



GOVERNMENT OF BERMUDA
Ministry of Economy and Labour

THE PROPOSED INTRODUCTION OF **COOPERATIVE LEGISLATION** IN BERMUDA

BUILDING OPPORTUNITY THROUGH SHARED OWNERSHIP
AND COLLECTIVE ENTERPRISE



GOVERNMENT OF BERMUDA
Ministry of Economy and Labour

MINISTERIAL FOREWORD

Bermuda is a place defined by resourcefulness, resilience, and a strong sense of community. Throughout our history, Bermudians have come together to support one another, to solve problems collectively, and to build opportunity from shared effort. Cooperation, in this respect, is not a new concept; it is part of our social and economic DNA.

This proposal to introduce modern cooperative legislation is a positive and timely step in Bermuda's ongoing economic development. It reflects a clear commitment to empowering Bermudians, strengthening local ownership, and expanding the range of business models available to those who wish to participate meaningfully in our economy. Cooperatives offer a practical, inclusive pathway for people to work together, share risk, and share reward in a way that supports long term sustainability.

Around the world, cooperatives have demonstrated their ability to create stable employment, retain economic value within communities, and support innovation across a wide range of sectors. From agriculture and housing to renewable energy, technology, and the creative industries, cooperatives are helping communities build wealth collectively while remaining competitive and financially sound. This proposal seeks to ensure that Bermuda is well positioned to benefit from these proven approaches.

By establishing a clear and modern legislative framework, this initiative provides certainty, confidence, and protection for cooperative enterprises and their members. It removes unnecessary barriers, supports good governance, and aligns Bermuda with international best practice, while remaining firmly rooted in our local context and values.

Importantly, cooperative legislation expands choice. It enables individuals, workers, and communities to pursue entrepreneurship in a way that reflects shared ownership, democratic decision making, and mutual responsibility. This is particularly significant for young people, community based initiatives, and sectors that benefit from collaboration and scale.

This proposal sits squarely within the Government's broader agenda of economic diversification, inclusive growth, and empowering Bermudians to play an active role in shaping their economic future. Cooperative development is not about replacing existing models, but about strengthening our economic ecosystem by adding another viable and values driven option.

**Minister of Economy and Labour, the Hon.
Jason Hayward, JP, MP**



INTRODUCTION

Cooperatives have played an important, though sometimes overlooked, role in Bermuda's history. Following emancipation, early cooperative style organisations emerged through Friendly Societies, which provided mutual insurance, skills development, and social support at a time when formal systems were unavailable to much of the population. These organisations were built on principles of collaboration, shared responsibility, and collective benefit, principles that remain relevant today.

During the twentieth century, Bermuda saw further examples of cooperative activity. The Ireland Island Cooperative supported workers and communities connected to dockyard life; the Bermuda Credit Union demonstrated the strength of financial cooperation; and the BIU Cooperative explored collective enterprise as a tool for worker empowerment. While these efforts showed promise, cooperatives in Bermuda have never fully realised their potential as a mainstream economic model.

Internationally, cooperatives are widely recognised as successful, resilient enterprises. The International Cooperative Alliance defines a cooperative as a voluntary association of people who come together to meet shared economic, social, or cultural needs through a jointly owned and democratically controlled business. What distinguishes cooperatives from conventional companies is not whether they make a profit, but how decisions are made and how benefits are distributed. In cooperatives, people come before capital.

Unlike traditional profit driven businesses, cooperatives do not exist primarily to maximise returns for external shareholders. Instead, surpluses are reinvested in the enterprise, used to improve services, or redistributed to members in ways that reflect participation rather than financial power. This values based approach makes cooperatives particularly suited to inclusive and sustainable development.

Recognising these benefits, the Government of Bermuda has taken deliberate steps to explore how cooperatives can contribute more meaningfully to the island's economic and social development. The establishment of the Economic and Cooperative Development Unit (ECDU) within the Bermuda Economic Development Corporation (BEDC) reflects this commitment. Through stakeholder engagement, capacity building, and international collaboration, groundwork has been laid for a stronger cooperative ecosystem.

This commitment was further reinforced in the 2025 Speech from the Throne, which announced the Government's intention to enact cooperative legislation and establish a dedicated Registrar of Cooperatives. The purpose of the proposed legislation is to provide a modern, supportive legal framework that allows cooperatives to form, operate, and grow in a structured and sustainable way.



THE CURRENT SITUATION AND THE NEED FOR ACTION

Bermuda's economy is often described as strong, with a high gross domestic product ('GDP') per capita and a global reputation as an international business hub. Tourism also remains a major contributor. However, this strength masks underlying vulnerabilities. The economy is heavily concentrated in a small number of sectors, leaving Bermuda exposed to external economic shocks, global market changes, and international disruptions.

As a small island developing state, Bermuda faces particular challenges. The island imports the vast majority of its food, energy, and consumer goods, making it vulnerable to global supply chain disruptions and price volatility. Although the economy has recovered from the COVID 19 pandemic, the experience highlighted the risks of over reliance on external markets and underscored the need for greater local resilience.

Despite the potential of cooperatives to address many of these issues, Bermuda currently lacks a dedicated legal framework to support them. Without clear legislation, cooperatives must operate under laws that were not designed for their unique structure. This creates uncertainty around governance, financing, and accountability, and discourages new cooperative ventures.

A modern cooperative framework would address these gaps by introducing a legally recognised business form that balances commercial viability with social purpose. It would ensure that cooperatives are properly capitalised, governed democratically, and protected from misuse. Importantly, it would support start ups and community led initiatives that might otherwise struggle to access traditional business structures.

THE CASE FOR COOPERATIVE DEVELOPMENT

The Government recognises cooperatives as a strategic tool for achieving national economic and social objectives. Cooperatives align closely with goals related to inclusive growth, economic diversification, job creation, and community empowerment. By enabling people to pool resources, skills, and decision making, cooperatives can unlock opportunities that individual entrepreneurs or traditional companies may not pursue.

Cooperatives can help diversify Bermuda's economy by enabling community based enterprises in sectors such as agriculture, fisheries, renewable energy, housing, and technology. These sectors are critical to long term sustainability, yet often face barriers related to scale, capital, or market access. Cooperative structures allow participants to share risk, reduce costs, and compete more effectively.

Beyond economic impact, cooperatives foster social benefits. Their democratic nature encourages participation, accountability, and shared ownership. They can provide meaningful employment, promote skills development, and empower groups that have historically faced barriers to economic participation. In doing so, cooperatives help build not only economic assets, but also social and human capital.

Although Bermuda has experience with cooperatives, the absence of modern legislation has limited the growth of non financial cooperatives. The Friendly Societies Act and the Companies Act do not adequately reflect cooperative principles such as member ownership and democratic control. Introducing cooperative legislation would align Bermuda with international best practice and create a level playing field for cooperatives to operate alongside other businesses.





ESTABLISHING A MODERN LEGAL AND INSTITUTIONAL FRAMEWORK

The proposed legislation aims to position Bermuda as a leader among small island states in leveraging cooperatives for inclusive and resilient development. At its core, the legislation would clearly define what a cooperative is, drawing on internationally recognised cooperative principles and standards.

The law would address key areas including organisational structure, membership rights and responsibilities, governance arrangements, financial requirements, and reporting obligations. It would establish clear registration procedures and define the role of a dedicated Registrar of Cooperative Societies.

The Registrar would be responsible for registration, supervision, and dispute resolution, while respecting the autonomy of cooperatives. The intent is not to over regulate, but to provide oversight that protects members, maintains public confidence, and prevents abuse.

A central feature of the framework is the protection of democratic control. Cooperatives operate on the principle of “one member, one vote,” ensuring that decision making power cannot be concentrated in the hands of a few. Written agreements define relationships within the cooperative, and existing legal remedies would apply when disputes arise.

FINANCING, REGULATION AND SAFEGUARDS

Access to capital is essential for sustainability. The proposed legislation would allow cooperatives to use flexible financing tools, such as non voting investment shares and capped return loans. These instruments enable cooperatives to attract external funding while preserving member control and democratic governance.

Governance safeguards would ensure that voting rights remain exclusively with members, preventing external investors from influencing strategic decisions. This protects the cooperative's identity and purpose while enhancing financial credibility and bankability.

The legislation would also include provisions to prevent the emergence of false or pseudo cooperatives. Regulation would ensure that cooperatives operate in accordance with their stated principles and comply with applicable standards.

While the policy focuses on non financial cooperatives, financial cooperatives such as credit unions would remain governed under existing legislation. Excluding them from the new framework avoids duplication and regulatory confusion.



EDUCATION, GOVERNMENT SUPPORT AND CAPACITY BUILDING

Legislation alone is not sufficient. For cooperatives to succeed, there must be investment in education, training, and public awareness. Building understanding of the cooperative model among members, managers, public officials, and the general public is essential.

Research supports integrating cooperative principles into educational curricula, providing specialised training for cooperative leaders, and launching public awareness initiatives. Collaboration with international partners, including the International Labour Organization, will support knowledge transfer and capacity building.

Government support will be coordinated through the BEDC, ensuring consistency across ministries and agencies. Research and data collection will help measure the economic and social impact of cooperatives and inform future policy.

Capacity building will also be encouraged through the formation of cooperative associations and partnerships at local, regional, and international levels. Inter cooperative collaboration can help overcome the constraints of small markets by creating economies of scale and shared resilience..



SECTORAL OPPORTUNITIES

Cooperatives can operate across all sectors of Bermuda's economy, but several areas show particular promise. Agriculture and fisheries cooperatives can reduce costs, improve market access, and enhance food security. Housing cooperatives can provide stable, community controlled housing solutions. Energy cooperatives can support renewable energy initiatives and reduce household costs. Technology cooperatives can foster innovation, skills development, and youth engagement. Sports clubs, many of which already operate on a membership basis, can formalise cooperative structures to strengthen sustainability and community connection.



CONCLUSION

The proposed cooperative legislation represents a comprehensive and forward looking approach to economic development in Bermuda. Through legal reform, institutional support, education, and collaboration, cooperatives can become a central pillar of a more inclusive, diversified, and resilient economy.

By empowering people to collectively own and control enterprises that serve shared needs, Bermuda can strengthen local ownership, reduce vulnerability, and build a future rooted in cooperation, equity, and sustainability.



GOVERNMENT OF BERMUDA
Ministry of Economy and Labour