

Co-operative Societies (Amendment) Bill

Bill No. 10/2024.

Read the first time on 29 February 2024.

A BILL

intituled

An Act to amend the Co-operative Societies Act 1979.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act is the Co-operative Societies (Amendment) Act 2024 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

5 Amendment of section 2

2. In the Co-operative Societies Act 1979 (called in this Act the principal Act), in section 2(1) —

(a) in the definitions of “dividend” and “honorary”, after “net surplus”, insert “or the reserves (if approved under section 72A)”; and

(b) after the definition of “Registrar”, insert —

““reserves” means the assets of a society that are in excess of its liabilities, paid-up share capital, subscription capital and other deposits;”.

15 Amendment of section 3

3. In the principal Act, in section 3, delete subsection (3).

Amendment of section 10

4. In the principal Act, in section 10(3), delete “and sealed”.

Amendment of section 15

20 5. In the principal Act, in section 15(4)(a), replace “and 2 members of the committee of management” with “or the secretary”.

Amendment of section 34

6. In the principal Act, in section 34 —

(a) delete subsection (5);

(b) in subsection (6), replace “Despite subsection (5), the” with “The”; and

(c) in subsection (6), replace “referred to in that subsection” with “mentioned in subsection (1)”.

Amendment of section 53

7. In the principal Act, in section 53(3) —

- (a) replace “otherwise provide” with “provide for a longer period”; and
- (b) replace “prior to” with “before”.

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Amendment of section 54

8. In the principal Act, in section 54 —

- (a) in paragraph (d), delete “or invested”; and
- (b) after paragraph (d), insert —

“(da) to consider and resolve the distribution of dividends or payment of honoraria from any reserves for which the approval of the Registrar under section 72A has been obtained;

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(db) to consider and resolve the payment of any honorarium, allowance or other benefit to members of the committee of management;”.

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Amendment of section 61

9. In the principal Act, in section 61(2), after paragraph (f), insert —

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“(fa) to prepare and present to the annual general meeting of the society any proposal for the distribution of dividends or payment of honoraria from any reserves for which the approval of the Registrar under section 72A has been obtained;”.

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Amendment of section 65

10. In the principal Act, in section 65(1) —

- (a) replace “(but not both)” with “, or both,”; and
- (b) after “such honorarium or allowance”, insert “, or both,”.

Amendment of section 66

11. In the principal Act, in section 66 —

(a) renumber subsection (1) as section 66;

(b) after paragraph (d), insert —

5 “(da) bonds or debentures issued by the society subject to such restrictions as are laid down in this Act and in the by-laws;” and

(c) delete subsection (2).

Amendment of section 71

12. In the principal Act, in section 71 —

(a) in subsection (2)(a) and (b), after “preceding financial year”, insert “(excluding any amount specified in subsection (2A) and any grant from the Government excluded under subsection (2B))”; and

15 (b) after subsection (2), insert —

“(2A) In subsection (2), any gains or profits arising from the disposal of any of the following are excluded from the surplus of a society:

20 (a) immovable property owned by the society and used by the society for its own operations;

(b) shares (whether listed or unlisted) in any entity held by the society.

25 (2B) In subsection (2), the Minister may, by order in the *Gazette* and subject to any conditions specified in the order, exclude any grant from the Government from the surplus of a society.”.

Amendment of section 72

13. In the principal Act, in section 72(2), after “dividend”, insert
30 “(or total dividend under this section and section 72A)”.

New section 72A

14. In the principal Act, after section 72, insert —

“Allocation, distribution and payment of reserves

72A.—(1) Subject to this Act, any conditions prescribed in the by-laws and any written direction by the Registrar, a society may allocate its reserves (or any part of the reserves) to funds constituted by the society, and may change the amount of the reserves allocated to any fund from time to time.

(2) Subject to subsection (3), the reserves (or any part of the reserves) may be distributed to the members by way of dividend or paid to officers of the society by way of honoraria, to such extent and under such conditions as may be prescribed under this Act or in the by-laws.

(3) A committee of management proposing to make a distribution or payment under subsection (2) must obtain the Registrar’s approval for the distribution or payment before the annual general meeting of the society is held to consider and resolve the making of the distribution or payment.”.

Amendment of section 73

15. In the principal Act, in section 73 —

- (a) in subsection (7), delete “, (4)”;
- (b) in subsection (7), replace “stated on” with “of”; and
- (c) after subsection (7), insert —

“(7A) Despite subsections (3) and (5), a person who is authorised to administer the property of a member is eligible to receive from the society the value of the member’s bonus certificate or bonus share if the member is —

- (a) dead;
- (b) bankrupt;
- (c) a society for which a winding up order has been made under section 83(1) or (2); or

(d) a trade union that has been dissolved under section 19 of the Trade Unions Act 1940.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Co-operative Societies Act 1979 (the Act) to enable a co-operative society (a society) to pay dividends and honoraria out of its reserves subject to the approval of the Registrar of Co-operative Societies (the Registrar), and to make other miscellaneous amendments.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2(1) to define the term “reserves”, and to make consequential amendments to the definitions of “dividend” and “honorarium”.

The reserves of a society are the assets of the society that are in excess of its liabilities, paid-up share capital, subscription capital and other deposits.

Clause 3 amends section 3 to remove the requirement in subsection (3) for the Registrar to have a seal.

Clause 4 makes a consequential amendment to section 10(3) as a result of the amendment made by clause 3.

Clause 5 amends section 15(4)(a) to provide that an application to register any amendment of a by-law of a society must be signed by the chairperson or the secretary of the society, instead of the current requirement for 3 signatories.

Clause 6 amends section 34 to remove the requirement in subsection (5) for a society to submit its financial statements to an auditor within 6 months after the close of the financial year. A society is already required under subsection (1) to submit its audited financial statements to the Registrar within 6 months after the close of the financial year. Subsection (6) is also amended to allow the Registrar to extend the time for a society to do so.

Clause 7 amends section 53(3) to make clear that a notice of a general meeting of a society must be sent to the members of the society at least 15 clear days before the date of the meeting, and the by-laws of a society can require a longer (but not shorter) period of notice.

Clause 8 amends section 54 to provide that it is not necessary for the members of a society in the annual general meeting of the society to approve the investment of the net surplus of the society, and to provide that any distribution of dividends or payment of honoraria from the reserves that has been approved by the Registrar under the new section 72A and any payment of any honorarium, allowance or other benefit to the members of the committee of management are matters that are

to be approved by the members of the society in the annual general meeting of the society.

Clause 9 makes a related amendment to section 61(2) to provide that it is the function of the committee of management of a society to prepare and present to the annual general meeting of the society any proposal for the distribution of dividends or payment of honoraria from the reserves that has been approved by the Registrar under the new section 72A.

Clause 10 amends section 65(1) to provide that a member of the committee of management of a society may receive both an honorarium and an allowance from the society if the payments are authorised by a resolution passed by the general meeting of the society.

Clause 11 amends section 66 to provide that a society may raise capital by issuing bonds or debentures without the Registrar's approval.

Clause 12 amends section 71 to provide that contributions to the Central Co-operative Fund or the Singapore Labour Foundation do not need to be made on the surplus of a society derived from capital gains from immovable property used for the society's operations or from shares (whether listed or unlisted) in any entity, and on grants from the Government that the Minister may exclude by order in the *Gazette*, subject to any conditions specified in the order.

Clause 13 makes a consequential amendment to section 72(2) to provide that the maximum dividend rate that a society can pay applies to the total dividends paid out of its net surplus and reserves.

Clause 14 inserts a new section 72A to clarify that a society may allocate its reserves to such funds as may be permitted under the Act, the by-laws of the society and any written direction by the Registrar, and to allow a society to distribute dividends to the members of the society or to pay honoraria to the officers of the society out of the reserves of the society with the Registrar's approval. The committee of management of the society must obtain the Registrar's approval before any distribution or payment is to be approved in the annual general meeting of the society.

Clause 15 amends section 73 by inserting a new subsection (7A) to provide that the value of bonus certificates or bonus shares issued by a society may be paid on the death, bankruptcy, winding up or dissolution of the member, despite any time limitation that would otherwise apply under subsection (3) or (5). The payment is made to a person who is authorised to administer the property of the member in such event. A technical amendment is also made to subsection (7).

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
