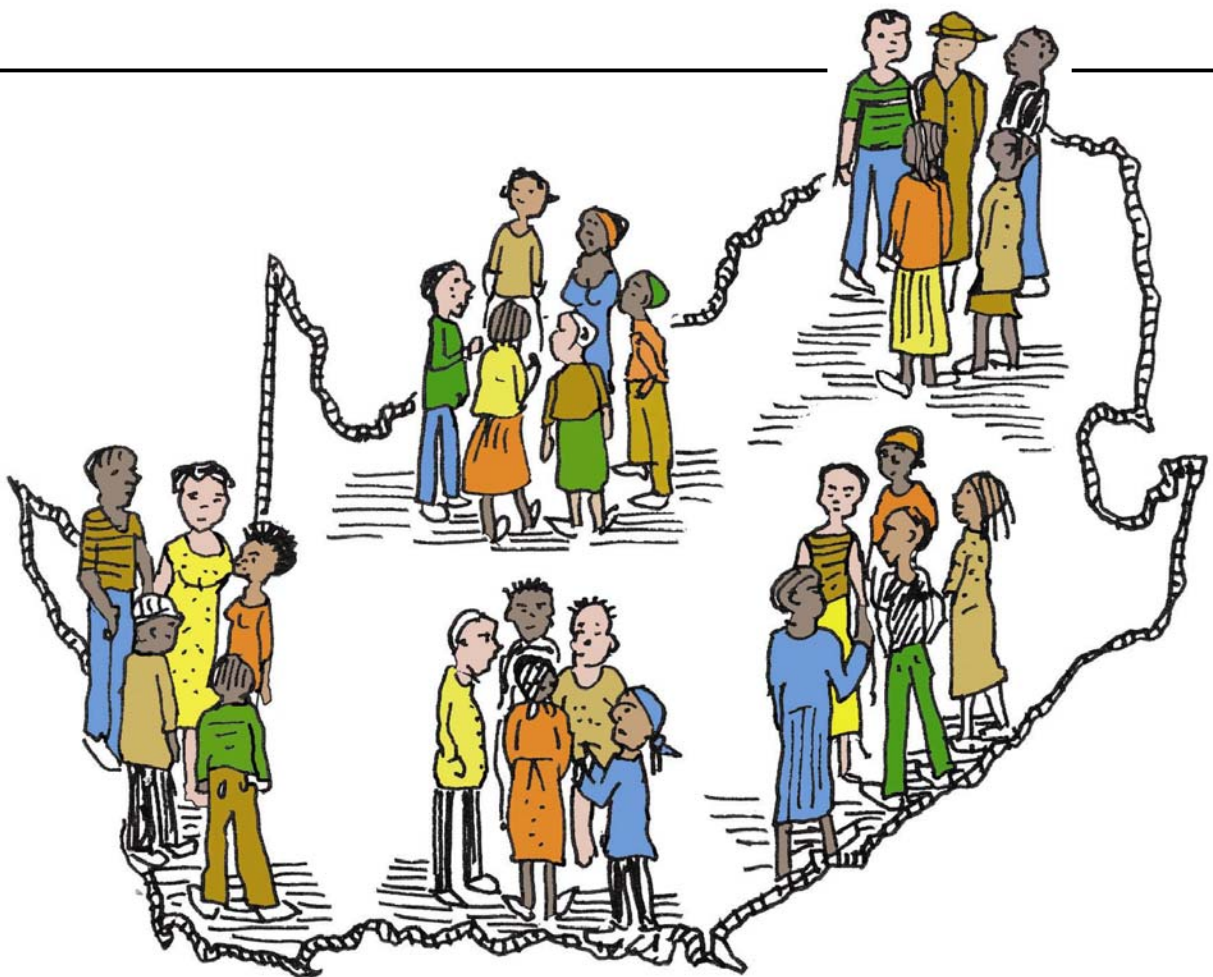

GUIDE TO THE SOUTH AFRICAN CO-OPERATIVES ACT 2005



© **Department of Trade and Industry
Government of the Republic of South Africa**

Private Bag X84
Pretoria 0001
SOUTH AFRICA
2005

ACKNOWLEDGEMENTS

This booklet contains a simple summary of the South African Co-operatives Act, No. 14 of 2005.

This booklet is published by the Department of Trade and Industry. The text was written by Dianne Hubbard (Windhoek, Namibia), with input from the following persons:

Bernd Harms, German Co-operative and Raiffeisen Confederation (DGRV)
Nombini Kutta, Department of Trade and Industry (the dti)
Nweti Maluleke, Department of Trade and Industry (the dti)
Reuben Mbedzi, Department of Trade and Industry (the dti)
Patience Mbewana, Department of Trade and Industry (the dti)
Sibongile Mdluli, International Labour Organization (ILO)
Vuyo Mhlakaza, National Co-operative Association of South Africa (NCASA)
Cebisile Mhlanga, German Co-operative and Raiffeisen Confederation (DGRV)
Zandile Moerane, Small Enterprise Development Agency (SEDA)
Mkuseli Nyewe, Home of Small, Medium and Micro Enterprises Trust (HOST)
Elma Pinkham, Companies and Intellectual Property Registration Office (CIPRO),
Department of Trade and Industry (the dti)
Keke Rakgosi, Dora Tamana Co-operative Centre (DTCC)
Thami Skenjana, Home of Small, Medium and Micro Enterprises Trust (HOST),
Wholesale and Retail Employment Skills Development Agency
Ursula Titus, Umsobomvu Youth Fund (UYF)

The illustrations are by Nicky Marais (Windhoek, Namibia). The layout is by Perri Caplan (Windhoek). Funding for the development of the booklet was provided by the International Labour Organization (ILO).

Some of the text in this booklet is adapted with permission from text in a set of three booklets about co-operatives published in Namibia by the Division of Cooperative Development, Ministry of Agriculture, Water and Rural Development: *Cooperatives in Namibia, Book 1: Introduction, Book 2: Guide to the Namibian Cooperatives Act, Book 3: Guide to the Model By-laws for Namibian Cooperatives.*

Acknowledgements are also due to *Cooperatives in Malawi: A Guide to the Cooperative Societies Act* published by the Ministry of Commerce and Industry in Malawi; *Co-operatives in Kenya: A Guide to the Co-operative Societies Act, No. 12 of 1997*, published by the Co-operative College of Kenya; and *Summary of the Lesotho Co-operative Societies Act 2000*, published by the Ministry of Agriculture, Cooperatives and Land Reclamation in Lesotho.

TABLE OF CONTENTS

BACKGROUND.....	1
WHAT IS A “CO-OPERATIVE”?.....	1
CO-OPERATIVE PRINCIPLES	2
WHY DO WE NEED A LAW ON CO-OPERATIVES?	6
INTRODUCTION.....	8
PURPOSE OF THE LAW	8
LEVELS OF CO-OPERATIVES.....	10
TYPES OF CO-OPERATIVES.....	10
WHO DOES THE ACT APPLY TO?.....	12
CO-OPERATIVE PRINCIPLES	12
REGISTRATION, CONSTITUTION AND DUTIES OF REGISTERED CO-OPERATIVES	15
APPLICATION FOR REGISTRATION.....	15
REGISTRATION	16
NAME OF CO-OPERATIVE.....	17
CONSTITUTIONS	18
REGISTERED OFFICE.....	22
RECORD-KEEPING.....	22
SPECIAL RULES FOR CERTAIN TYPES OF CO-OPERATIVES	24
RULES FOR MEMBERS	25
MEMBERSHIP BASICS	25
LIABILITY OF MEMBERS.....	25
WITHDRAWAL OF MEMBERSHIP.....	26
DEATH OF MEMBER	27
WHEN MEMBERSHIP FALLS BELOW THE MINIMUM.....	27
GENERAL MEETINGS	28
STRUCTURE FOR DECISION-MAKING.....	28
USING TECHNOLOGY TO ATTEND GENERAL MEETINGS.....	28
ANNUAL GENERAL MEETINGS.....	29
REPRESENTATION AT MEETINGS	30
MINUTES OF GENERAL MEETINGS.....	30
MANAGEMENT OF CO-OPERATIVES	31
BOARD OF DIRECTORS	31
MEETINGS OF BOARD OF DIRECTORS	31
MINUTES OF MEETINGS OF BOARD OF DIRECTORS.....	32
DELEGATION OF FUNCTIONS.....	33
DISCLOSURE OF INTERESTS	33
PREVENTING CORRUPTION	34
REGISTER OF DIRECTORS	34

CAPITAL STRUCTURE	35
CAPITAL CONTRIBUTED BY MEMBERS.....	35
MEMBER SHARES.....	35
SHARE AND LOAN CERTIFICATES	35
MEMBER FUNDS	36
RESERVE FUND	37
PATRONAGE PROPORTION	38
RULES ABOUT LOANS	39
AUDITS.....	41
ANNUAL AUDIT.....	41
APPOINTMENT OF AUDITOR	41
RIGHTS AND DUTIES OF AUDITOR.....	42
APPROVAL OF AUDITED FINANCIAL STATEMENTS.....	43
RESTRICTIONS ON PUBLISHING FINANCIAL STATEMENTS	43
DEALING WITH MISTAKES IN FINANCIAL STATEMENTS	44
EXEMPTIONS	44
AMALGAMATIONS, DIVISIONS, CONVERSIONS AND TRANSFERS.....	46
AMALGAMATIONS AND DIVISIONS.....	46
CONVERSIONS	47
TRANSFERS.....	48
PROTECTING CREDITORS	48
CONVERSION OF COMPANY INTO CO-OPERATIVE.....	48
WINDING-UP AND DE-REGISTRATION	49
WINDING UP	49
JUDICIAL MANAGEMENT.....	51
PLACING CO-OPERATIVE UNDER JUDICIAL MANAGEMENT.....	51
ADMINISTRATION OF THE CO-OPERATIVES ACT	52
REGISTRAR OF CO-OPERATIVES	52
OFFICIAL SEAL.....	52
DOCUMENTS SUBMITTED TO THE REGISTRAR.....	52
INVESTIGATIONS BY REGISTRAR.....	52
APPEALS	53
CO-OPERATIVES ADVISORY BOARD	54
MEMBERS	54
POWERS AND DUTIES	54
MEETINGS.....	55
CRIMES AND GENERAL MATTERS.....	56
CRIMES.....	56
TRANSITIONAL PROVISIONS.....	57
CONCLUSION	58
FIVE GOOD REASONS FOR FORMING CO-OPERATIVES	58
ADVANTAGES OF CO-OPERATIVES.....	60