

The Irish Co-operative Organisation Society
Opening Remarks to the Joint Oireachtas Committee on Rural & Community Development
Wednesday 3 October 2018
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Chairman, Members of the Oireachtas,

1. Introduction

- a) I would like to thank you for the opportunity this morning to discuss the issue of Sustaining Small Rural Businesses.
- b) By way of introduction, ICOS serves and promotes commercial co-operative businesses and enterprise, across multiple sections of the Irish economy, making ICOS the leading organisation for registering new co-ops in Ireland and reliable, experienced advisors on co-op rules & governance in Ireland.
- c) Our core business is to provide leadership to the co-operative movement in Ireland. We use our collective voice to put the needs of the co-operative movement and our member co-ops to the forefront of what we do. We draw upon the pioneering and innovative spirit of our founding members to help strengthen our co-operatives operating in today's ever changing and competitive world.
- d) Starting from the agricultural co-op path set by our founding President, Sir Horace Plunkett in 1894, ICOS today has evolved to serve the co-operative sector in seven core categories, namely:
 - i. Multipurpose dairy co-ops
 - ii. Livestock sector co-ops
 - iii. Store, trade and wholesale co-ops
 - iv. Service-related co-ops
 - v. Community-oriented, culture and leisure co-ops
 - vi. Food, fishing and beverage co-ops
 - vii. Advisory and education-related co-ops

2. Co-operatives - Overview

- a) ICOS member co-operatives, their subsidiaries and associated companies collectively:
 - i. have over 150,000 individual members owning shares in them;
 - ii. employ more than 14,000 people in Ireland and a further 24,000 abroad; and
 - iii. have a combined turnover of almost €15 billion.
- b) A significant proportion of this turnover is spent in rural Ireland through:
 - i. employee wages;
 - ii. payments to suppliers such as farmers and other small rural businesses; and
 - iii. payments/dividends paid to the 150,000 co-operative members.

- c) On top of the economic benefits, ICOS Co-operatives place great emphasis on enhancing the skills of co-operative staff and management through ICOS Skillnet structured training. This allows co-operatives of all sizes avail of a wide variety of training resources.

3. Family Farms

- a) It is important to recognise that one of the most common small rural businesses in Ireland is the family farm, and co-operative ownership in the dairy sector and the livestock mart sector in particular has sustained these businesses throughout rural Ireland for more than a century. The benefits of the co-operative model in agriculture can be seen clearly when compared to the volatility experienced in the sectors of the industry that do not have a significant co-operative presence, such as meat processing in recent years.
- b) As a result of this sustainable growth, Irish family farms engage in a significant level of regular commerce with thousands of small rural businesses from a broad range of sectors and have therefore, contributed to their success and sustainable growth.

4. Challenges

- a) Rural Ireland is facing a number of unprecedented challenges. These include:
 - i. centralisation/rural depopulation;
 - ii. lack of access to broadband and other services;
 - iii. the next EU Common Agricultural Policy reform;
 - iv. the growing regulatory compliance burden across a number of sectors; and
 - v. the consequences of Brexit and the obvious and severe ramifications of a hard border with Northern Ireland.
- b) ICOS sees rural depopulation and centralisation as a significant challenge for rural Ireland, manifesting itself recently in:
 - i. the closure of Post Offices;
 - ii. the difficulties in providing broadband coverage in rural areas;
 - iii. along with the more long-term trend of concentration of the majority of employment and economic opportunities in a few centralised areas in the East of the country.

ICOS believes this trend must be arrested and reversed through implementing and promoting innovative development strategies and policies.

- c) For example, Rural Ireland has the potential to offer unique opportunities to those establishing businesses and those availing of flexible and remote working arrangements, each of which could play a notable role in arresting rural depopulation. With that in mind, ICOS urges the Government to facilitate and promote such commercial and workplace innovations by getting the national broadband plan back on track as a matter

of urgency. The availability of reliable broadband is essential for sustaining businesses of every size and location in the 21st century. Therefore, if small rural businesses do not get broadband access, they will almost certainly be left behind.

- d) With reference to an example of some opportunities which rural Ireland are well placed to take advantage of; ICOS believes that sensible financial tools are required to stimulate widespread uptake of community based renewable energy projects including biogas from anaerobic digestion and solar panels. With this in mind, ICOS welcomes the Department of Communications, Climate Action and Environment's recently announced Renewable Energy Support Scheme and with it the proposal to offer favourable status to community owned energy generation schemes. ICOS urges the Government to follow through on prioritising the establishment of community led and co-operative projects in the area of renewable energy and micro generation.
- e) Throughout the last number of months, ICOS has noticed increasing requests for assistance from our small to medium sized affiliates in relation to their growing compliance burden. While we recognise the key role a robust regulatory framework plays in providing stability and fairness in the economy, small businesses are struggling under this burden and are frankly living in fear of the consequences of a minor slip-up under the numerous regulations they are subject to. ICOS encourages the government to provide more information and resources aimed at small rural businesses in order to assist with the aforementioned regulatory duties and to consider the small businessperson in the drafting of such legislation.
- f) On a separate, but no less important, matter; it is ICOS' view that continuation of a well-resourced and strong CAP Budget post 2020, is absolutely essential to sustaining small rural businesses. Expenditure cuts to the CAP budget will have a detrimental impact on the numerous small businesses that depend on a vibrant agribusiness sector.

5. Closing

- a) The strength of the co-operative is that the members own and oversee the business. Co-operatives are answerable to our members and to future generations of members. It is essential that this strategic involvement is not overlooked as the government supports rural Ireland in dealing with the challenges it faces.