

BILL

No. 33 of 1924.

An Act respecting Co-operative Associations.

(Assented to _____, 1924).

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

SHORT TITLE.

1. This Act may be cited as "*The Co-operative Associations Act, 1924.*"

INTERPRETATION.

- 2.** In this Act, unless the context otherwise requires—
- (a) "Agricultural products" shall include horticultural, forestry, dairy, livestock, poultry, bee, farm and ranch products;
 - (b) "Association" shall mean an association incorporated under the provisions of this Act;
 - (c) "Extraordinary resolution" shall mean a resolution which has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given;
 - (d) "Minister" shall mean the Provincial Secretary;
 - (e) "Registrar" shall mean the Registrar of Joint Stock Companies.

INCORPORATION.

3. Any ten or more persons resident in the Province may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of this Act in respect of registration, form a co-operative association, with the general object of encouraging the marketing of agricultural products through co-operation either with or without a capital divided into shares.

4.—(1) The memorandum must state the name of the association, the objects of the association, the amount of share capital with which the association proposes to be registered, the division thereof into shares of a fixed amount, (if there is any such share capital), and also the place in the Province at which the registered office of the association is to be situated.

(2) Where there is a share capital and such share capital is to be divided into preference and ordinary shares, the memorandum must state the number of shares of each class, and the nature and definite extent of the preference and privileges granted to each class, the maximum dividend not exceeding eight per cent. to be paid in respect of each class of shares, and the right or absence of right of holders of preferred shares to vote.

(3) If there is no share capital the memorandum must state whether the interest of each member of the association is to be the same as that of every other member, and if not, the general rule or rules applicable to all the members by which their respective interests may be determined, together with provision for the admission of new members.

(4) The memorandum shall further state the number of directors of the association, which must be not less than five, and may be any greater number, the term of office of such directors, and the names and addresses of persons who are to serve as directors of the association until the date of the first general meeting thereof.

5. The memorandum shall be signed by each subscriber in the presence of at least one witness who must attest the signature.

6. There shall be registered with the memorandum, articles of association signed by the subscribers to the memorandum prescribing regulations for the association.

7. The articles of association must—

- (a) be printed or typewritten;
- (b) be divided into paragraphs numbered consecutively; and
- (c) be signed by each subscriber to the memorandum of association in the presence of at least one witness.

8. The memorandum and articles shall, when registered, bind the association and the members thereof to the same extent as if they respectively had been signed and sealed by each member, and contained covenants on the part of each member, his heirs, executors and administrators, to observe all the provisions of the memorandum and of the article, subject to the provisions of this Act.

9. All money payable by any member to the association under the memorandum or articles shall be a debt due from him to the association.

10. The memorandum and articles of association shall be delivered to the registrar and he shall retain and register them.

11. On the registration of a memorandum of association the registrar shall certify under his hand that the association is incorporated.

12. From the date of incorporation mentioned in the certificate of incorporation, the subscribers of the memorandum, together with such other persons as may from time to time become members of the association, shall be a body corporate by the name contained in the memorandum, capable forthwith of exercising all the functions of an incorporated company, and having perpetual succession and a common seal, with power to hold lands, but with such liability on the part of the members to contribute to the assets of the company in the event of its being wound up, as is mentioned in this Act.

13.—(1) A certificate of incorporation given by the registrar in respect of any association shall be conclusive evidence that all the requirements of this Act in respect of registration and of matters precedent and incidental thereto have been complied with, and that the association is an association authorized to be registered and duly registered under this Act.

(2) A statutory declaration by a person named in the articles as a director or secretary of the association, of compliance with all or any of the said requirements, shall be produced to the registrar, and the registrar may accept such a declaration as sufficient evidence of compliance.

MEMORANDUM OF ASSOCIATION.

14. There may be inserted in the memorandum of association any objects or powers which are in the opinion of the registrar, calculated to attain the general object of the association as hereinbefore set out, and in particular, but without in any way restricting the generality of the foregoing

words, there may be inserted in the memorandum of association as an object or power, any of the following objects or powers—

- (a) to undertake and carry on all kinds of businesses or operations connected with the marketing, selling, preserving, harvesting, drying, processing, manufacturing, canning, packing, grading, storing, handling or utilization of any agricultural product, produced or delivered to it by its members, or the manufacturing or marketing of the by-products thereof;
- (b) to acquire or hire all kinds of supplies, machinery or equipment, and to make provision for the sale or hire, or for the extension of the use of the same to its members;
- (c) to borrow or raise or secure the payment of money in such manner as the association thinks fit, and in particular by the issue of bonds, debentures, debenture stock (perpetual or otherwise) charged upon any or all of the association's property, both present and future including its uncalled capital, and to purchase, redeem or pay off any such securities;
- (d) to advance money to its members on such terms as may seem expedient;
- (e) to carry on any other business (whether manufacturing or otherwise) which may seem to the association capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of, or render profitable any of the association's property or rights;
- (f) to enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession, or otherwise, with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which the association is authorized to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit this association, and to lend money to, guarantee the contracts of, or otherwise assist any such person or company and to take or otherwise acquire shares and securities of any such company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same;
- (g) to unite with any other association in employing and using the same personnel, methods, means and agencies for carrying on and conducting their respective businesses, or to use the personnel, methods, means and agencies of another association by separate employment;

- (h) to enter into any arrangements with any governments or other authorities, municipal, local or otherwise that may seem conducive to the association's objects, or any of them, and to obtain from any such government or authority, any rights, privileges and concessions which the association may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
- (i) to take from the government of any country, province or state the power to carry on therein any business which the association is authorized to carry on;
- (j) generally to purchase, take on lease or in exchange, hire or otherwise acquire, any real and personal property, and any rights or privileges which the association may think necessary or convenient for the purposes of its business and in particular any land, buildings, easements, machinery, plant and stock in trade;
- (k) to invest and deal with the moneys of the association not immediately required, in such manner as may from time to time be determined;
- (l) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments;
- (m) to sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the association;
- (n) to do all or any of the above things in any part of the world and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others;
- (o) to do all such other things as are incidental or conducive to the attainment of the above objects.

(2) It is hereby declared that the word "company" in this section shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in Alberta or elsewhere, and the intention is that the objects specified in each paragraph of this section shall, except where otherwise expressed in such paragraph, be in no wise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the association.

ARTICLES OF ASSOCIATION.

15. Subject to the other provisions of this Act the articles of association may provide for any or all of the following matters:

- (a) the time, place and manner of calling and conducting meetings of the association;
- (b) the number of members or delegates to constitute a quorum;
- (c) the right of members to vote by proxy, or by ballot or mail or both, and the conditions, manner, form and effect of such votes;
- (d) the number of directors to constitute a quorum;
- (e) the qualifications, compensation, duties, term of office and method of removal of directors and officers;
- (f) the time of their election and the mode and manner of giving notice thereof;
- (g) the amount of entrance and membership fees, if any;
- (h) the manner and method of collection of the same, and the purposes for which they may be used;
- (i) the amount which each member shall be required to pay annually, or from time to time, if at all, to carry on the business of the association;
- (j) the charge, if any, to be paid by each member for services rendered by the association to him, the time of payment and manner of collection of the same;
- (k) the terms of the marketing contract between the association and its members, which every member may be required to sign;
- (l) a referendum on any problem of general concern to the members of the association;
- (m) the number and qualifications of members of the association and the conditions precedent to membership or ownership of ordinary shares; the method, time and manner of permitting members to withdraw or transfer their shares; the manner of assignment and transfer of the interest of members and of ordinary shares; the conditions upon which and time when membership of any member shall cease; the automatic suspension of the rights of a member when he ceases to be eligible to membership in the association; and the mode, manner and effect of the expulsion of a member; the manner of determining the value of a member's interest and provision for its purchase by the association upon the death or withdrawal of a member; or upon the expulsion of a member or forfeiture of his membership, or, at the option of the association, the purchase at a price fixed by conclusive appraisal by the board of directors;

- (n) the authorization of the directors, in case of the withdrawal or expulsion of a member, to equitably and conclusively appraise his property interests in the association and fix the amount thereof in money, which shall be paid to him within one year after such expulsion or withdrawal.
- (o) the division of the territory in which the association has members into districts and the election of directors from such districts either directly or by district delegates; the number of directors to be elected from each such district, and the method of forming new districts, either as additions to or substitutions for the old districts, and re-determining the number of directors;
- (p) the election of district delegates and the number thereof and the delegation to such district delegates of all or any of the powers which could be exercised by the members assembled at general meeting, and the method of calling such meetings and the ascertainment of the persons who may call such meetings; and also the recall of such delegates;
- (q) the amount of ordinary stock which any one member may hold;
- (r) the formation of an executive committee and the allotment to such committee of the functions and powers of the Board of directors, subject to the general direction and control of that Board.

ALTERATION OF MEMORANDUM OR ARTICLES.

16.—(1) The association may, with the approval of the registrar and by extraordinary resolution, alter the provisions of its memorandum.

(2) The registrar shall, in exercising his discretion under this section, have regard to the rights and interests of the members of the association, or any class of them, as well as the rights and interests of the creditors.

(3) When the registrar approves of any alteration to the memorandum, he shall register the same, and shall certify the registration under his hand, and the certificate shall be conclusive evidence that all the requirements of this Act with respect to the alteration and confirmation thereof have been complied with, and thenceforth the memorandum so altered shall be the memorandum of the association.

17.—(1) Subject to the provisions of this Act and to the conditions contained in its memorandum, an association may by extraordinary resolution alter or add to its articles of association and any alteration or addition so made shall be as valid as if originally contained in the articles and be subject in like manner to alteration or addition by extraordinary resolution.

(2) A copy of every such resolution shall within fifteen days of the passing thereof be forwarded to the Registrar who shall record the same.

(3) A copy of every such resolution shall be embodied in or annexed to every copy of the articles issued after the passing of the resolution.

(4) If an association makes default in embodying in or annexing to a copy of its articles, a copy of any such resolution, it shall, on summary conviction, be liable to a fine not exceeding five dollars for each day in respect of which default is made.

MARKETING CONTRACT.

18. The association may make marketing contracts requiring the members to sell for any period of time not over ten years, all or any part of their agricultural products or commodities specified in such contracts, exclusively to or through the association, or any agency created or indicated by the association.

19. The contract may provide that the association, whether buying from the member, or acting as agent of the member, shall pay over to such member the price for which the products or commodities are sold or re-sold, as the case may be, after deducting all necessary selling, overhead and other costs and expenses, including interest on preference shares not exceeding eight per cent per annum, and reserves for retiring the shares, if any, and other proper reserves and interest not exceeding eight per cent. per annum upon ordinary shares.

20. No association shall enter into any marketing contract nor exercise any of its borrowing powers until it has received from the registrar a certificate that it is entitled to commence business, and the registrar shall not issue any such certificate until he is satisfied that the association has a reasonable prospect of success in its enterprise.

MEMBERSHIP.

21. Only the following persons may be admitted as members of a co-operative association, namely, persons who are engaged in the production of agricultural products to be handled by or through the association, including tenants of land used for the production of such products, and all landlords who receive as rent, all or part of the crop upon premises leased by them.

22. Where there is no share capital every member of the association who has paid his membership fee in full shall receive a certificate of membership.

23. Where there is a share capital no share certificate shall be issued to a member until it has been fully paid for, but the promissory note of a member may be accepted as full or partial payment, and in that case the association shall hold the share certificate as security for payment of the note, but such retention of the certificate shall not affect the member's right to vote.

24. No member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee, or his subscription for shares, as the case may be, including any unpaid balance on any promissory note given in payment thereof.

25. No shareholder shall hold more than one-twentieth of the total number of ordinary shares comprised in the capital of the association.

26. No member shall be entitled to more than one vote.

27.—(1) Ordinary shares of the association shall not be issued to or held by persons who are not engaged in the production of agricultural products handled by the association.

(2) The preceding subsection shall be printed on every share certificate relating to ordinary shares.

28. The association may at such times as may be specified in the by-laws purchase any of its own ordinary shares at the value thereof, as conclusively determined by the board of directors, and pay for them in cash within one year thereafter:

Provided, however, that this power shall not be exercised when the debts of the association exceed fifty per cent. of the assets thereof.

29. Wherever under an article of association any power of the members of the association has been delegated to delegates, the members shall not thereafter during the subsistence of such article, exercise any such power and all references in this Act to "members" shall with respect to the exercise of such power be deemed to be references to "delegates."

DIRECTORS.

30. Where the by-laws provide for the division of the territory in which the association has members into districts, the by-laws may further provide that primary elections shall be held in each district to elect the directors apportioned to such districts, and that the result of all such primary elections may be ratified at the next regular meeting of the members of the association.

31.—(1) The by-laws may provide that one or more directors may be appointed by any public body, commission or official or by such other directors as have been selected by the members or their delegates.

(2) Any such last mentioned directors need not be members of the association and shall not number more than one-fifth of the entire number of directors.

32. The association may provide a fair remuneration for the time actually spent by its officers and directors in its service, and for the services of the members of its executive committee, if any.

33. No director during the term of his office shall be a party to a contract for profit with the association, which confers upon him any rights other than such as are accorded to regular members.

34. When a vacancy on the board of directors occurs other than by expiration of the term of the director vacating his seat, the remaining members of the board may fill the vacancy, unless the by-laws provide for an election of directors by districts, in which event the board of directors shall immediately call a special meeting of the members of that district to fill the vacancy.

35. The directors may exercise all the powers of the association as contained in the memorandum of association, but the exercise of any power not expressly delegated to the directors by the articles of association shall be subject to review at the next general meeting of the members or delegates, as the case may be, and in particular any by-law made by the directors shall, if disapproved at such general meeting, cease to have any validity.

36. The directors shall elect from their number a president and one or more vice-presidents, and shall also elect a secretary and a treasurer, or a secretary-treasurer, who need not be members of the association.

37. Upon demand of one-third of the entire board of directors, or upon the written request of the majority of the district delegates or of ten per cent. of the members, any matter that has been approved or passed by the board must be referred to the entire membership for decision at the next special or regular meeting:

Provided that a special meeting may be called for that purpose.

MEETINGS.

38. Every association shall by by-law provide for one or more regular meetings annually.

39. The board of directors may call a special meeting of members or delegates, as the case may be, at any time.

40. Ten per cent. of the members may request the board of directors to call a special meeting for the purpose of bringing specific business before the same, and such meeting shall thereupon be called.

41. Notice of all meetings together with a statement of the purpose thereof shall be mailed to each member or delegate at least ten days prior to the meeting at the address given in the register of members:

Provided, however, that the by-laws may, in lieu of this provision, require that such notice shall be given by publication in a newspaper of general circulation published at the principal place of business of the association.

42. Wherever the articles of association provide for the delegation to district delegates of all or any of the powers which could be exercised by the members assembled at a general meeting, such special meeting may be called by the directors at such time as may seem fit to them, and shall be called upon the written request of ten per cent. of such delegates.

43. No business, other than the specific business for which the meeting is called, shall be transacted.

ACCOUNTS—INSPECTION—REPORTS AND FEES.

44.—(1) Every association shall—

- (a) at the close of every year submit its accounts for audit to a chartered accountant, who shall have access to all the books and accounts of the association, and shall examine the general statement of the receipts, expenditures, funds and effects of the association, and verify the same with the accounts and vouchers relating thereto, and shall either sign the same, as found by him to be correct, duly vouched, and in accordance with law, or specially report to the association in what respect he found any entry or account incorrect, unvouched, or not in accordance with law;
- (b) in the month of January in every year send to the registrar a general statement (to be called the annual return) up to and inclusive of the thirty-first day of December then last past of the receipts, expenditures, funds and effects of the association as audited, shall state the name and address of the auditor, and together therewith shall send a copy of the auditor's report;
- (c) allow any member or person having an interest in the funds of the association to inspect the books and the share register of the association at all reasonable times, at the head office of the association, or at any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by the general meetings of the association, except that no such member or person, unless he be an officer of the association, or be specially authorized by a resolution thereof, shall have the right to inspect a loan or deposit account of any other member without the written consent of such member;

- (d) supply gratuitously to every member or person having an interest in the funds of the association, on his application, a copy of the last annual return of the association for the time being;
 - (c) keep a copy of the last balance sheet together with the report of the auditor, hanging up in a conspicuous place in the head office of the association.
- (2) Any association which—
- (a) fails to give any notice, send any return or document, or do, or allow to be done, any act or thing which the association is by this Act required to give, send, do or allow to be done;
 - (b) wilfully neglects or refuses to do any act, or to furnish any information required for the purposes of this Act by the registrar, or other person authorized under this Act, or does any act or thing forbidden by this Act;
 - (c) makes a return, or wilfully furnishes information, in any respect false or insufficient; shall be liable on summary conviction to a penalty not exceeding one hundred dollars.
- (3) Every offence by an association against this Act shall be deemed to have been also committed by every officer of the same bound by the rules thereof to fulfil the duties whereof such offence is a breach, or if there be no such officer, then by each of the directors unless such member or director be proved to have been ignorant of or to have attempted to prevent the commission of such offence; and every act and default under this Act constituting an offence, if continued, shall constitute a new offence in every week during which the same continues.
- (4) Every return and other document required for the purposes of this Act shall be made in such form, and shall contain such particulars, as the registrar requires and prescribes.
- (5) All documents by this section required to be sent to the Registrar shall be deposited with the rules or by-laws of the association to which the same respectively relate, and shall be registered or recorded by the registrar, with such observations thereon, if any, as he shall see fit.

45. Every association shall forward to the registrar such reports and at such times as the registrar may require.

46. Any association failing to forward any such report shall, upon summary conviction thereof, be liable to a fine of not more than dollars and in the event of continued failure or refusal to forward such report, the registrar may remove such association from the register.

47. There shall be paid to the registrar upon filing the memorandum or articles of association a fee of ten dollars, and upon filing an amendment to the memorandum or articles of association a fee of two dollars and fifty cents.

USE OF THE WORD CO-OPERATIVE.

48.—(1) No person, firm, corporation or association in any way dealing in or with agricultural products shall be entitled to use the word “co-operative” as a part of its corporate or other business name or title, unless it has complied with the provisions of this Act.

(2) Every such person, firm, corporation or association now using the word as part of its corporate or other business name or title shall, within six months from the date of the passing of this Act cease to so use the said word.

(3) Every person, firm, corporation or association contravening the provisions of this section shall, on summary conviction thereof, be liable to a fine of ten dollars for each day during which it so uses the said word after the expiration of the said period of six months.

49. This Act shall come into force on

No. 33.

FOURTH SESSION
FIFTH LEGISLATURE
14 GEORGE V
1924

BILL

An Act respecting Co-operative
Associations.

Received and read the

First time.....

Second time.....

Third time.....

HON. J. E. BROWNLEE.

EDMONTON:
J. W. JEFFERY, KING'S PRINTER
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