

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



MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE AND FISHERIES (MICAFA)

## THE COOPERATIVE WAY



## Annual Report

## 2017/2018



## DEPARTMENT OF CO-OPERATIVES AND FRIENDLY SOCIETIES (DCFS)

### VISION STATEMENT

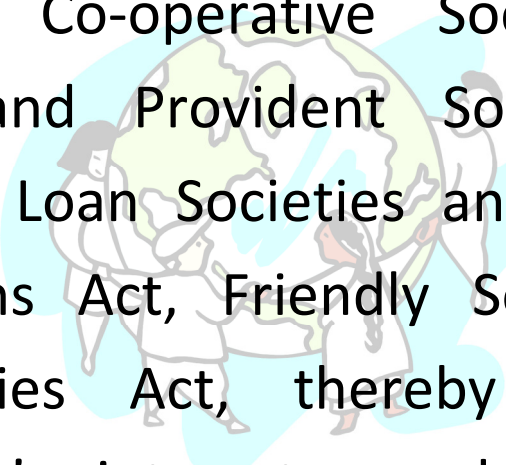
“To be the premiere Regulator for Co-operatives, Friendly, Charities, Agricultural Loan Societies, Industrial and Provident Societies through an enabling regulatory environment that promotes compliance to statutes and international best practices, thereby positioning them as sustainable and vibrant Socio-economic entities by 2030.”



**DEPARTMENT OF CO-OPERATIVES AND  
FRIENDLY SOCIETIES (DCFS)**

**MISSION STATEMENT**

“To register and regulate entities registered under the Co-operative Societies Act, Industrial and Provident Societies Act, Agricultural Loan Societies and Approved Organizations Act, Friendly Societies Act and Charities Act, thereby protecting stakeholders’ interests and enhancing public confidence.”



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## 1. CORPORATE DATA

**The Department of Co-operatives and Friendly Societies (DCFS)** is a Division of the Ministry of Industry, Commerce, Agriculture and Fisheries 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
- Ministry of Industry, Commerce, Agriculture and Fisheries

### **HEAD OFFICE**

2 Musgrave Avenue  
Kingston 10

Telephone 927-4912/6572 or 978-1946

Fax: 927-5832

Email Address: [dcfs@cwjamaica.com](mailto:dcfs@cwjamaica.com)

Website: [www.dcfjamaica.org](http://www.dcfjamaica.org)

### **Sub Offices**

The Department maintains three (3) Sub-offices which are located at:

The Office of The Prime  
Minister  
10 Delisser Drive  
Montego Bay, St. James  
Tel: 876-952-7913

Rural Agricultural  
Development Authority  
(RADA) Building  
23 Caledonia Road  
Mandeville P.O.  
Manchester  
Tel: 876-615-9083

Hope Gardens, Kingston 6,  
P.O. Box 743  
Tel: 876-977-2277/ 876-  
927-1948  
Fax: 876-977-2698





## 2. MANAGEMENT TEAM



**ERROL A. GALLIMORE, JP**

**E**rrol, Registrar of Co-operative Societies & Friendly Societies joined the staff in 1980. He was assigned to the Audit Section and was promoted to Supervisor within 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.



**TANESHA FACEY**

**T**anesha, Director of Inspectorate, graduated from the Norman Manley Law School and was called to the Jamaican Bar. Prior to joining the DCFS team in June 2011 as a Co-operative Officer, she worked in the private sector in Banking, Accounting and Administration. She holds a Bachelor of Business Administration Degree in Banking and Financial Services and a Bachelor of Laws Degree, both from the University of Technology.

Social responsibility is of tremendous importance to her, she is a faith believer, enjoys travelling, reading a good fiction, and listening to a variety of music.



**LAVERN GIBSON-ECCLESTON**

**L**avern, Director of Audits and Investigations, began her career at the Department as an Auditor and has moved her way up to her current position. She is accountable for ensuring 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**

**P**aulette, 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 since 1991 and has held several positions over the period. Ms. Kirkland graduated from UWI, Mona with a BSc. in Management Studies, and 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.



After another year of great achievements, I am proud to introduce the Department of Co-operatives and Friendly Societies' Annual Report for the 2017/18 Financial Year.

The Registrar of Co-operative Societies since November 2017 has portfolio responsibility for all Agricultural Loan Societies with promulgation of the Agricultural Loan Societies and Approved Organizations Act. Our aim, despite the several other Acts that we administer, is to effectively supervise and regulate these Societies thereby enhancing the expansion and development of agricultural activities and economic growth to improve the quality of life in rural communities.

In an effort to ensure accountability and effective management, a Provisional Management Committee has been established to oversee the restructuring of the National People's Co-operative Bank. This Committee comprises of individuals with a wide variety of skill sets including IT, Banking, Finance and special investigation relating to fraud.

The Agricultural Credit Board has been dissolved and merged its monitoring and inspection functions into the activities of the Registrar of Co-operative Societies.

The Department remains grateful to all those stakeholders who provided support in more ways than one as well as to the hardworking staff in achieving our varied targets.

A handwritten signature in black ink, appearing to read 'Errol Gallimore'.

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, the Charities Act the Industrial and Provident Societies Act and the Agricultural Loan Societies & Approved Organizations Act and their respective Regulations. Effective January 1, 2014, the Department was designated 'Charities Authority' with the responsibility for registering and regulating Charities within Jamaica.

During the 2017/2018 period, the Department focused on ensuring stability within the registered entities:

- 371 Industrial & Provident Societies
- 111 Co-operative Societies
- 422 Societies under the Friendly Societies Act to include Specially Authorized and Benevolent Societies
- 722 Charitable Organization

The mandate of the Department has been facilitated 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 facilitates 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 Charities Sector received assistance in the review and development of constitutions in keeping with the established standards.

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 and conducts research, promotional and developmental activities.

As a Regulatory Authority, the 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 Financial Reporting 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 Administration Jamaica (TAJ) designated "*Commissioner General*" and the Registrar of Companies, designated "*Registrar of Charities*" under the Charities Act 2013 in effecting the Registration of Charitable Organizations.
- 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 & PS Act;
- Ensures that Groups seeking Registration as Friendly Societies are engaged in activities geared toward the relief and maintenance of members;
- Rejects Applications that do not meet the required



standards;

- Liaises and collaborates with external entities such as Jamaica Social Investment Fund (JSIF), Social Development Commission (SDC), Citizens Security and Justice Programme (CSJP), and Rural Agricultural Development Authority (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.





**5.1 INSPECTORATE SECTION**

The Inspectorate Section undertakes regulatory activities with entities registered under the Co-operative Societies Act, Friendly Societies Act, Agricultural Loan Societies & Approved Organizations Act, Industrial & Provident Societies Act and the Charities Act during the period April 2017 – March 2018.

**5.1.1 Inspections**

<i>Full and Partial Inspections</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>125</b>	<b>77</b>	<b>61.6%</b>

This activity impacted seventy-seven (77) entities' operations. Overall, the findings revealed that the majority of these Societies/ Organizations complied with their Constitutions but were lacking in effective governance that augments transparency and accountability. Appropriate recommendations and follow-up actions were given to the Board of Directors (BOD) to correct these deficiencies.

**5.1.2 Pre-audit Checks**

<i>Pre Audits Checks</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>50</b>	<b>62</b>	<b>124%</b>

The objective of this activity was to

facilitate the auditing of accounting records within six (6) months after the closure of the Societies' financial years by the Audit Section to facilitate the convening of Societies' Annual General Meetings whereby statutory committees would be elected and members' participation in the decision making process of their organizations would be afforded.

Pre-audit checks were undertaken for one hundred and sixty-two (162) entities in total as some Societies had to be guided and assisted in posting of some Accounting Records to achieve Audit Readiness.

**5.1.3 Mergers/Amalgamation**

<i>Merger/Amalgamation</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>6</b>	<b>1</b>	<b>16%</b>

With the changes in the accounting standards and the pending legislation to further regulate the Credit Unions (CUs), many CUs considered merger and several discussions were had with the CEOs and Presidents of the CUs to foster merger talks; however, only one merger materialised. Whilst other CUs continued merger discussions as the community bankers' positioned 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. To





ensure a smooth transition in the process, DCFS attended joint meetings of appointed merger functionaries and provided technical support, advice and guidance for moving and charting the process of navigating the conceptual framework, the due diligence, formulation of the Memorandum of Understanding, Merger Agreements and also mobilization and galvanization of members for their approval via town hall and general meetings.

During the period under review, Nestle Jamaica Co-operative Credit Union was transferred to Lascelles Employees Co-operative Credit Union, effective October 1, 2017.

**5.1.4 Analysis of Financial Statements**

<i>Financial Assessments</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2017/18	238	253	106%

This activity impacted twenty nine entities (29) Credit Unions.

This achievement was due to the priority attention placed on the Credit Unions earlier within the year to ensure that they were meeting the target of the PEARLS-M standard especially for capital adequacy, delinquency provisioning, asset growth and solvency.

Assessment was also undertaken for the Producers and Services Co-

operatives that were cited to have great potential but were diagnosed for poor capitalization via their members and so alternate sources of funding had to be explored.

**5.1.7 Liquidation/Inquiry**

<i>Liquidation/Inquiry</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2017/18	2	0	0%

**5.1.8 Constraints**

The Section experienced numerous challenges throughout the financial year. These included:

- Agreed Inspections dates between DCFS and some Societies were rescheduled by the Societies.
- There was a general administration breakdown within some Societies, to include poor record keeping, failure to convene Annual General Meetings (AGM), Board Meetings – methods via which technical assistance by the Department would have been provided.
- The Section was short staff at varying periods throughout the financial year, due to:
  1. Resignation
  2. Study Leave
  3. Maternity Leave
  4. Vacation Leave





The above impacted on the number of Officers available to service the registered organizations.

- Officers also failed to strictly engage the Societies in varying tasks and to follow-up with regulatory directives.
- Officers failed to schedule and finalize inspection exercises within timeline.

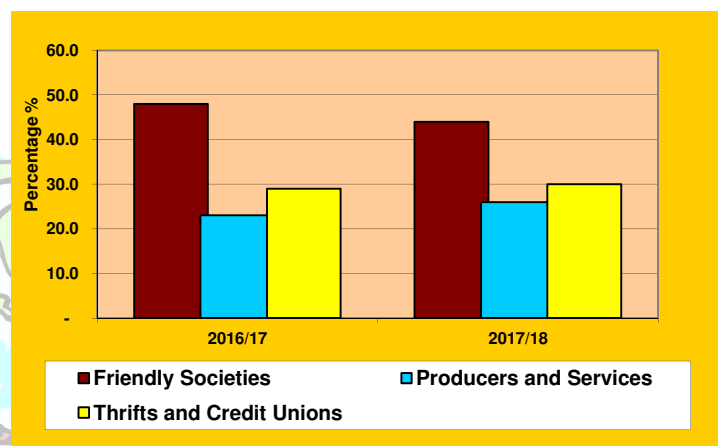
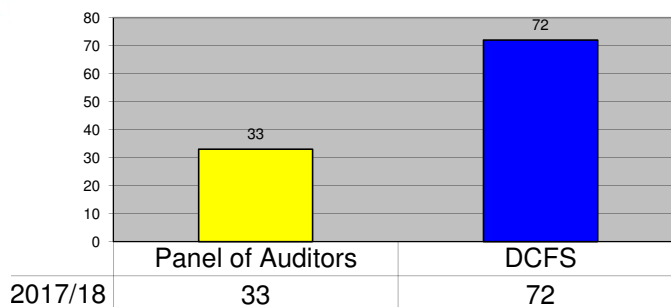
### 5.2 AUDITS AND INVESTIGATIONS

The Audits and Investigations Section undertake audits for registered Co-operatives and Friendly Societies and review financial statements and Annual Returns for Industrial and Provident Societies.

With a staff complement of eight (8) Officers, the Unit was able to audit a total of one hundred and five (105) Societies for the period 2017/18; sixty-eight (68) were completed internally and thirty-seven (37) completed externally by the Department's Panel of Auditors. These Audits represent One Hundred and Sixty-two (162) audit years.

Societies registered under the Co-operative Societies Act represented a major part of the audits completed at 56%, which includes Producers and Services at 26.6% and Thrift and Credit Unions at 29.5% while Friendly Societies represented 43.8% for 2017/18.

#### NUMBER OF AUDITS COMPLETED 2017/2018



Of the total number of audits, the Department's Panel of Auditors completed 31% while internal Staff did 69%.

#### 5.2.1 Audits

Audit			
Year	Projection	Achievement	% of target
2017/18	Two Years and less		
	103	95	92%
	Over Two (2) Years		
	20	10	50%

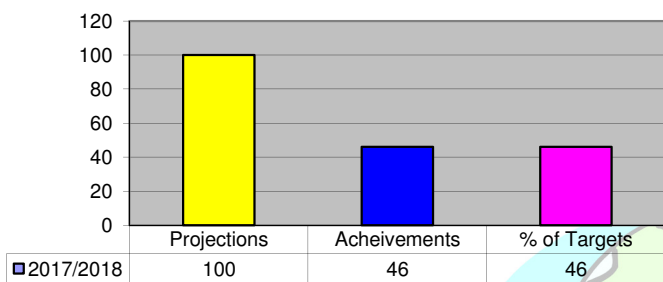
The Section facilitated the completion of ninety-five (95)



Societies' audits in the 'two years and less' category and ten (10) Societies' audits completed in the 'over 2 years' category. This represents an achievement of 92% and 50% respectively of projection.

The percentage of compliance is low despite the numerous Accounting Training that have been facilitate by Officers of the Unit in an attempt to build capacity and improve compliance for those organizations.

**AUDIT OF ACCOUNTS OVER TWO (2) YEARS 2016/2017**



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.

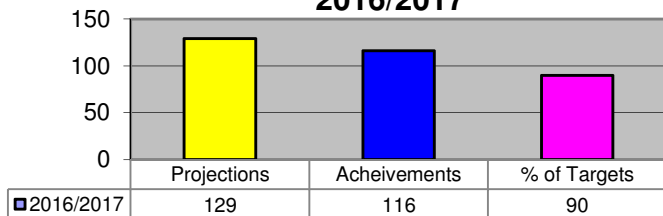
**5.2.2 Investigations**

Investigations are conducted based on reported cases or instances detected during the audit process or reported by members. For the 2017/2018 financial year, four (4) investigations were conducted, which included the following Societies:

**COK Sodality Co-operative Credit Union Limited**

An investigation was conducted based on a complaint made by a member regarding service charges incurred on her account, which was not communicated to her prior to implementation, and as a result, her account has become dormant.

**AUDIT OF ACCOUNTS TWO (2) YEARS AND LESS 2016/2017**



The number of Co-operative Societies audit has exceeded that of Friendly Societies despite the fact that there are more registered Friendly Societies.

The Department investigated the matter, which revealed that the implementation of the charges was approved at the Annual General Meeting and was properly communicated to the membership. However, recommendations were made to the Credit Union for improvement in its communication methods.



**Postal Co-operative Credit Union Limited**

An investigation was conducted into the activities concerning the closure of a member's loan account at the Credit Union.

The investigation revealed that the Society had not followed the procedures outlined in the Delinquency Control and Collection Policy, as such it was recommended by the Department that the Credit Union should revise and adhere to its Policies and that the recovery process for loans offered by the Credit Union should be explicitly stated. Additionally, in dealing with complaints from a sensitive member a meeting should be held with the member to discuss the matter so that he feels apart of the process.

**C&WJ Co-operative Credit Union Limited.**

An investigation was requested by a member regarding the balance of a Motor Vehicle Loan which revealed that the incorrect interest rate was entered into the computer system at loan origination which affected the loan amortization.

The Society corrected the error noted in member account resulted in the member's balance being significantly lower than the figure indicated by the initial system print.

The matter was appropriately

resolved to the satisfaction of all parties involved.

**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 bookkeeping practices, which would increase the number of monthly Financial Returns submitted to the Department for examination.

For the period 2017/2018 eight (8) Accounting Systems were developed, representing sixty-seven percent (67%) achievement.

<i>Development of Accounting Systems</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>12</b>	<b>8</b>	<b>67%</b>

For the period 2017/2018, fifty-eight (58) accounting systems were developed, representing 67% achievement.

**5.2.4 Other Activities Performed by the Section**

- **Assessment of Business Plans** - The assessment of Business Plans were done for two (2) Groups seeking registration under the Co-operative Societies Act to determine the feasibility of the proposed venture before being considered for registration.





- **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 Acts relevant to their own operation.

There has been a slight improvement in the level of compliance for the filing of Annual Returns; however, still low compared to the number of registered Societies. The withholding of the Letter of Good Standing or other services where the compliance is low or nil has been used in order to improve compliance.

### 5.3 RESEARCH, TRAINING AND DEVELOPMENT

The Research, Training and Development Section had a staff complement of seven (7) Officers for the year under review, due to Study Leave and Transfer.

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 Charities Act. This was achieved via

activities such as Group Organization, Group Supervision, recommendation for Registration and providing Technical Support before and after registration.

Other activities included the development of Societies through the following interventions: Development Planning, Resuscitation programmes, Training, Technical Support and Business Counselling.

#### 5.3.1 Group Organization

<i>Group Organization</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>80</b>	<b>38</b>	<b>47.5%</b>

The Section target was eighty (80), however, thirty-eight (38) application received during the period; which represents 47.5% of the target.

#### 5.3.2 Group Supervision

<i>Group Supervision</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>75</b>	<b>40</b>	<b>53%</b>

The Section achieved 53% of target during the period under review.





**5.3.3 Registration of Societies**

<i>Registration of Society</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>60</b>	<b>30</b>	<b>50%</b>

The figures show that fifty percent (50%) achievement for the year under review for the registration of Societies under the various Acts. See *Appendix II* for Societies registered over the period.

**5.3.4 Development Planning & Resuscitation**

<i>Development Planning</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<b>2017/18</b>	<b>20</b>	<b>4</b>	<b>20%</b>

To date, four (4) Societies have received assistance in developmental activities.

**5.3.5 Appraisal of Rules**

<i>Appraisal of Rules</i>			
<i>Year</i>	<i>Projections</i>	<i>Achievements</i>	<i>%of targets</i>
<b>2017/18</b>	<b>75</b>	<b>51</b>	<b>68%</b>

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

**5.3.6 Education and Training**

<i>Training of Individuals (Movements)</i>			
<i>Year</i>	<i>Individuals</i>		<i>% of target</i>
	<i>Projection</i>	<i>Achievement</i>	
<b>2017/18</b>	<b>750</b>	<b>772</b>	<b>103%</b>

The year 2017/2018 saw a 103% achievement of target, as seven hundred and seventy-two (772) personnel within the Movements received training. In addition, the Section transferred fifteen (15) Societies to the Inspectorate Section, cancelled seven (7) Societies and facilitated the amendments of Rules for six (6) Societies.

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 instances, training was undertaken through a collaborative approach, as per the mandate of the Research, Training and Development Section having portfolio responsibility for executing the training exercises.



### 5.3.7 LOCAL TRAINING PROGRAMMES

One (1) Officer was facilitated to attend and participate in Budget Preparation and Management Course at Management Institute for National Development (MIND) in keeping with a structured Government Policy of providing on-going training.

### 5.3.8 INTERNATIONAL FORUMS

#### **Caribbean Confederations of Credit Unions (CCCU) Annual Conference 2017**

The CCCU Convention was held in Veradero, Cuba from June 16-21, 2017 under the theme “Co-operatives Reshaping Caribbean Sustainable Development”. Mrs. Vinette Gregory, Development Manager represented the Department.

The Convention brought together Regional Regulators and Leaders of the Regional Co-operative Movement. It provided opportunities for networking and consultation among the participants on legal, operational and other critical issues impacting on the performance of the Regional Co-operative Movement; as well as afforded opportunities to introduce the concept of Financial Co-operatives to the Cuban public.

Co-operative Sector Leaders,

Managers and their Peers had the opportunity to network and participate in general and breakout sessions emphasizing the Credit Union difference and its services and systems to satisfy members' needs.

#### **International Co-operative Alliance (ICA) Global Conference and General Assembly**

The Registrar, Mr. Errol Gallimore attended the International Co-operative Alliance (ICA) Global Conference and General Assembly held in Kuala Lumpur, Malaysia during the period November 13 – 17, 2017 under the theme “Co-operatives: Putting People at the Centre of Development”.

The General Assembly and Global Conference of the ICA brought together Alliance members and the global co-operative community. During the three (3) days; the sessions facilitated showing of best practices, establishment of standards for the Co-operative and Mutual Societies as well as presentation on good governance.

#### **Jamaica Co-operative Movement 70<sup>th</sup> Regional Board Meeting**

ICA of the Americas 70<sup>th</sup> Regional Board Meeting was held in San Salvador City, El Salvador during the period February 28, 2018 to March 2, 2018.



Ms. Paulette Kirkland, Director - Research, Training & Development represented the Department. The visit was a twofold:

- ✓ Develop synergies/ relationships with members/ leaders within the Americas
- ✓ Observe activities relating to the convening of the Board Members and TIP Friendly Societies Thematic Forum, as Jamaica was slated to host in August 2018.



Left to right: Arthur Comrie, author and longstanding Co-operator, Barrington Whyte – C&WJ Co-operative Credit Union Limited, Christopher Samuda, Attorney-at-Law and former President - JCCUL, Vivian Brown – Director General, MICAFA, Paulette Kirkland – Director and Errol Gallimore - Registrar

### 5.3.9 A Collaborative Approach

Through continued collaboration with Government and Non-Government Organisations, the Department's Developmental and Capacity Building Programmes are ongoing.

#### **Co-operative Leadership Conference 2017**

The Department hosted a Co-operative Leadership Conference on October 19, 2017 at the Montego Bay Convention Centre, Rose Hall, Montego Bay, St. James. The theme was "Co-operatives ensure that no one is left behind". The participants were members of Producers and Services Co-operatives as well as members from Benevolent Societies whose operations were in keeping with the Co-operative Principles. One hundred and twenty-six (126) participants were in attendance as well as four (4) presenters who were long standing Co-operators.

#### **Blue & John Crow Mountains World Heritage Site Economic Opportunities Workshop**

The Department participated in an Economic Opportunities Workshop hosted by the Ministry of Culture, Gender, Entertainment and Sports participated in the Economic Workshop held at the Morant Villa in St. Thomas on October 18, 2017.

#### **Denbigh Agricultural and Industrial Showcase 2017**

The Department in collaboration with Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA) participated in the Annual Denbigh Agricultural and Industrial Showcase as a means of disseminating information on the work of the Movement and the Department during the period August 4 – 6, 2017.





Ministry of Industry, Commerce, Agriculture and Fisheries Village at Denbigh 2017



Ms. Keisha Burgher, Training Officer organizing the Department's booth at Denbigh

## 5.4 ADMINISTRATION SECTION

The Administration Section provided the necessary support service to enable the Department to undertake its functions in keeping with Staff Orders.

### 5.3.1 STAFF

#### i. Staff Complement:

The Department ended the Financial Year with the following staff:

Permanent	60
-----------	----

Temporary	1
-----------	---

#### ii. Staff Turnover: Resignation, Recruitment and Transfer

In the Year under review, the Department experienced some changes in its staff complement as follows:

##### ❖ Retirement

Four (4) persons went off on the Special early Retirement Programme (*SERP*).

##### ❖ Resignation

Four (4) persons resigned from the Public Service.

##### ❖ Recruitment

Due to the merger with the Agricultural Loan and Approved Societies (formerly the Agriculture Credit Board) Staff underwent cross training especially in the technical field.

##### ❖ Transfer/ Secondment/ Acting

Three (3) members of staff proceeded on Secondment while one (1) proceeded to act in a higher post at another Ministry.

##### ❖ Study Leave

One staff continued on study leave and should return to her substantive post in August 2018.





### iii. Vacation Leave

During the Year under review, twenty-nine (29) staff proceeded on Vacation Leave.

### 5.4.2 Audit and Supervision Fund

The Department in accordance with the Co-operative Societies Act has responsibility for administration of the Audit and Supervision Fund (ASF). Inflows to the Fund for the period were mainly from Audit Fees, while outflows were for expenses related to Accounting Services in having Societies' Financial Records updated to audit-readiness standard, purchases of equipment, facilitating In-House Training Sessions and refund of members' shares arising from Liquidation of their Societies.

### 5.4.3 Budget

The Department's budget for 2017/18 was \$109,632.00, an increase of \$17.732M over the prior year approved budget.

## 6.1 PERFORMANCE OF THE CREDIT UNION SECTOR

The Movement's performance for 2017 reflected generally good financial results, with increases in total assets, net loans and savings against a decline in membership. The Movement ended the year 2017 with 28 Credit Unions, compared to 32 at

the end of 2016, largely as a result of mergers.

The Jamaican Credit Union Movement also saw improved performance relative to 2016. Credit Unions ended the year with savings growth of 9.83%, net loans growth of 12.6% and assets growth of 8.8%.

The financial sector was market by significant changes in 2017, given the transition of Jamaica Money Market Brokers (JMMB) and Jamaica National (JN) Bank, from merchant bank and building society respectively, to commercial banks. These changes will further heighten competition and battle for market share.

### 6.1.1 Jamaica Co-operative Credit Union League (JCCUL) Limited

JCCUL is the Trade Association for the Credit Unions of Jamaica.

While the League provides Trade Association Services to Credit Unions, it has oversight responsibility for the JCCUL Group, which comprises four (4) subsidiary organisations that provide a range of services to credit unions and members, in some instances. The Subsidiaries of JCCUL includes:

- Credit Union Fund Management Company (CUFUMC)
- Centralized Strategic Services



(CSS) Limited

- Quality Network (QNET) Co-operative Limited
- JaMobile Payment Services Limited

The Group's financial performance in 2017 was impacted significantly by the termination of the CONEC® mobile wallet service. The Group made a consolidated after-tax loss of \$44.2 million in 2017 compared to a surplus of \$179.5 million in 2016. The Group made a total comprehensive income of \$44.8 million in 2017 compared to \$191.4 million in 2016. CUFMC, QNET and the CSS all recorded surpluses while JaMobile and the Trade Association recorded losses.

[Extracted from JCCUL Annual Report 2017]

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

Despite the fact that the economic climate in Jamaica did not lend itself to the growth of the business, they were able to perform reasonably well due to the loyalty of their members and other commercial fisher-folk.

Some of the economic factors that continue to affect the Union are the fluctuations of the Jamaican dollar, and the inability of their fisher-folks to overhaul their fishing tackle as often as they would like due to lack of resources. It has been a challenge

for the Union to increase sales volume as projected because the fishing industry continues to contract due to a number of internal and external forces, while the cost of fishing equipment continues to increase.

With the assistance of National Union of Co-operative Societies (NUCS) and the Development Bank of Jamaica (DBJ), they have developed a three (3) year Strategic Plan and Business Plan, which they have implemented during the current year. They are hopeful that with the guidance received they shall see great improvements in their performance going forward.

During the period under review, there was a decline in sales of 7.5% and an increase in expenses of 4%. This resulted in a new surplus of \$5,810,767.00 however due to losses in their staff Pension Plan there was a total comprehensive loss of \$5,216,133.00.

[Extracted from JFCU Annual Report 2017]

## APPENDIX I

### SENIOR EXECUTIVE COMPENSATION

Name and Position of Senior Executive	Year	Salary (\$)	Gratuity (\$)	Travelling Allowance Or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Special Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Errol Gallimore, Registrar (GMG/SEG 5)		3,447,823.00	N/A	1,341,624.00	N/A	727,200.00	N/A	5,516,647.00
Tanesha Facey, Director of Inspectorate (GMG/SEG 3) (Actg.)		1,416,815.00	N/A	707,448.00	N/A	120,000.00	N/A	2,244,263.00
Paulette Kirkland, Director of Research, Training and Development (GMG/SEG 3)		2,258,807.00	N/A	707,448.00	N/A	178,459.00	N/A	3,144,714.00
Lavern Gibson-Eccleston, Director of Audits and Investigations (FMG/AS 5)		2,258,807.00	N/A	707,448.00	N/A	N/A	N/A	2,966,255.00

#### *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. Special Allowances (for work performed outside of Job Description – Charities Authority).
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 2017 - March 2018, under the relevant Acts.**

**CO-OPERATIVE SOCIETIES ACT**

None was registered during the period

**INDUSTRIAL & PROVIDENT SOCIETIES ACT**

- Ace Loan Express Limited

**FRIENDLY SOCIETIES ACT**

- Albion Estate Citizens Association
- Brandon Hill Patriots Community Development Committee Benevolent Society
- Brown's Town Housing Scheme Citizens Association (Dell McCalla)
- Claremont Drive Citizens Association Benevolent Society
- Cockpit Citizens Benevolent Society
- Comma Citizens Association & Neighbourhood Watch
- Enfield Community Development Committee Benevolent Society
- Ewarton JBI Alumina Community Council Benevolent Society
- Georgia District Development Committee Benevolent Society
- Jones Town/Craig Town Benevolent Society
- Lionel Town Development Area Committee Benevolent Society
- Marlie Hill Development Committee Benevolent Society
- Mountainside Juices Benevolent Society
- Red Lands Production and Marketing Organization Benevolent Society
- Reddington Farmers' Association Benevolent Society
- South Manchester Foundation Benevolent Society
- St. Ann's Bay Citizens Association Benevolent Society
- Standpipe Community Development Committee Benevolent Society
- The Jewel Estate Association Benevolent Society





- Winalco Kirkvine Joint Communities Council Benevolent Society





<b>SOCIETIES AUDITED</b>						
<b>Societies</b>	<b>No. of Societies</b>		<b>External Audits</b>		<b>Internal Audits (DCFS)</b>	
	<b>16/17</b>	<b>17/18</b>	<b>16/17</b>	<b>17/18</b>	<b>16/17</b>	<b>17/18</b>
<b>Thrift &amp; Credit</b>	34	31	33	31	1	-
<b>Agricultural</b>	8	7	-	-	8	7
<b>Housing and Land</b>	4	2	-	-	4	2
<b>Multipurpose / Consumer</b>	5	3	-	-	5	3
<b>Fishermen</b>	6	5	-	-	5	5
<b>Community Development</b>	1	-	-	-	1	-
<b>Transport</b>	1	2	-	1	1	1
<b>Coffee/Cocoa</b>	2	3	-	-	2	3
<b>Industrial</b>	-	-	-	-	-	-
<b>Friendly Societies</b>	58	46	-	-	58	46
<b>Tertiary/ Federation</b>	2	1	-	-	3	1
<b>Insurance</b>	-	2	-	1	-	1
<b>Services</b>	-	3	-	-	-	3
<b>TOTAL</b>	<b>121</b>	<b>105</b>	<b>33</b>	<b>33</b>	<b>88</b>	<b>72</b>



**CLASSIFICATION OF CO-OPERATIVE SOCIETIES**

<b>CLASSIFICATION</b>	<b>2017/2018</b>	
	<b>Active</b>	<b>Inactive</b>
<b>1. Agricultural</b>	40	12
<input type="checkbox"/> <i>Coffee</i>		
<input type="checkbox"/> <i>Cocoa</i>		
<input type="checkbox"/> <i>Dairy</i>		
<input type="checkbox"/> <i>Other</i>		
<b>2. Industrial</b>	4	4
<b>3. Fishermen</b>	12	1
<b>4. Consumer</b>	4	3
<b>5. Multi Services</b>	6	1
<b>6. Credit Union</b>	34	0
<b>7. Housing and Land Purchases</b>	4	3
<b>8. Land Leasing</b>	0	2
<b>9. Insurance</b>	1	0
<b>10. Thrift</b>	2	0
<b>11. Transport</b>	3	1
<b>12. Community Development</b>	2	2
<b>13. Secondary</b>	3	2
<b>14. Tertiary</b>	1	0
<b>Total</b>	<b>116</b>	<b>31</b>





**PURCHASES OF LOW LAND COFFEE  
From Co-operatives for the Crop Year 2017/2018**














Wallenford Coffee Company Limited reported that no purchase of low land coffee was made from Co-operatives during the period.



## APPENDIX VI

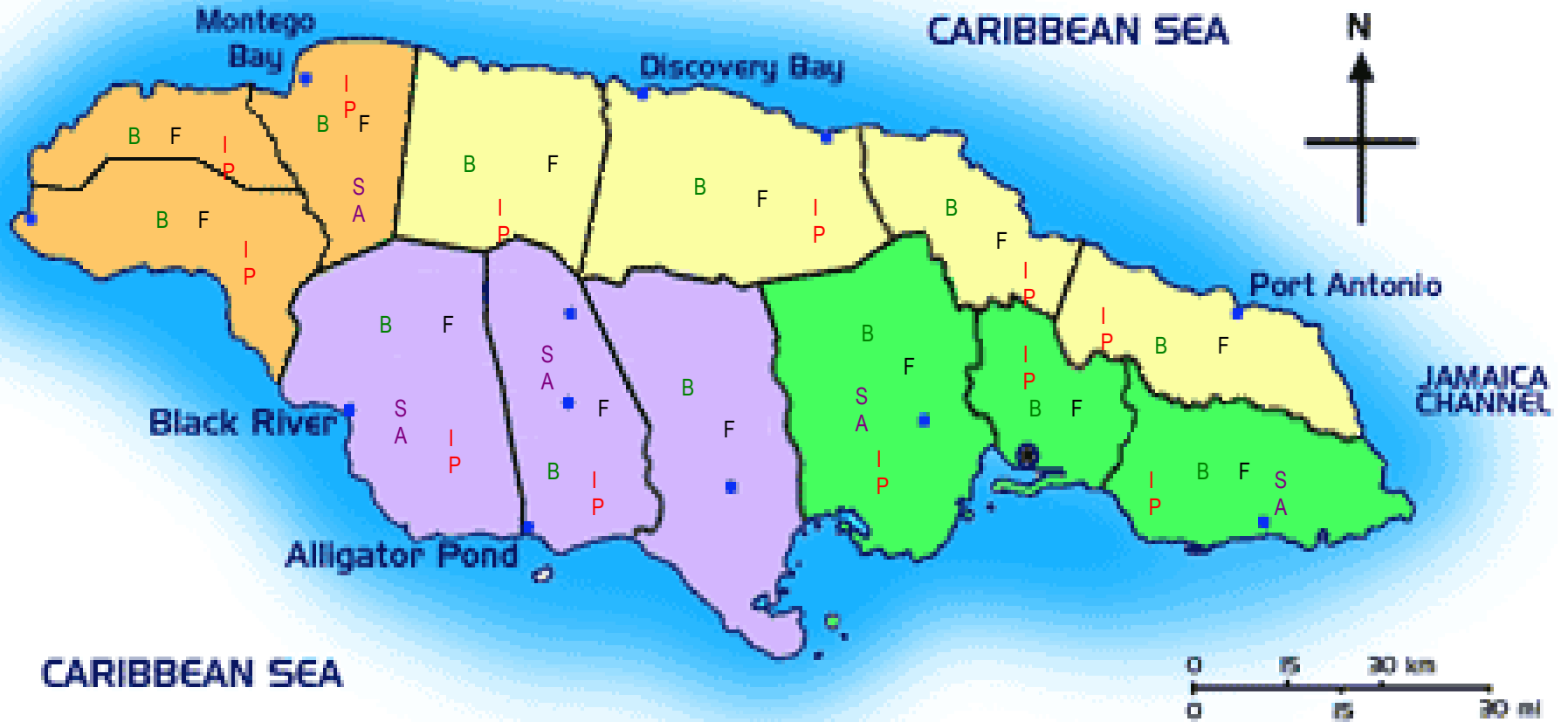
MAP SHOWING GEOGRAPHICAL DISTRIBUTION OF ACTIVE CO-OPERATIVE SOCIETIES



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 VII

**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
S A	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*

