



CO-OPERATIVE AMENDMENT BILL

SANACO INPUTS

Input that was send and given reference numbers coops/9/12 and coops/9A/12 into one documents

Cooperatives Amendments Bill submissions and reference number coops/9A/12

Background of the South African National Apex Co-operative

In 2008 on the 30 June to 05 July, the Department of the Trade and Industry organised a Co-operatives Conference which was held at the Tshwane Show Ground. This gathering was attended by co-operatives from all provinces.

This was informed by the overflow of individual co-operatives and people coming to co-operatives unit to look for service and demand support in kind.

In that light note the Department of Trade and Industry organised co-operatives to gather at Tshwane Show Ground and amongst others, the resolution was to have one apex body that will represent all economic co-operatives whose members are operational secondary co-operatives and whose object, amongst others, is to advocate and engage organs of state, the private sector and stakeholders on behalf of its members and non members. It was also agreed that co-operatives must receive 30% procurement.

Three representatives were elected from each province that formed part of the national steering committee. The role of the national steering committee was to facilitate the establishment of the national apex organisation. Indeed that was achieved through a bottom up approach, whereby local, district, provincial and national structures were established that ensured geographical and sector representation. The local and provincial structures were launched first and thereafter the South African National Apex Co-operative (SANACO) was established on the 01 October 2009 at the Braamfontein Metro Centre in Gauteng.

SANACO Executive Members | President Mr. Lawrence Bale, Deputy President Mr. Sam Rakoto, Second Deputy President Mr. Muzi Phewa, Secretary General Mr. Thulane Mabuza, Deputy Secretary General Ms. Mamsie Fakude, Treasure General Ms. Nomnikelo Magadla

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Indeed SANACO is in existence, it is a member of the International Co-operative Alliance (ICA) and South African Development Countries Cooperative Federation (SADCCF). It also represents co-operatives at legislative level at National Economic Development and Labour Council (NEDLAC).

Amendment of section 1 of the Act 14 2005

Section 6:

b. We recommend that an insertion must be made with regards to the formation of a secondary co-operative. It must be formed by 5 operational primary co-operatives and it must be in terms of the geographic representation and sectors in order to align themselves in terms of representation for different spheres of government, we can have secondary cooperatives at local, district, metro and provincial level and its for coordination purposes only but a national secondary cooperatives it must be in more than 5 provinces at an economic level for the purposes of making sure that their members get benefits from it.

c. Tertiary cooperatives (new one):

We are then proposing to have 4 tier structures in the country where 5 or more economic secondary cooperatives can form a tertiary cooperative that will represent them at national level, regional(Africa) and international level at economic sectoral cooperatives.

d. Apex cooperatives:

We then propose that 5 or more tertiary economic cooperatives can form an Apex body in line with the cooperatives strategy where we agree to have one Apex body in the country that will represent all national tertiary economic cooperatives at national, regional (Africa) and international level.

Section 1 (L) : "Primary Co-operative"

Comment : We agree with the substitution of the definition provided for a primary co-operative.

We recommend that an insertion must be made with regards to the formation of a secondary co-operative. It must be formed by 5 operational primary co-operatives and it must be in terms of the geographic representation and sectors in order to align themselves in terms of representation for different spheres of government.

Section 14A:

We then propose that the associate members to be allowed for other stakeholders or agencies of government like SEDA, KHULA, DFI and LED departments at all levels when there's funding for that cooperatives only i.e. for compliance purposes/PFMA because we don't want to compromise independent and autonomy of cooperatives.

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Insertion of Section 15A in Act 14 of 2005

Section 15 A : "Categories of primary cooperatives"

Comment : We agree with the insertion of this section and we recommend that the prescription of the monetary threshold must not be determined by the Minister because he may be deployed to another office. The Co-operatives must play a leading role since they are the ones who are involved in the day to day running of their enterprises and have a better understanding and knowledge of how their enterprises thrive.

Insertion of section 16A

"National Apex Co-operatives"

Comment : The 2008 cooperatives conference resolved that there should exist one national apex co-operative in the country. SANACO is the only national apex co-operative in South Africa. It is currently playing a leading role in advocating and engaging organs of the state, private sector and stakeholders on behalf of its members on behalf of its members and non members. It is leading in SDACCF whereby the President of SANACO also holds the position of Presidency at SADCCF. It is also a member of the International Co-operatives Alliance (ICA) and has recently hosted a global board meeting of ICA.

Tertiary cooperatives (new one):

We are then proposing to have 4 tier structures in the country where 5 or more provincial or sectoral economic secondary cooperatives can form a tertiary cooperative that will represent them at national level, regional(Africa) and international level at economic sectoral cooperatives.

d. Apex cooperatives:

We then propose that 5 or more tertiary economic cooperatives can form an Apex body in line with the cooperatives strategy where we agree to have one Apex body in the country that will represent all national tertiary economic cooperatives at national, regional (Africa) and international level.

Section 26A:

23.D: We then propose that registration of a cooperative must be simple and then have few registration papers to be used by CIPC.

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SECTION 32:

28. a

We then propose that term of office for the following cooperatives categories must be as follows Primary propose 2 years, secondary at all levels we propose 3 years, Tertiary at national level we propose 4 years cooperatives and Apex body term of office 5 years, so that all can go through their Annual General Meeting (AGM)/General Assemblies (GA) before the Apex body and then discuss leadership or any other matter there as a bottom up approach.

Section 48:

36.1

We then propose that we need to use accountant as auditors are expensive at primary and secondary level but at tertiary and Apex they can use an auditor.

Section 50:

- a. We then propose that we need to use accountant as auditors are expensive at primary and secondary level but at tertiary and Apex they can use an auditor.

Section 66:

- b. Agree but the registrar must make sure all board of directors are aware that they are directors so that we don't have bogus cooperatives as is what is happening now people convert a company for the purpose of not paying or align with labour conditions i.e. Basic Conditions of Employment (BCE) & Labour Relation Act (LRA) etc.

Amendment of section 87 of Act 14 2005

Insertion of section 87(a)

"Members of Advisory Council"

Comment : We recommend that 60% of members in the Advisory Council must come from co-operatives to ensure fair and appropriate representation of the co-operatives interests.

Insertion of Chapter 12A in Act 14 of 2005

Section 87 a, b, c, d & e

"Establishment of Co-operative Development Agency"

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Comment : We are in full support of the establishment of the agency and we make a submission that co-operatives must play a leading role by having a majority (60%) of its members as representatives in this structure. It must work with organised co-operatives structures that will have a clear understanding of their economic activities.

Reporting by Agency:

91F: We propose that it must also report to the Minister only and why it needs to report to the chief director and Minister, in line with the executive authority 91J (1-3), (a-e) & 91K. We need to put more resources on the Agency so that before any cooperatives is registered it must first be inducted on what is a cooperatives and role and responsibility and ownership then they will register if they all agree about that because we want to reduce dead rate of failing cooperatives in the country.

Insertion of Chapter 12C in Act 14 of 2005

"Establishment, legal status and composition of Co-operatives Tribunal"

- d. **Comment:** We oppose the establishment of a tribunal and recommend that the money that will be allocated to the establishment of a tribunal must be utilised for capacitating co-operatives in order to assist them to sustain their enterprises. The tribunal will oppress the cooperatives and will not contribute to co-operative development. We need to put more resources on the Agency than on the tribunal so that before any cooperatives is registered it must first be inducted on what is a cooperatives and role and responsibility, cooperatives values and principles and ownership then they will register if they all agree about that because we want to reduce dead rate of failing cooperatives in the country and less work of the tribunal.

**Cooperatives Second Amendments Bill submissions and reference number
coops/9/12**

Insertion of section 91D in Act 14 of 2005

Insertion of section 91D (a)

"Functions of Agency in respect of Satellite offices of Agency"

Comment : We recommend that there must be a relationship with the municipality and provinces but the relationship must not be limited to a memorandum but it must be a directive that there should be a relationship.

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Insertion of section 91D (c)

Comment : We oppose that MINMEC Structures must utilised for monitoring because of they are not easily accessible and do not meet on a regular basis. They would therefore not be effective in terms of playing a monitoring role. We recommend that organised co-operatives structures on the ground must monitor, supported by the government structures.

Chapter 12C

Intergovernmental relations framework policies and legislation

91CC : We recommend that the act must provide for co-operatives to play a leading role.

NB: This input in terms of the co-operatives playing a leading role must be covered in all inputs where government intervention is involved i.e. **91DD, 91EE, 91GG, 91HH, 91II, 91JJ.**

We hope we will be called to come and make an oral presentation in the committee of the Trade and Industry. It must also be noted that we might have some additional information when we come for the presentation.

Section 94A and 94B:

Chief Directorate:

E and 2A:

We don't agree because the Advisory and Council and Tribunal must report to the Minister and then appoint their won CEO/Senior Manager to run these institution and who ever appointed to lead these must then appoint people to work with not the chief directorate to do that because they will fail to do what is expected from them as their mandate and it will be even difficult to account as they will l've found wrong people in the institution that's why it's like these.

1. TO PROVIDE FOR ASSOCIATE MEMBERSHIP OF CO-OPERATIVES

- a) We propose that the associate membership to be allowed for other stakeholders of government like SEDA, KHULA, and LED'S MUNICIPALITIES AND etc.

2. TO PROVIDE FOR NATIONAL APEX CO-OPERATIVES

- i. Act 14 of 2005 is very silent on the fact, where the NEDLAC submission of 2004 is inclusive that the country should have one APEX movement of the Co-operatives, that is why the DTI has formed a task team on 2007 and 2008 to establish and APEX movement of the Co-operatives.
- ii. The aim of the APEX movement of the Co-operative is represent the Co-operatives at all levels of Government include private and parastatals, also to act as union or a mouth piece of Co-operatives at formidable levels.
- iii. One country and one APEX Movement of the Co-operatives.
- iv. To be a member of International Co-operatives Allience(ICA)
- v. To represent Co-operatives at SADCCF.
- vi. To ensure the inter link of Co-operatives in international spheres and Government.
- vii. To represent the Co-operatives politically and administrative

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- viii. To propose on the act governing the Co-operatives
- ix. To propose for the Minister of Co-operatives as per smooth running of Co-operatives
- x. To lobby support of Co-operatives politically and administration.
- xi. To assist Government with registration of Co-operatives.
- xii. To train and monitoring the progress of Primary, Secondary and Tertiary Co-operatives.

3. Advisory Board and Council

- a. To be formed and chaired by the APEX Movement of the Co-operatives and all department having activities to the Co-operatives.
- b. To be the eyes and ears of the Co-operatives Minister or the DTI Minister and on advisory terms.
- c. To recommend to the Speaker Parliament on issues affecting the Co-operatives.
- d. To link with all the Department and Government Agencies.
- e. Act as mouth piece of Co-operatives to Parliament.
- f. Chairperson of Advisory Board and Council must sit at the Portfolio Committee dealing with Economy and Social clusters, trading, include public works and development.

4. Establishment of Co-operative Development Agency.

- a. To be formed by more members from the Co-operatives Movement and people with experience and skills from the field of Co-operatives development.
- b. To be chaired by Co-operatives and appointing the management include the CEO.
- c. To determine the salaries of Board and management of the Agency.
- d. To submit progress report to the Advisory Council
- e. To link with all the Departments dealing or having activities for the Co-operatives.

5. Funding and financial Management of the Agency

- a. The funding of the Agency will be from the treasury and also from the Co-operatives themselves.
- b. Each Co-operative funded by the Agency will be subjected to 10% of the funding to the Agency for sustainability.

6. Powers and oversight

- The Executive powers of the Agency will be from the Advisory Council for accountability.

7. Establishment and Composition of Tribunal

- To be established by more members from the Co-operative APEX Movement and MEC's in the Department Housing Co-operatives in the Country.
- To be chaired by member of APEX Movement and officials of Department doing management and implementation.
- Consist of Chairperson, Deputy Chairperson, Secretary, Deputy Secretary and the CEO

8. Intergovernmental Relation within Co-operatives sectors

- ❖ The Directorate in the Department of Economic Development and Tourism and LED Co-operative Directorate in Municipalities to be formed that will deal with Co-operatives in all sectors.
- ❖ Experience officials to be appointed more special with the knowledge of co-operatives and functioning's.

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