

Bill No. 17 of 1942.

A BILL TO AMEND THE CO-OPERATIVE
ASSOCIATIONS ACT.

NOTE.

The amendments set forth in this bill are for the purpose of clarifying and enlarging the powers of Co-operative Associations.

The amendment to section 5 gives an association the same incidental powers as are given to a company under section 19 of *The Companies Act*.

The amendments to section 7 provide for an alternative representation on the board of directors by districts rather than by members at large.

The amendment to section 11 is to clarify the provisions as to who shall be members of the association.

The amendments to section 13 are to clarify the provisions as to who shall be entitled to vote and to provide for voting by delegates in case that system is used.

The amendments to section 14 provide for the issuance of preferred shares without voting privileges.

The amendments to section 18 are to enable the Supervisor to get certain additional information on the direction of the Minister.

The amendments to sections 23, 24 and 25 enlarge and clarify the provisions enabling an association to give and obtain credit in connection with the sale of goods or merchandise, and to borrow moneys for the purpose of extending such credit.

W. S. GRAY,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 17 of 1942.

An Act to amend The Co-operative Associations Act.

(Assented to _____, 1942.)

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

1. This Act may be cited as "*The Co-operative Associations Act Amendment Act, 1942.*"

2. *The Co-operative Associations Act*, being chapter 66 of the Statutes of Alberta, 1937, is hereby amended as to section 5 thereof by striking out subsection (7) and substituting therefor the following:

"(7) Subject to the other provisions of this Act each Association shall have as ancillary and incidental to the object or objects set forth in the memorandum of association the powers enumerated in section 19, subsection (1) of *The Companies Act*, except such of them as shall be expressly excluded by the memorandum."

3. The Act is further amended as to section 7 thereof by adding the following new paragraphs thereto as paragraphs (f) and (g):

"(f) the division of the territory in which the association has members, into districts, and the election of directors from each district either directly or by means of district delegates; the number of directors to be elected from each district and the method of forming new districts, either as additions to or substitutions for the old districts, and re-determining the number of districts;

"(g) the election of district delegates and the number thereof; the delegation to the district delegates of all or any of the powers which could be exercised by the members assembled at a general meeting; the method of calling such meetings; the manner of ascertaining the persons who may call such meetings; and the recall of such delegates."

4. The Act is further amended as to section 11 thereof by striking out subsection (2) and by substituting therefor the following:

“(2) Every other person who applies for and agrees to take a common share in the association and who has made a first payment on the share shall be a member of the association and his name shall be entered on the register of members.”

5. The Act is further amended as to section 13 thereof by striking out the same and by substituting therefor the following:

“13.—(1) The amount of shares which a member may hold shall be such amount as he is permitted to hold by the by-laws of the association. Every member of an association shall be entitled to one vote, and no more, regardless of the number of shares held by him; and such vote shall be cast or given by the person entitled thereto and nobody else, and shall not be cast or given by proxy:

“Provided that the by-laws of the association may stipulate that the government and control of the association shall be carried on by delegates from districts as provided by section 7 of this Act.

“(2) Whenever by virtue of the by-laws of an association any power of the members of the association has been delegated pursuant to section 7, the members shall not thereafter during the existence of such by-laws exercise the 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’.”

6. The Act is further amended as to section 14 thereof by striking out the same and by substituting therefor the following:

“14.—(1) (a) The capital of every association formed under this Act shall be divided into shares of such denominations as may be determined in the rules or by-laws of the association;

“(b) In addition to common shares, shares in the association may be issued with such preferred, deferred or other special rights or other restrictions whether with respect to dividends, return of share capital or otherwise as the association may from time to time by special resolution determine:

“Provided that no preference share so issued shall carry with it any voting rights.

“(2) Any share may be paid for by instalments at such times and in such manner as may be provided by the rules or by-laws; but no member shall be entitled to draw more than his proportion of interest on the paid-up portion of his shares, and shares shall not be transferable unless the rules provide for their transfer.

“(3) Members may from time to time withdraw upon such terms as may be specified in the rules or by-laws; and

the association may acquire shares held by such members at par or the paid-up value thereof, or in the event of the share capital of the association being impaired at such a price as to the Board of Directors may appear to be fair and reasonable. The association shall extinguish the shares repurchased from withdrawing members."

7. The Act is further amended as to subsection (1) of section 18 by adding the following new paragraphs at the end of the subsection as paragraphs (g) and (h):

"(g) furnish the Supervisor with such information or returns as may be specified in a direction issued to him by the Minister;

"(h) keep a register or list of members or shareholders which shall be *prima facie* evidence in any Court of any of the particulars entered therein as to,—

"(i) the names, addresses and occupations of the members, the number of shares held by them respectively, the numbers of such shares, if they are distinguished by numbers, the amount paid or considered as paid on any such shares;

"(ii) the date at which the name of any person, company or association was entered in such register or list as a member;

"(iii) the date at which any such person, company or association ceased to be a member."

8. The Act is further amended as to section 20 by striking out subsection (6) thereof.

9. The Act is further amended as to sections 23, 24, and 25 by striking out the same and substituting therefor the following:

"**23.** Except as otherwise provided in this Act,—

"(a) every association shall upon delivery pay for all goods, wares and merchandise purchased by it;

"(b) no association shall sell goods, wares or merchandise to its patrons or customers on credit or in any other manner than for cash."

"**24.**—(1) Any association may purchase upon credit from any other co-operative association in Alberta, or in any Province in Canada other than Alberta, or in the United Kingdom of Great Britain and Northern Ireland, or in the United States of America, or from any company, association, or society incorporated under any special Act of the Legislature of Alberta or pursuant to the provisions of *The Companies Act* of the Province or the Dominion of Canada, which has objects wholly or in part similar to those of the co-operative association, and which has filed with the Supervisor such evidence of its incorporation as he may require.

“(2) Any association may authorize by by-law the borrowing of moneys from its members for definite periods of not less than ninety days, and such moneys shall be credited to an account to be known as the ‘Loan Capital Account’, which may be used for any of the purposes of the association including payment for goods purchased or expenses incurred in connection therewith or the shipment thereof.

“(3) Any association may pledge its credit (i) under a written agreement for the purchase of business premises, or (ii) for the repayment of moneys borrowed under the provisions of *The Feeder Associations Guarantee Act*.

“(4) Any association may hold for sale on consignment goods which are covered by a written consignment agreement whereby the property in the goods remains in the consignor until settlement is made according to the terms of the agreement. The proceeds from the sale of consigned goods shall within forty-eight hours be placed in a special trust account for the purpose of reimbursing the consignor in the manner and at the times provided in the agreement with the consignor.”

“**25.**—(1) Any association may sell goods, wares or merchandise on credit,—

“(a) if pursuant to a written agreement the property in the goods, wares or merchandise remains in the association until the purchase price is paid and provided such agreement is taken and registered in conformity with the provisions of *The Conditional Sales Act*; or,

“(b) if the delivery of the goods, wares or merchandise is upon the order of a duly authorized representative of the Government of Canada, a Province of Canada, or a municipality or a municipally operated institution.

“(2) (a) Any association which has working capital in excess of five thousand dollars may by supplementary by-law authorize the doing by the association of any or all of the following acts to the extent hereinafter provided, namely:

“(i) the purchasing of goods on credit;

“(ii) the selling of goods on credit;

“(iii) the pledging of the credit of the association for moneys borrowed from persons other than members of the association to pay for goods so purchased or expenses incurred in connection therewith, or for the shipment thereof.

“(b) No such by-law shall have any force unless and until the same has been approved by the Supervisor;

“(c) The extent to which any association shall exercise its rights secured by supplementary by-law under this section shall never at any time exceed two-thirds of the working capital as shown by the previous year’s audited annual report;

“(d) For the purposes of this section ‘working capital’ shall be construed to include share capital, debenture or bond indebtedness, general reserve fund, deferred dividend or participation reserves, and undistributed surplus or deficit accounts.

“(3) Upon receipt of such a by-law and of a certificate signed by the president and secretary-treasurer that the other conditions of this section have been fulfilled, the registrar shall, if the by-law is approved by the Supervisor, forthwith furnish the association with a certificate to the effect that the association is duly authorized to do the things which it is authorized by the by-law and this section to do.

“(4) The registrar shall on payment of twenty-five cents furnish a certified copy of the certificate to any person who applies therefor.

“(5) The annual audited return made by an association to the registrar shall be *prima facie* evidence as to the amount of the then working capital of the association.

“(6) Any certificate issued by the registrar under this section shall remain in force and effect until two months after the close of the association’s business year, at which time the association shall apply for and receive a new certificate setting forth the altered facts. Provided, however, that the association’s right to a certificate may at any time be revoked on the direction of the Supervisor, and the Supervisor shall so direct if at any time the association shall cease to qualify under the provisions of subsection (2) of this section.

“(7) Every association and every director and officer of every association which purchases or sells goods, wares or merchandise on credit in any manner not authorized by sections 24 and 25 of this Act, or which pledges the credit of the association in any way prohibited by this Act or not authorized by section 24 or by supplementary by-law made and registered pursuant to section 25, shall be guilty of an offence against this Act.”

10. This Act shall come into force on the day upon which it is assented to.

SECOND SESSION
NINTH LEGISLATURE
6 GEORGE VI
1942

BILL

An Act to amend The Co-operative
Associations Act.

Received and read the

First time

Second time.....

Third time.....

HON. MR. MANNING.

EDMONTON:
A. Shnitka, King's Printer
1942