

CHAPTER 30

THE COTTON DEVELOPMENT ACT.

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CHAPTER 30

THE COTTON DEVELOPMENT ACT.

Commencement: 10 May, 1994.

An Act to establish an organisation to monitor the production, processing and marketing of cotton so as to enhance the quality of lint cotton exported and locally sold, to promote the distribution of high quality cotton seed and generally to facilitate the development of the cotton industry.

PART I—INTERPRETATION.

1. Interpretation.

In this Act, unless the context otherwise requires—

- (a) “board” means the board of directors established under section 6;
- (b) “cess” means a levy on the value of sales ex-ginnery of all lint cotton;
- (c) “chairperson” means the chairperson of the board appointed under section 6(2);
- (d) “cotton” includes seed cotton, lint cotton and cotton seed;
- (e) “cotton plant” means the growing plants, cuttings, buds and grafts, seeds, leaves, bolls or any portion of the cotton plant in a natural state;
- (f) “cotton seed dressing” means chemical treatment against seedling diseases and infection approved by the Ministry responsible for agriculture;
- (g) “cotton subsector” means a division or part of the agricultural sector policy of the Government dealing with cotton;
- (h) “cotton variety” means a population of cotton plants which have common ancestors and which have certain characteristics which when reproduced sexually or asexually retain their distinguishing features;
- (i) “financial year” means for any accounting period a period of twelve months ending on the 31st October;

- (j) “ginnery” includes the building in which the actual ginning of raw cotton takes place and all machinery, stores, buying sheds and other buildings erected on the ginnery site;
- (k) “indicative price” means that price which will be determined and announced from time to time by the organisation for the purpose of guiding buyers and sellers of cotton seed, seed cotton and lint in arriving at what they consider a fair price;
- (l) “lint cotton” means ginned seed cotton;
- (m) “Minister” means the Minister responsible for cotton processing and marketing;
- (n) “organisation” means the Cotton Development Organisation established under section 2;
- (o) “outturn test” means a test to determine the quantity of lint in a sample of seed cotton;
- (p) “seed cotton” means unginced cotton;
- (q) “segregated area” means an isolated area established under section 8(1);
- (r) “zone” means seed cotton zone as established under section 9.

PART II—ESTABLISHMENT, POWERS, OBJECTIVES AND FUNCTIONS OF THE ORGANISATION.

2. Establishment of the organisation.

(1) There is established an organisation to be known as the Cotton Development Organisation.

(2) The organisation shall be a body corporate, shall have perpetual succession and a common seal and may sue or be sued in its corporate name.

(3) The application of the seal shall be as is provided in the Schedule to this Act.

3. Powers of the organisation.

The organisation may, for and in connection with its objectives and functions under this Act, borrow money, impose a cess on sales of lint cotton, purchase, hold, manage and dispose of any property, whether movable or immovable, and may enter into any contract and other transaction as may be expedient

and may charge for services provided by it and do any other act done by a body corporate.

4. Objectives of the organisation.

The objectives of the organisation shall be to promote and monitor production and marketing of cotton and represent all aspects of the cotton industry.

5. Duties of the organisation.

The duties of the organisation shall be—

- (a) to monitor, in liaison with the Ministry responsible for agriculture, through registration on terms and conditions prescribed by the organisation, all persons, organisations and bodies—
 - (i) dealing in cotton seed;
 - (ii) dealing in seed cotton;
 - (iii) dealing in lint cotton;
 - (iv) exporting lint cotton;
 - (v) operating a ginnery;
- (b) to set standards for Uganda seed cotton and lint against international standards;
- (c) to provide an objective assessment and lint classification service for the industry by issue of certificates on a fee-for-work basis;
- (d) to monitor and provide advice on lint and seed cotton quality standards;
- (e) to procure, process and distribute planting seed, in collaboration with the Ministry responsible for agriculture, within segregated areas and where appropriate supervise the production and distribution of later generation seeds outside segregated areas through selected ginneries;
- (f) to announce, if it deems appropriate, indicative farmgate, ginnery buying and export prices and to monitor prices actually paid at these levels together with prices of cotton seed for planting and milling;
- (g) to announce the commencement and closure of the cotton marketing season;
- (h) to collect, maintain and disseminate statistical information in respect of all aspects of the cotton industry;

- (i) to facilitate cotton production, cotton research and extension through the Ministry responsible for agriculture;
- (j) to advise the Government on policies towards the subsector;
- (k) to promote training for technicians, cotton processors, quality controllers and other related disciplines;
- (l) to promote the formation of associations among different groups in the industry;
- (m) to monitor and advise the cotton industry on the procurement and distribution of cotton inputs;
- (n) to inspect ginneries to ensure compliance with registration requirements; and
- (o) to do anything connected with, or necessary in the performance of, the above functions.

PART III—BOARD OF DIRECTORS.

6. Board of directors of the organisation.

(1) There shall be a board of directors of the organisation which shall consist of—

- (a) the chairperson of the board;
- (b) a representative of the Ministry responsible for cotton marketing and cooperatives;
- (c) a representative of the Ministry responsible for agriculture;
- (d) a representative of the Ministry responsible for finance and economic planning;
- (e) a representative of the National Agriculture Research Organisation (NARO);
- (f) six other persons consisting of two cotton growers, one oil miller, one cotton ginner, one cotton exporter and one representative of the textile industry; and
- (g) the managing director.

(2) The Minister shall appoint the chairperson of the board.

(3) The members of the board referred to in subsection (1)(b), (c), (d) and (e) shall be appointed by the Minister on the recommendation of the Ministry to be represented, and those referred to in subsection (1)(f) by associations representing the respective groups.

(4) A member of the board shall hold office for a term of three years and shall be eligible for reappointment, but his or her tenure of office shall not exceed two consecutive terms.

(5) A member of the board shall vacate office—

- (a) by resignation;
- (b) by removal from office by the Minister on written recommendation of the board;
- (c) on written recommendation of the body represented by that member; or
- (d) for inability to perform the functions of his or her office, whether arising from infirmity of body or mind or from any other cause.

(6) The members appointed under subsection (1) shall be persons who qualify by virtue of their experience in—

- (a) the production, processing and marketing of cotton; or
- (b) matters relating to business or public sector management.

(7) The meetings of the board shall be as is provided in the Schedule to this Act.

7. Duties of the board.

(1) The duties of the board shall be—

- (a) to oversee the implementation of the organisation's policies and its successful operation;
- (b) to formulate and review the policy and strategic plan of the organisation;
- (c) to approve the annual budget and action plan of the organisation;
- (d) to monitor and evaluate the performance of the organisation against budget and plans;
- (e) to approve the annual report and accounts of the organisation;
- (f) to establish and approve rules and procedures for purchase and disposal of assets, appointment, discipline, termination and administration of personnel, financial matters, administrative matters and internal audit;
- (g) to advise on the setting of targets for planning purposes for the cotton subsector in liaison with the Ministry responsible for agriculture;

- (h) to determine the organisation's structure and staffing and terms and conditions of service of its employees;
- (i) to make or approve senior staff appointments;
- (j) to perform any other functions as may be recommended to the Minister by the board.

(2) The Minister may, from time to time, in writing direct the board to submit a report on any matter affecting the affairs of the organisation.

PART IV—COTTON PRODUCTION.

8. Isolated and segregated areas.

(1) The Minister responsible for agriculture may, by statutory instrument, declare any area a segregated area and direct, in respect of such area—

- (a) the type of variety of cotton seed that may be planted in that area;
- (b) that all cotton plants, cotton seed, seed cotton or lint cotton that may be prohibited from being exported from or imported into the area or the manner in which or the route by which any such cotton plant, cotton seed, seed cotton or lint cotton may be exported from or imported into the area; and
- (c) at which ginnery or ginneries the seed cotton produced in the area shall be ginned.

(2) Any person who contravenes any direction of the Minister responsible for agriculture made under subsection (1) commits an offence and is liable on conviction to a fine not exceeding one million shillings.

(3) The Minister responsible for agriculture may, by statutory instrument, prohibit the planting of unauthorised cotton seed within an area either for a specified period or until the revocation of that instrument.

(4) A person who plants unauthorised cotton in an isolated area during the operation of the instrument declaring it so commits an offence and is liable on conviction to a fine not exceeding two million shillings.

9. Establishment of cotton zones.

The Minister responsible for agriculture may, in consultation with the organisation, set out zones by statutory instrument for cultivation and may restrict movement of cotton into and out of those zones.

10. Distribution and planting of cotton seed.

(1) The organisation shall, in liaison with the Ministry responsible for agriculture, annually cause certified cotton seed to be distributed to cotton growers for purposes of planting.

(2) The distribution of cotton seed under subsection (1) shall be made through persons duly authorised, and no person shall dress and distribute certified cotton seed without a written authority from the organisation.

(3) A person shall not plant cotton seed other than seed which the organisation, in liaison with the Ministry responsible for agriculture, has caused to be distributed.

(4) The organisation, in consultation with the Ministry responsible for agriculture, may require any ginner or any other person to set aside for distribution to growers any cotton seed in his or her possession and may require any ginner to produce any cotton seed required for distribution in advance of any other cotton seed that he or she is producing through ginning raw cotton.

(5) The organisation, in consultation with the Ministry responsible for agriculture, may require any ginner to distribute any cotton seed whether set aside at his or her ginnery or any other ginnery for distribution to growers in the neighbourhood of his or her ginnery or to dispatch any cotton seed set aside for distribution at his or her ginnery to any other place in Uganda.

(6) A person who contravenes a provision of this section or fails to comply with any direction of the organisation made under this section commits an offence and is liable on conviction to a fine not exceeding one hundred thousand shillings.

11. Power to prohibit movement of cotton seed.

(1) The Minister responsible for agriculture may, in consultation with the organisation and by general notice published in the Gazette, prohibit the export or import of cotton seed either generally or from any specified area for a specified period or until a further general notice is issued in that behalf.

(2) Any person who moves or is responsible for the movement of cotton seed in contravention of subsection (1) commits an offence and is liable on conviction to a fine not exceeding two million shillings.

12. Destruction of pestiferous cotton seed.

(1) The Minister responsible for agriculture may, in consultation with the organisation, by notice in writing, direct the owner or any person having charge of any cotton seed or plant harbouring or likely to harbour any cotton pest or cotton disease to destroy such cotton seed or cotton plant either within any specified time or forthwith and in any specified manner.

(2) Any person who without reasonable excuse fails to comply with the notice issued under subsection (1) commits an offence and is liable on conviction to a fine not exceeding one million shillings.

(3) Any authorised officer may enter any premises in which any seed in respect of which a notice has been issued under subsection (1) and destroy such seed or plant immediately if the person upon whom such notice has been served has failed to comply with its provisions.

(4) Notwithstanding subsection (1), if any authorised officer is of the opinion that any cotton seed or plant is harbouring any cotton pest or cotton disease of such a nature that such seed or plant should be destroyed immediately, he or she may order and supervise the destruction of the seed or plant immediately.

(5) No compensation shall be payable in respect of any cotton seed or plant destroyed in accordance with any of the provisions of this section.

13. Minister may order destruction of cotton plants, etc.

(1) The Minister responsible for agriculture may, in consultation with the organisation and by statutory instrument, fix a date prior to which all cotton plants in a specified area shall be uprooted and destroyed in that year and may, in the same instrument, fix a date later in point of time before which no cotton may be planted in that area.

(2) Upon the issue of an instrument under subsection (1), it shall be the duty of every occupier of land in that area to uproot and destroy by fire or any other method prescribed in the instrument any cotton plants growing at the time of the publication of the instrument or between that time and the date before which cotton may not be planted as specified in subsection (1).

14. Offence and penalty relating to the destruction and planting of cotton plants.

Any person who contravenes the provisions of any instrument published under section 13 commits an offence and is liable on conviction to a fine not exceeding five hundred thousand shillings.

15. Exemption.

The Minister responsible for agriculture may, in consultation with the organisation, exempt any person from compliance with the provisions of any instrument published under section 13 if he or she is satisfied that the exemption is desirable for the purpose of scientific or experimental work.

PART V—REGULATION OF THE MARKETING AND PROCESSING OF COTTON.**16. Registration to engage in marketing and processing of cotton.**

(1) On application by any person, the organisation may, in accordance with regulations made under this Act, register that person to undertake the following—

- (a) dealing in cotton seed;
- (b) dealing in seed cotton;
- (c) operating a ginnery;
- (d) dealing in lint cotton; and
- (e) exporting lint.

(2) The organisation may refuse to register an applicant under subsection (1) if the application does not meet the requirements prescribed and may revoke or suspend a registration where the registered person fails to comply with the terms and conditions of the registration, and the revocation or suspension shall be in addition to any other penalty to which the registered person may be liable under this Act.

(3) A person shall not be refused registration solely by reason that he or she has not previously been engaged in any of the activities.

(4) A person aggrieved by any refusal, revocation or suspension of a registration may appeal to the board against the decision, and the board's decision shall be ratified by the Minister.

(5) A registration issued under this section shall be valid for one year but shall be renewable on payment of the prescribed fee.

(6) The Minister shall, on recommendation of the board, issue a statutory instrument prescribing the terms and conditions for registration, and the organisation shall prescribe—

- (a) the form and method of application for registration under this section; and
- (b) the fee payable on the issuing of the registration.

(7) Every holder of a registration shall forward to the organisation all information that the organisation shall prescribe.

17. Other offences and penalties.

Any person who contravenes a provision of this Act or a condition of any registration commits an offence and is liable on conviction to a fine not exceeding two million shillings and cancellation of the registration by the organisation.

18. Replacement of a lost or destroyed registration.

If a registration issued under this Act is lost or destroyed, the holder of the registration may apply to the organisation with proof to the satisfaction of the organisation of the loss or destruction of the registration, and the organisation shall issue a certified copy of the registration on payment of a

prescribed fee; and the certified copy of the registration shall be a registration for the purpose of this Act.

19. Cotton marketing season.

The organisation shall, in consultation with the Ministry responsible for trade and industry, announce the commencement and closure of the cotton marketing season.

20. Duties of a registered ginner.

(1) No person shall gin raw cotton or bale lint cotton other than a person who has been registered under section 16.

(2) Except where the organisation has given a written authority, a registered ginner shall gin and bale cotton grown in the zone in which the ginnery is situated.

(3) Every registered ginner shall forward to the organisation and to the Ministry responsible for agriculture within twenty-one days after completing ginning details of all cotton ginned; and such details shall specify—

- (a) the quantities ginned during the season;
- (b) the grades into which these quantities are classified;
- (c) the appropriate ginning outturn.

(4) Any person who fails to comply with subsection (3) commits an offence and is liable on conviction to a fine not exceeding ten million shillings.

21. Records of transactions.

(1) Any person who buys or collects seed cotton, cotton seed and lint shall keep on the premises in which such cotton is purchased or collected proper books in which shall be recorded in duplicate day by day the following particulars of each individual transaction—

- (a) the name of the seller or owner;
- (b) the grade of cotton;
- (c) the weight of the cotton and the container;
- (d) the destination to which such cotton is dispatched.

(2) Every person under obligation to keep books under subsection (1) shall forward such records to the organisation and the Ministry responsible for agriculture once every month.

(3) Any person who contravenes the provisions of this section or who fails to produce the said books when called upon to do so by any inspecting officer commits an offence and is liable on conviction to a fine not exceeding one million shillings.

PART VI—STAFF OF THE ORGANISATION.

22. Managing director.

(1) There shall be a managing director of the organisation who shall be appointed by the board on terms and conditions that the board may determine.

(2) The managing director shall be the chief executive of the organisation and shall be responsible for the day-to-day operations of the organisation.

(3) Subject to the provisions of this Act and the general supervision and control of the board, the managing director shall be responsible for the management of the funds, property and business of the organisation and for the administration, organisation and control of the staff of the organisation.

(4) The managing director shall be a member of the board.

(5) The managing director shall, from time to time, in writing, keep the board and the Minister informed of the progress of the business of the organisation.

23. Secretary.

(1) The organisation shall have a secretary who shall be appointed by the board on terms and conditions that the board may determine.

(2) In addition to any other functions that may be conferred upon the secretary by the board, the secretary shall have the custody of the seal of the organisation and be responsible for—

- (a) the taking of the minutes of the meetings of the board; and
- (b) the keeping of the records of all activities of the organisation.

(3) In the performance of his or her functions under this Act, the secretary shall, except where the board otherwise directs, be responsible to the managing director.

24. Other staff.

(1) There shall be other officers and employees of the organisation as the board may determine.

(2) The board may, on terms and conditions it deems fit and with the approval of the Minister, fix remuneration, grant pensions, gratuities or other benefits on retirement or termination of service of the officers and employees of the organisation and may require them to contribute to any pension, provident fund or superannuation scheme.

25. Protection against civil liability.

Nothing done by an officer or employee of the organisation shall, if done bona fide for the purpose of putting the provisions of this Act into effect, subject him or her to any civil liability.

PART VII—FINANCIAL AND RELATED PROVISIONS.

26. Funds of the organisation.

- (1) The funds of the organisation shall consist of—
 - (a) money from time to time appropriated by Parliament;
 - (b) all monies received by the organisation from the sale of cotton seeds for planting;
 - (c) all monies received by the organisation for registration, goods or services provided under this Act;
 - (d) monies received for testing and classifying lint for the issue of test certificates;
 - (e) all monies borrowed by the organisation;
 - (f) a cess not exceeding 2 percent on the sales value of lint cotton sold at every ginnery;

- (g) any other money received by or made available to the organisation for the purpose of performing its functions under this Act.

(2) The Minister may, by statutory instrument, vary or rescind the percentage of the cess charged under subsection (1)(f).

27. Organisation to operate on sound principles.

The organisation shall perform its functions in accordance with sound financial principles.

28. Estimates.

(1) The managing director shall, not later than three months before the end of each financial year, prepare and submit to the board for its approval estimates of income and expenditure of the organisation for the next ensuing year and may, at any time before the end of a financial year, prepare and submit to the board for approval any estimates supplementary to the estimates of a current year.

(2) No expenditure shall be made out of the funds of the organisation unless that expenditure is part of the expenditure approved by the board under the estimates for the financial year in which that expenditure is to be made or in the estimates supplementary to that year's estimates.

29. Accounts, audit and annual report.

(1) The organisation shall keep proper accounts and records of its transactions and affairs and shall ensure that all monies received are properly accounted for, all payments of its monies are correctly made and properly authorised and that adequate control is maintained over its property and over the incurring of liabilities by the organisation.

(2) The annual accounts of the organisation shall be audited by the Auditor General or any qualified firm of accountants appointed by the Auditor General.

(3) The organisation shall, within three months after the end of each financial year, submit---

- (a) to the Minister an annual report in respect of that year containing—
 - (i) financial statements;
 - (ii) general information about the cotton subsector, cultivation, production, export and local sales;
 - (iii) a report on the operations of the organisation; and
 - (iv) other information as the Minister may, prior to the completion of the annual report or any supplement to the report, request in writing;
- (b) to the Auditor General or the firm of accountants appointed under subsection (2) the accounts of the organisation for the financial year ended, and the Auditor General or firm shall audit the accounts of the organisation and, within two months of the receipt by him or her of the accounts, submit his or her opinion to the Minister and the board.

(4) The Minister shall cause copies of each annual report together with a copy of the opinion of the Auditor General or the firm of accountants to be laid before Parliament within three months after he or she has received them.

PART VIII—MISCELLANEOUS PROVISIONS.

30. Ministries, departments, etc. to cooperate with the organisation.

Every Ministry, department, other division of the Government, parastatal body or private company shall afford the organisation all reasonable opportunity for consultation and shall, subject to any law, provide the organisation with any information that the organisation may require.

31. Vesting of assets and liabilities.

(1) All property and assets, except property and assets that the Minister may determine, which immediately before the commencement of this Act were vested in the Lint Marketing Board established under the Lint Marketing Board Act and which are required for the discharge of the functions of the organisation under this Act shall vest in the organisation subject to all interests, liabilities, charges, obligations and trusts affecting that property.

(2) The Minister may transfer to the organisation the assets belonging to the Government which by virtue of this Act and in his or her opinion are necessary for the performance of the functions of the organisation, and the organisation shall, in respect of these assets, have all the rights and be subject to all the liabilities attaching to those assets.

*Schedule.*ss. 2(3),
6(7).**The organisation's seal and board meetings.****1. Application of the seal.**

(1) The common seal of the organisation shall be as the organisation may determine.

(2) The common seal shall, when affixed on any document, be authenticated by any two of the signatures of the chairperson, managing director and the secretary.

(3) A contract or instrument which if entered into or executed by a person not being a body corporate would not be required to be under seal may be entered into or executed without a seal on behalf of the organisation by the secretary or any other person authorised by the board.

(4) Every document purporting to be—

- (a) an instrument issued by the organisation and sealed with the common seal of the organisation and authenticated in the manner prescribed in this paragraph; or
- (b) a contract or instrument entered into or executed under subparagraph (3) of this paragraph,

shall be received in evidence without further proof as the instrument duly issued or a contract or instrument duly entered into or executed, unless the contrary is proved.

2. Meetings of the board.

(1) The chairperson shall convene every meeting of the board, and the board shall meet for the transaction of business at times and places that may be decided upon by the board; and the board shall meet at least once in every three months.

(2) The chairperson or, in the absence of the chairperson, a member appointed by the board to act as chairperson may, at any time, call a special meeting of the board, or shall call a special meeting upon a written request by a majority of the members of the board.

(3) The chairperson shall preside at all meetings of the board; and in his or her absence, the members present may appoint a member from among themselves to preside at that meeting.

3. Quorum.

The quorum at a meeting of the board shall be seven members.

4. Decisions of the board.

Questions proposed at a meeting of the board shall be decided by a majority of the votes of the members present; and in the event of an equality of votes, the person presiding shall have a casting vote in addition to his or her deliberative vote.

5. Disclosure.

(1) A member of the board who has any pecuniary interest in a matter being considered or about to be considered by the board shall, as soon as possible after the relevant facts have come to his or her knowledge, disclose the nature of his or her interest to the board.

(2) A disclosure of interest under subparagraph (1) shall be recorded in the minutes of the meeting of the board; and the member making the disclosure shall not, unless the board otherwise determines in respect of that matter—

- (a) be present during any deliberation on the matter by the board;
- (b) take part in the decision making of the board.

(3) For the purpose of the making of a decision by the board under subparagraph (2), the member who has made the disclosure shall not—

- (a) be present during the deliberations of the board for the making of that determination;
- (b) influence any other member or take part in the making of the determination by the board.

6. Minutes of proceedings.

(1) The board shall cause the minutes of all proceedings of its meetings to be recorded and kept, and the minutes of each meeting shall be

confirmed by the board at the next meeting and signed by the chairperson of the meeting.

(2) The chairperson of the board shall submit to the Minister a copy of the minutes of each meeting of the board as soon as the minutes have been confirmed.

7. Board to regulate its proceedings.

Subject to the provisions of this Schedule, the board may regulate its own proceedings.

History: Statute 1/1994; Statute 6/1994; S.I. 188/1994; S.I. 256/1994.

Cross Reference

Lint Marketing Board Act, 1964 Revision, Cap. 234.
