

Subcommittee report on Co-operatives Amendment Bill

1. Subcommittee met on Tuesday, 7 and 14 August 2012.
2. Adv C van der Merwe briefed the Committee on her initial response to issues raised by stakeholders.
3. She highlighted the following concerns with regard to specific matters in the Bill:
 - a. The appointment of the auditor or independent reviewer.
 - b. The audited financial statements.
 - c. The choice by co-operatives to undertake an audit when it is not legally mandatory.
 - d. The transitional provisions for primary co-operatives to move from one category to another.
 - e. The intention behind government's support for co-operatives – a policy matter
 - f. The categorization of co-operatives.
 - g. Limitations with respect to alignment, establishment and governance of co-operatives in relation to companies.
 - h. The financial impact of the establishment of the Council, Tribunal and Agency.
 - i. General compliance by small co-operatives.
4. Broad areas of concerns emerged relating to the following:
 - a. The auditing provisions.
 - b. The reporting structure in relation to the registrar of co-operatives
 - c. Mechanisms to promote intergovernmental relations.
 - d. The contradictory provisions within the bill.
 - e. Conflicting provisions and definitions as it relates to other legislation
 - f. Concerns with respect to transferring the auditing requirements in the Companies to Co-operatives.
5. Other matters raised as it relates to processes:
 - a. The impact of the classification of the bills on the process forward.
 - The Subcommittee agreed that the matter of the process forward as it relates to the Bills will be submitted for consideration to the Committee (see attached doc).
 - b. Engagement with co-operatives in KZN and MP
 - On the recommendation of the House Chairperson, the engagements with co-operatives in KZN and MP have to be rescheduled to the committee week scheduled from 3 -7 September.
 - The Subcommittee is proposing 3-4 September 2012 for such a visit to be considered.
 - c. Further response by Parliamentary Law Adviser
 - The Subcommittee requested that the DTI forward its response document on submissions received to the PLA in order for her to amend her initial response and brief the Subcommittee on Tuesday, 21 August 2012

d. Experts

- Based on the concerns with respect to the auditing provisions in the Bill the Subcommittee agreed to seek expert advice on the matter.
- The Subcommittee wishes to put the name of Prof K Idensohn, who assisted the Committee on the Companies Amendment Bill, forward for consideration.
- The Subcommittee also requested that the secretariat source additional experts on co-operatives.