to



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

accounting services in having Societies' accounting records updated to audit-readiness standard and refund of members' shares arising from Liquidation of their Societies.

As of December 31, 2014 the balance is \$10,633,333.96.

5.5.3 Budget

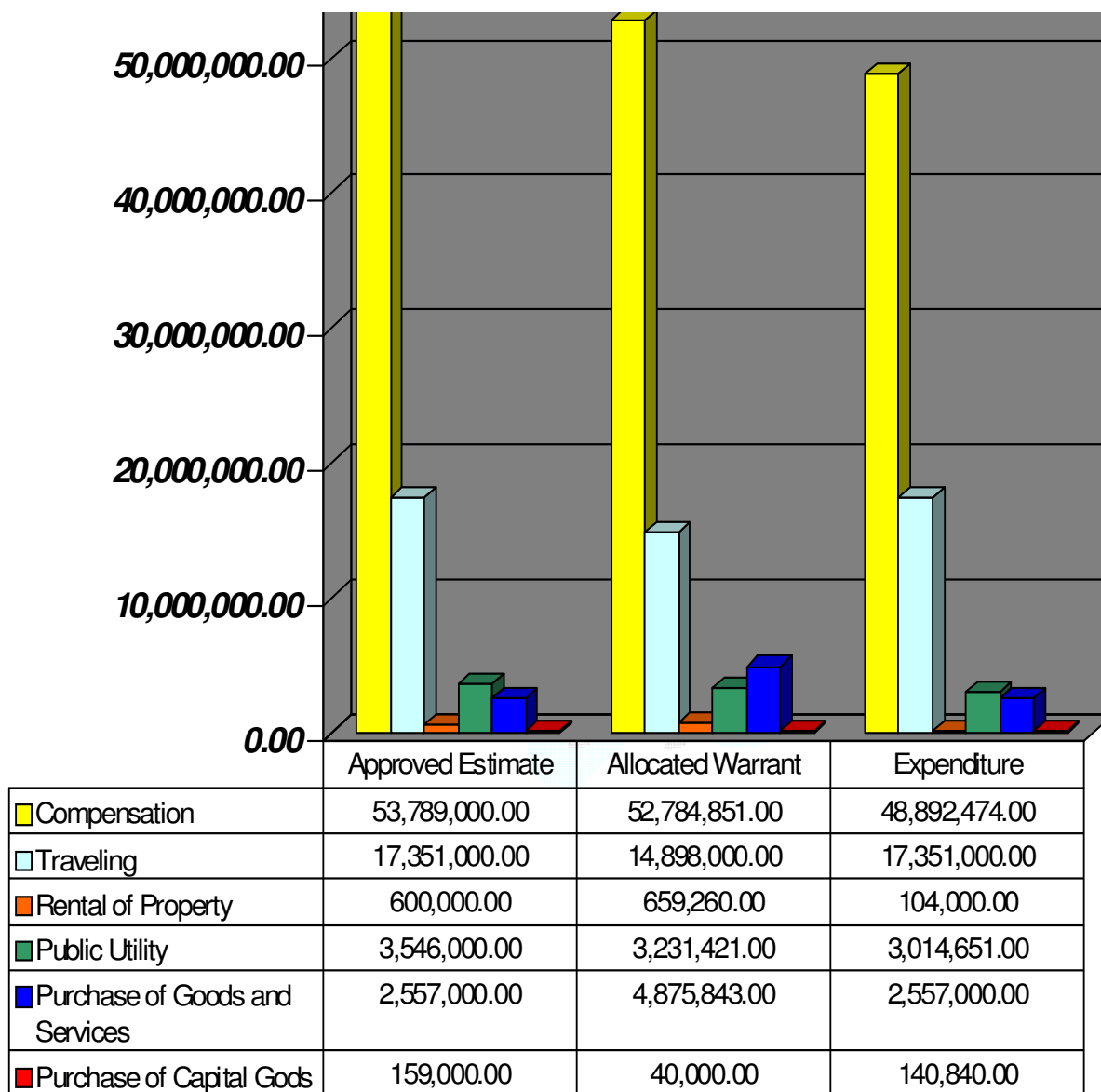
The Department's adjusted budget for 2013/14 was \$78.01 M, a deduction of approximately \$0.23M or 0.3% over the prior year. The following chart and graph shows a breakdown of allocation in relation to expenditure.





5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

Budgetary Breakdown 2013-2014





6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND CO-OPERATIVE SOCIETIES

THE CREDIT UNION SECTOR

The Credit Union Sector represents safe, sound and effective institutions that help to overcome financial market imperfection by deepening access to many who would otherwise be disenfranchised in the rather selfish, aggressive, profit-driven global financial landscape.

The Credit Union Movement at December, 2013 achieved growth in net loans of 9.83% moving from \$47.7B in 2012 to \$52.4B in 2013. Total saving grew by 7.28% to reach \$58.9B; while Assets increased by 7.5% to \$76.6B. Credit Union membership grew by 0.23% to 953,934.

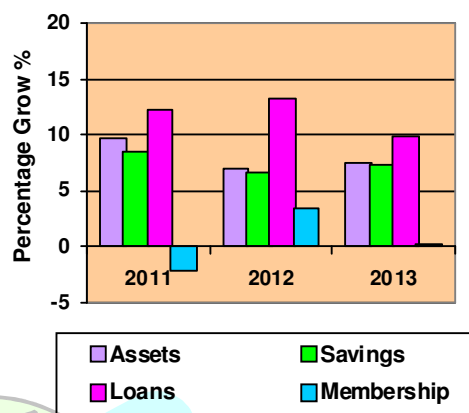
Growth in Credit Union Sector

	Total Assets	Savings	Loans	Membership
2013	6.73%	7.28%	9.83%	0.23%
	\$76.56B	\$58.93B	\$52.42B	953,934
2012	6.92%	6.55%	13.17%	3.40
	\$71.21B	\$54.93B	\$47.73B	951,737
2011	9.66%	8.48%	12.28%	-2.16%
	\$66.60	\$51.55B	\$42.17B	920,408

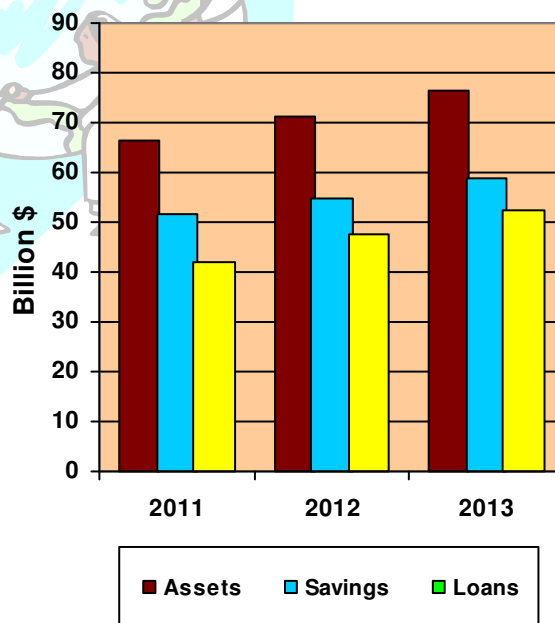
Thirty-six (36) of the thirty-eight (38) Credit Unions recorded an increase in total saving of which 15 recorded double digits growth. Four (4) of the thirty-eight (38) Credit Unions registered a decline in their loans portfolio when compared with their performance in 2012. On the other hand sixteen (16) of the thirty eight

(38) Credit Unions achieved real asset growth for the year 2013

Percentage Growth over a three year period 2011-2013



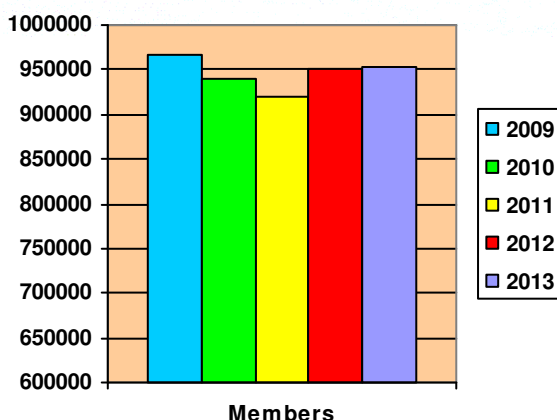
Progression over a three year period 2011-2013





6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND CO-OPERATIVE SOCIETIES

Membership from 2009-2013



Membership by Region

Parishes	Membership	
	31.12.12	31.12.13
CLARENDON	*	*
HANOVER	25,913	27,987
MANCHESTER	35,860	34,435
PORTLAND	27,009	28,815
α ST. ANN & ST. MARY	51,634	56,189
ST. CATHERINE	44,335	31,475
ST ELIZABETH	33,409	16,084
ST JAMES	52,466	54,592
ST. THOMAS	20,521	20,274
TRELAWNY	30,899	32,280
WESTMORELAND	32,312	*
RURAL TOTAL	354,354	302,122
INTRA-PARISH	323,123	370,421
CORPORATE AREA	274,256	281,391
TOTAL JAMAICA	951,079	951,079

α First Regional Credit Union Limited

* Merged with C & WJ Co-operative Credit Union

[Statistic extracted from JCCUL Annual Report 2013]

6.1 PERFORMANCE OF PRODUCERS AND SERVICES CO-OPERATIVE SOCIETIES

The societies within the Producers and Services Sectors continued to struggle during the period under review.

The lack of adequate financial, human and capital resources, adversely affected the growth and sustainability of these Societies.

The Department worked more aggressively with those Societies that demonstrated some level of stability and potential for development. Technical assistance and support ranging from on-the-job training in maintenance of accounting records; upgrading of Rules, preparation of policy documents, facilitation of strategic planning sessions and retreat were provided.

Highlighted Societies:-

Frankfield JAS Coffee / Cocoa Growers Co-operative

Sip 'N' Surf

The continued development and expansion of the Frankfield JAS Coffee / Cocoa Growers Co-operative Society Ltd was made possible through the recent launch of the Frankfield Sip N Surf Coffee Shop/Internet Cafe. The launch was on June 7, 2013 at the Society's Office in Frankfield, Clarendon.



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND CO-OPERATIVE SOCIETIES

Made possible through the CFC Project entitled “Competitive Coffee Enterprises Programme”, initiated through a collaborative approach between Jamaica and Guatemala; this project is the first of its kind within a Jamaican Coffee Co-operative and is to be replicated in two other Co-operatives Cave Valley Multipurpose Co-operative and Central St. Catherine Coffee Growers Co-operative Society Ltd.

Jamaica Creative Co-operative Society Ltd.

With a membership of twenty-one (21) persons the Jamaica Creative Co-operative Society Limited seeks to redefine the Art and Craft Sector by supporting the work of Jamaican artisan and craft persons by pooling members' resources to provide quality authentic craft items and services both locally and internationally.

Deemed Creative JA, the Society's activities were enhance through assistance of the Jamaica Social Investment Fund under its REDI Programme which made possible the establishment of a website (www.creativeJamaicas.com) as a means of marketing and promoting members' goods and services.



Affiliated with a number of organisations to include Micro and Small Business Owners (Connect), JBDC, Country Style Community Tourism Network and MSME Alliance, to name a few, JccA continues to promote members' products through several means to include appearances at expos and media broadcast. The Society while not free of challenges continues to reach for its goal of being the "premier of authentic Jamaican items".

If you are looking for a wide variety of authentic Jamaican gifts and souvenirs, Jamaica Creative Co-



operative Society Limited is a one stop shop located at Shop 28, Bankhouse Mall, Super Plus Centre, Mandeville. Contact Mrs. Maxine Donovan (569-6664).

6.2 PERFORMANCE OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT

6.2.1 Treasurer Beach Women Group Benevolent Society

“To promote the advancement of women and the Treasure Beach community as a whole, through education, income producing projects, and awareness of women’s health and women’s issues” is the mission statement of the Treasure Beach Women’s Group (TBWG) Benevolent Society. Registered in September, 2000; the Society through various collaborations has facilitated its mandate through various community projects to include:-

- Hosting of Health Clinics and wellness seminars.
- Facilitating of ongoing literacy classes to community members.
- Facilitating of community computer classes.
- Facilitating of Craft Workshops in collaboration with Treasure Hunt Craft Shop
- Hosting of Annual Youth arts

camp.

- Hosting of Annual Walk -A -Thon . The proceeds donated to charities each year (e.g. Jamaica HIV/Aids Society, Treasure Beach Ambulance Fund, Summer Camp, etc).
- Coordinating and participating in Beach Clean-up
- Hosting of Annual Children Christmas Party for Children of Treasurer Beach and Our Lady of Hope Children Homes Manchester.

The Society through its efforts has significantly contributed to the development, empowerment, skills base, knowledge and experience of person and groups, thus enabling them to undertake initiatives of their own to combat social, economic, political and environmental problems. Continuing on this road of success, the Society aims to "create a business incubator, theatre group, more income producing projects, further literacy initiatives and personal development workshops". Any assistance that can be forthcoming from interested parties would be appreciated. The Treasure Beach Women's Group (TBWG) may be contacted at 876-965-3878.



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND CO-OPERATIVE SOCIETIES



Neighbourhood Watch located in the parish of St. James is one such entity. The Citizens, through assistance in the form of donations received from the Community Safety Department and members contribution, have embarked on a major bushing projects geared at transforming a Lot into a Nature Park. The Lot previously served as a crime haven that contributed to robbers evading police and a hangout for armed "thugs" who preyed on innocent victims. Since the initiative where clearing was facilitated, monitoring of area by the police is made easier.

The Society's mandate which extends beyond the refurbishing of a Nature Park, entails charitable plans such as; an Annual Walk-A-Thon for breast cancer support / awareness and proceeds to benefit the Cornwall Regional Hospital Oncology Unit. The Society welcomes the assistant of all interested parties in this worthy cause.

6.2.2 Iron Shore Citizens Association and Neighbourhood Watch Benevolent Society

Notwithstanding; Jamaica being classified as a "high crime Society", there are a number of entities that are geared at changing this outlook by positively contributing to the Nation's development and fight against crime. Ironshore Citizens Association and





6.3 APEX & FEDERATIONS BODIES

6.3.1 National Union of Co-operative Societies (NUCS)

NUCS is the Tertiary Co-operative in Jamaica and it consists of Primary Co-operatives (consisting of individual members) and Secondary Co-operatives (consisting of Co-operative Societies as members).

The Society promotes and advances the Co-operative Movement as a system of business that has service, not profit as its prime motive.

NUCS also provides Accounting, Auditing and Management Services for the Co-operative Movement, in accordance with the Rules, Acts and Regulations however response from member societies was lukewarm.

Membership in the Movement which numbered over 1.2 Million members; 953,934 of whom were Credit Union Members. Total Assets, Savings and Loans portfolio in the Credit Unions stood at \$76.6 Billion and \$52.4 Billion respectively.

For the year ending December 2013, Total Assets declined significantly by \$5.3M or 18%, moving to \$24.4M in 2013. The reduction was caused by the Society's inability to generate sufficient income to off-set its monthly expenditure, and the resultant charge by the year's deficit

on accumulated surplus.

There was no new loan income generated during the year, and Capital and Reserves over the period reduced by \$5.2M or 19% to \$21.7M in 2013.

The Society unfortunately suffered a deficit of \$5.26M for the year, compared to a loss of \$3.83M in 2012. Going forward NUCS will move to implement income generating measures as well as aggressive collection of membership dues. NUCS will require greater support from its member societies to improve its financial position and to continue to provide for the Co-operative Movement in Jamaica.

6.3.2 Jamaica Co-operative Credit Union League (JCCUL) Ltd

After the transfer of 67% of the Jamaica Co-operative Credit Union League's (JCCUL's) investment portfolio to the Credit Union Fund Management Company (CUFMC) in January 2013, asset remained relatively flat at approximately \$3.2 billion. Of this amount approximately \$1.3 billion was being held in trust for the Stabilization Fund and approximately \$862M was invested as share capital in the CUFMC, moving our investment in that entity from \$12M the previous year.

The Trade Association portion of



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND CO-OPERATIVE SOCIETIES

JCCUL's revenue for 2013 grew by 1.3% to \$398.8M compared to \$393.6M in 2012 while expenses were above revenues in a net loss of \$1.2M. Investment assets revaluation and pension assets IAS 19 re-measurement losses resulted in a comprehensive loss of \$38.7M. The group made an operating surplus before tax of \$211.4M which was above the previous year's surplus of \$160.6M and an after tax operating surplus of \$136M. The total comprehensive income after adjustment for fair value loss and re-measurement of pension assets of \$50.8M was \$85.1M

[Extracted from JCCUL Annual Report 2013]

6.3.3 Jamaica Fishermen's Co-operative Union Limited (JFCU)

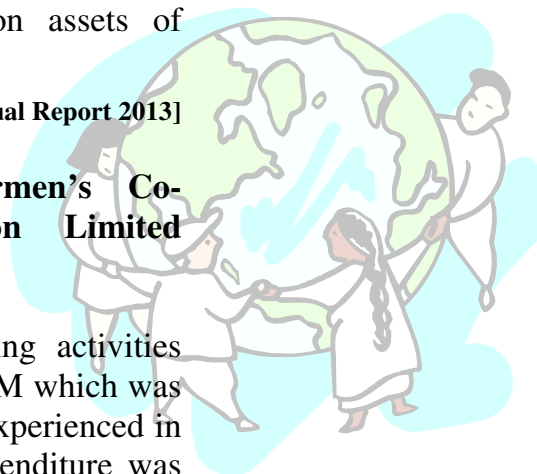
Despite problems, trading activities netted a surplus of \$3.7 M which was a reversal of a loss we experienced in the previous year. Expenditure was \$43M or 8% higher than previous year but with their target projections.

Sales increased by 19% which represent \$22M more than previous year.

While sales had increased over prior year it was anticipated that this would have been more significant with the opening of a branch store in Port Antonio to serve fisher-folks in Portland Region however the Hampton Court and St. Thomas

Branches showed a decline in performance; and the boat project did not perform as projected. Effects are being made to correct these shortfalls

At the end of 2013 the JFCU boasted total assets of at \$85,252,531.00. Its gross profit for the year stood at \$43.5M and undistributed surplus at \$2,459,689.00.



APPENDIX I

SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Registrar (GMG/SEG 3)	2013	2,249,730.00	N/A	975,720.00	-	-	N/A	3,225,450.00
Director of Inspectorate	2013	1,499,251.00	N/A	514,500.00	-	-	N/A	2,013,751.00
Director of Research, Training and Development	2013	1,499,251.00	N/A	514,500.00	-	-	N/A	2,013,751.00
Director of Audits and Investigations	2013	1,757,181.00	N/A	514,500.00	-	-	N/A	2,271,681.00

Notes

1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

Societies Registered April 2012 - March 2013, under the relevant Acts.**Friendly Societies Act**

- Schwallenburgh Windalco / JBI Joint Community Council Benevolent Society
- York Town Community Foundation Benevolent Society
- Steer Town Community Development Committee Society
- Canaan Heights Development Committee Benevolent
- Mount Salem Community Development Benevolent Society
- Seaview Gardens Community Development Committee Benevolent Society
- Black Hill Community Development Committee Benevolent Society
- Jeffery Road Community Development Council Benevolent Society
- Gayle Consultative Committee Community Development Council Benevolent Society
- Green Pond Community Development Committee Benevolent Society
- Greenside Residents Association Benevolent Society
- Real Sports & Social Club Benevolent Society
- Windsor Heights Combine Benevolent Society
- Norwood Community CDC Benevolent Society
- Industry Youth & Community Club Benevolent Society
- Jones Avenue, Dempshire Pen, Shelter Rock Benevolent Society
- Flanker Community Development Committee (CDC) Benevolent Society
- Farm Heights Community Development Committee (CDC) Benevolent Society
- Western Farmers Benevolent Society
- Dela Vega City Benevolent Society
- Angels Heights Benevolent Society
- Turners Community Development Committee Benevolent Society
- Effortville Community Development Committee Benevolent Society
- Salt Spring Community Development Committee Benevolent Society
- Tredegar Park Citizens' Association Community Development Council (CDC) Benevolent Society
- Trench Town Community Development Committee (CDC) Benevolent Society
- Glendevon Community Development Committee Benevolent Society



- Combined Districts Benevolent Society
- Southside Benevolent Society
- Sligoville Heritage Foundation Benevolent Society
- Hellshire Glades Phase 1 Citizens Association Benevolent Society
- Stanbury Grove Hiking Trails and Tours Benevolent Society
- Ellerslie Gardens Benevolent Society
- Breezy Castle Benevolent Society
- Cedar Valley Producers Marketing Organization Benevolent Society
- Florence Hall Village Benevolent Society
- Plantation Village Citizens Benevolent Society
- Bull Bay Youth Development Benevolent Society

Co-operative Societies Act

- Portmore Agricultural Co-operative Society Limited
- Hampton Framers Co-operatives Society Limited

Industrial & Provident Societies Act

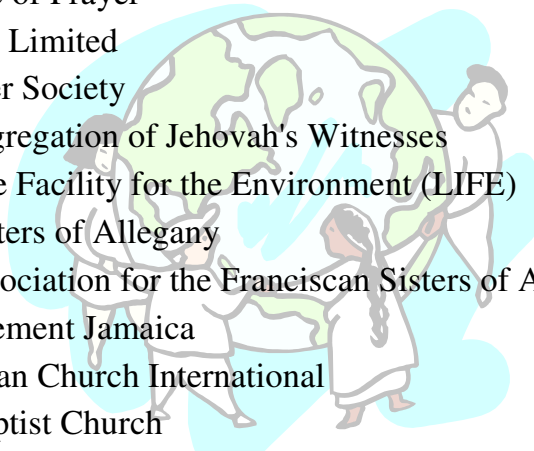
- Emeralds Cay Management Limited
- Commercial Credit Investments Limited
- FP Services Limited
- St. Elizabeth Rice Producers Association Limited
- Spring Plain Farmers Association Limited
- Hylton's Lending Society Limited
- Raise Jamaica Limited
- Rosend Technological Network Centre
- Secure Services Enterprise Limited
- Masonic & Allied Workers Provident Society
- South Farmers Co-operative Society Limited
- Blackstone- Edge Agri-Industry Industrial & Provident Society Ltd.
- Spring Garden Management Industrial & Provident Society Limited

Charity Act

- Cornwall College



- Missionaries of the Poor
- Apostolic Christian World Relief of Jamaica
- Teams for Medical Missions
- Westmoreland Treat - 54 Foundation Limited
- Jamaica Association for the Deaf
- Bread Basket Ministries
- Blue Mountain Project T/A Hagley Gap Health Clinic
- Children of Hope Foundation Jamaica Limited
- Richard and Diana Stewart Foundation
- Bethel Temple Apostolic Church Limited
- Food for the Poor
- Hope Zoo Preservation Foundation
- Jamaica House of Prayer
- Faith Charities Limited
- Jamaica Cancer Society
- Christian Congregation of Jehovah's Witnesses
- Local Initiative Facility for the Environment (LIFE)
- Franciscan Sisters of Allegany
- Charitable Association for the Franciscan Sisters of Allegany (CAFSA)
- Junior Achievement Jamaica
- Jubilee Christian Church International
- Emmanuel Baptist Church
- Portmore Lane Covenant Community Church
- Seprod Foundation Limited
- AIDS Healthcare Foundation
- The Heart Foundation of Jamaica
- Hampton School Foundation
- Freemasons Trust
- Youth Upliftment Through Employment 'YUTE' Limited
- Mission of Compassion
- The Forest Conservancy
- Projects Abroad Jamaica
- Supreme Ventures Foundation
- Population Services Jamaica





- Laws Street Trade Training Centre
- American International School of Kingston Limited
- Sports Development Foundation
- The Jamaica Society for the Blind Limited
- United Church in Jamaica and the Cayman Islands
- FHC Foundation
- Moesha Wallace Foundation
- Holiness Born Again Church of Jesus Christ Apostolic
- Roman Catholic Archbishop of Kingston
- Diabetes Association of Jamaica Limited
- The Musson Group Foundation
- LIME Foundation
- Candle in a Storm Charity
- Jamaica Conservation and Development Trust Limited
- Mona Rehabilitation Foundation Limited
- The Multicare Foundation
- Bible Society of the West Indies
- International Missionary Society, Seventh Day Adventist Church Reform Movement, Jamaican Field
- Northern Caribbean University





SOCIETIES AUDITED Over a two year period						
Societies	No. of Societies		External Audits		Internal Audits (DCFS)	
	12/13	13/14	12/13	13/14	12/13	13/14
Thrift & Credit	24	62	23	59	1	3
Agricultural	5	7	-	-	5	7
Housing and Land	5	4	-	-	5	4
Multi purpose / Consumer	6	5	-	-	6	5
Fishermen	6	7	-	-	6	7
Community Development	3	11	-	-	3	11
Transport	2	4	-	-	2	4
Coffee/Cocoa	9	4	-	-	9	4
Industrial	1	3	-	-	1	3
Friendly Societies	56	44	-	-	56	44
Tertiary/ Federation	4	1	2	1	2	0
Insurance	0	1	-	1	-	-
TOTAL	121	153	25	61	96	92



CLASSIFICATION OF CO-OPERATIVE SOCIETIES

CLASSIFICATION	2013/2014	
	Active	Inactive
1. Agricultural	38	16
<input type="checkbox"/> Coffee		
<input type="checkbox"/> Cocoa		
<input type="checkbox"/> Dairy		
<input type="checkbox"/> Other		
2. Industrial	4	6
3. Fishermen	11	0
4. Consumer	4	3
5. Multi Services	5	1
6. Credit Union	37	0
7. Housing and Land Purchases	4	3
8. Land Leasing	0	2
9. Insurance	1	0
10. Thrift	1	0
11. Transport	4	1
12. Community Development	2	2
13. Secondary	3	2
14. Tertiary	1	0
Total	115	36



**PURCHASES OF LOW LAND COFFEE
Form Co-operative for the Year 2013/2014**

	Boxes
Catadupa Coffee Coop	654
Central St. Catherine Coop	850.75
Darliston Coffee Coop	700.75
Eastern St. Ann Coffee Coop	-
Frankfield Coffee Coop	2592.75
North East Clarendon Coffee Co	1103
North Manchester Coffee Coop	467.75
North West St. Catherine Coop	1,061.75
South Clarendon Coffee Coop	222.25
South Manchester Coffee Coop	186.5
St. Elizabeth Coffee Coop	330.5
West St. Ann Coffee Coop	236.75
Total	8,406.75

Price / Box \$2,500

Figures received from Wallenford Coffee Company Limited
September 3, 2014

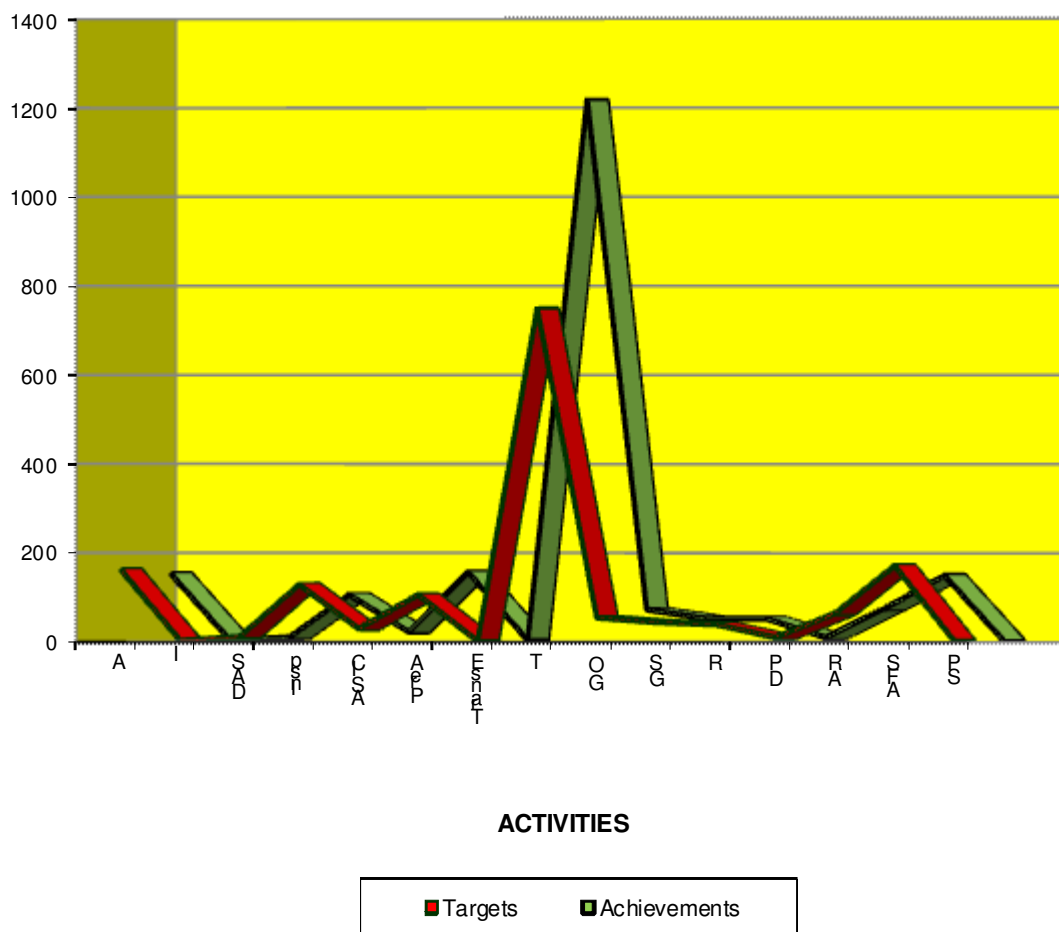


COMPARISON OF ACHIEVEMENTS FOR THE PERIOD 2013/2014

	Target	Achievement	% Achievement
ACTIVITIES			
<i>Audits (A)</i>	162	153	93.9
<i>Investigations (I)</i>	-	3	100
<i>Development of Accounting Systems (DAS)</i>	12	11	92
<i>Inspection (Insp)</i>	129	106	82.2
<i>Assessment of Accounting Systems and Internal Controls (ASIC)</i>	30	23	77
<i>Pre Audit Checks (PreA)</i>	106	157	148.1
<i>Transfer of Engagement (TransE)</i>	2	4	200
<i>Technical Support and Business Counselling (TSBC)</i>			
<i>Training (T)</i>	750	1219	162
<i>Group Organization (GO)</i>	55	73	133
<i>Group Supervision (GS)</i>	45	53	118
<i>Registration (R)</i>	40	53	132.5
<i>Development Planning (DP)</i>	11	11	100
<i>Appraisal of Rules (AR)</i>	65	76	117
<i>Analysis of Financial Statements (AFS)</i>	172	150	87.2
<i>Special Projects (SP)</i>	3	2	66.7

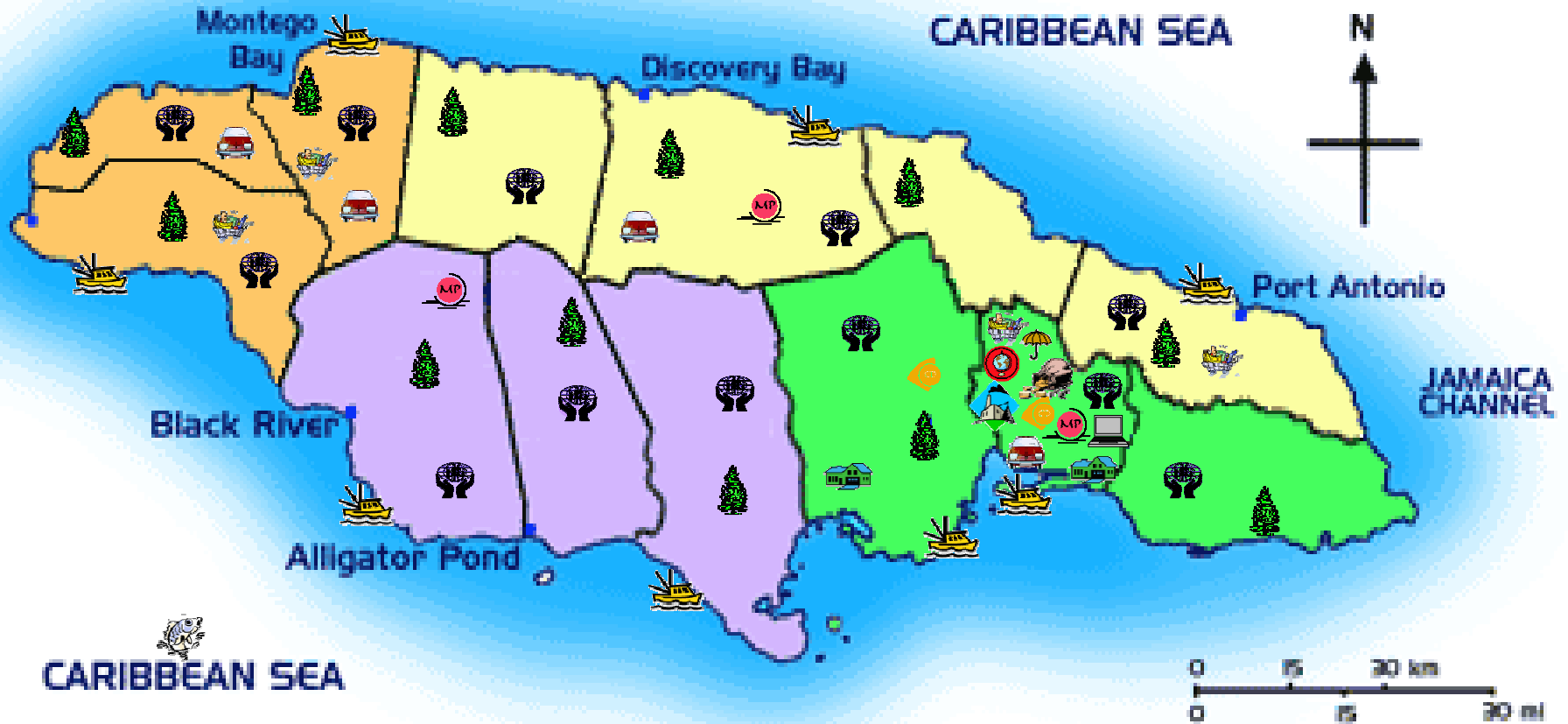


COMPARISON OF TARGET VERSUS ACHIEVEMENTS FOR THE PERIOD 2013/2014



APPENDIX XVIII

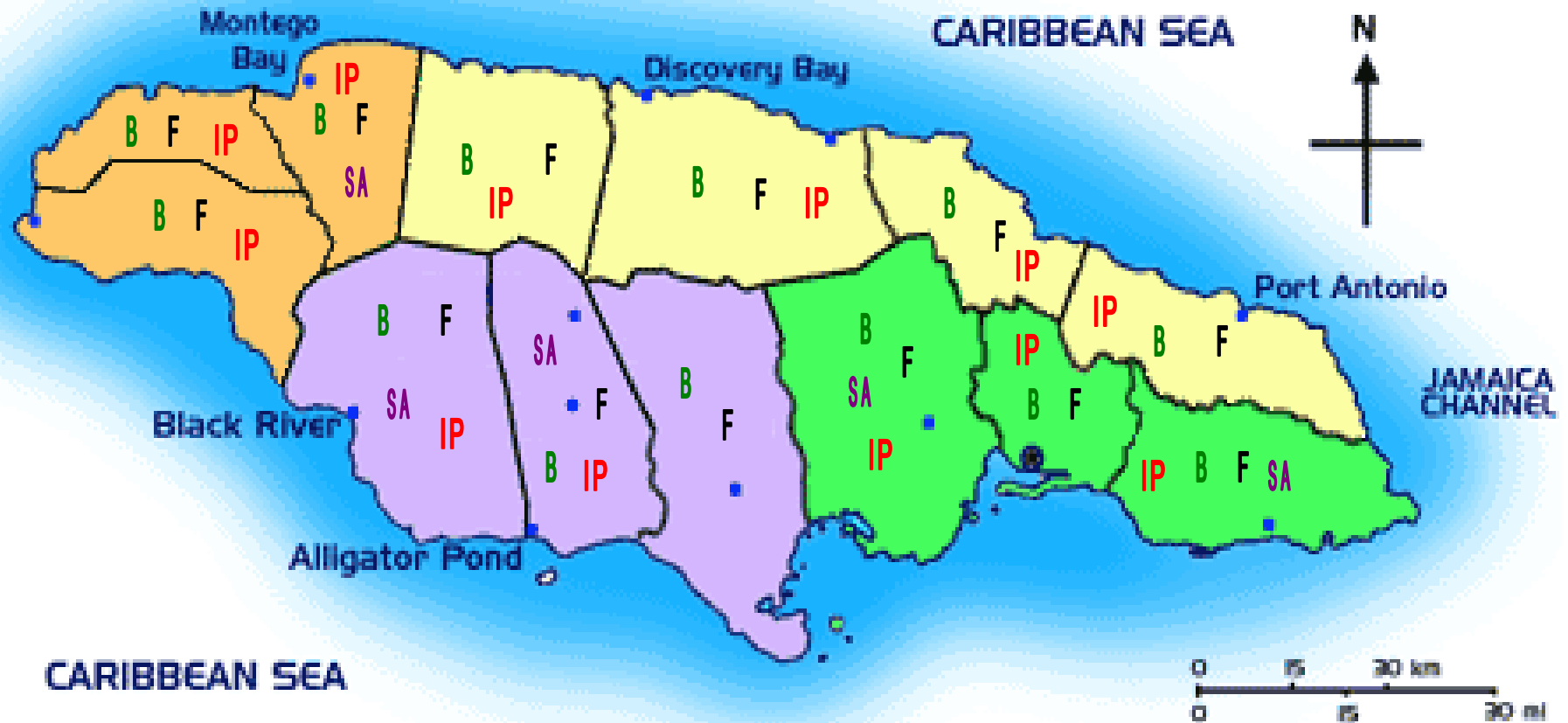
MAP SHOWING GEOGRAPHICAL DISTRIBUTION OF ACTIVE CO-OPERATIVE SOCIETIES



KEY			
	Federations		Multipurpose Co-operatives
	Agricultural Co-operatives		Thrift Co-operatives
	Fishermen Co-operatives		Community Development Co-operatives
	Insurance Co-operatives		Transport Co-operatives
	Credit Unions		Industrial Co-operatives
	Consumer Co-operatives		Information Technology Co-operatives
	Housing and Land Purchase Co-operatives		

APPENDIX IX

MAP SHOWING GEOGRAPHICAL DISTRIBUTION OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT
AND INDUSTRIAL AND PROVIDENT SOCIETIES ACT



KEY	
F	Friendly Societies
B	Benevolent Societies
SA	Special Authorised Societies
IP	Industrial And Provident Societies

DEPARTMENT OF CO-OPERATIVES AND FRIENDLY SOCIETIES (DCFS)

PHILOSOPHY

The Department is guided by a philosophy to understand and appreciate that its functions are concerned with the lives of people; the awareness of this fact is essential to the satisfactory performance of its duties in attaining the closest possible relationship with its clientele, in order to assist Societies to bring about the economical and social improvements desired. This philosophy coupled with the principles of co-operation and the Associated Practices adopted by the International Co-operative Alliance, with respect to the establishment and operation of Co-operative Societies, assist the Department in fulfilling its objectives.

The principles and practices listed below also influence Friendly Societies, which are essentially co-operative in nature.

- ◆ *Voluntary and Open Membership*
- ◆ *Democratic Membership Control*
- ◆ *Members Economic Participation*
- ◆ *Autonomy and Independence*
- ◆ *Education, Training and Information*
- ◆ *Co-operation among Co-operatives*
- ◆ *Concern for Communities*

