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Opening Statement to the

Joint Oireachtas Committee Business, Trade and Employment

15th February 2023

The Co-operative Societies Bill is a long-awaited and historic piece of proposed legislation that will not only modernise and consolidate existing co-operative law but seeks to enable the development of a new generation of co-operatives meeting the challenges of a modern Ireland.

Co-operative Housing Ireland (CHI) is pleased to have the opportunity to speak about this bill and its potential impact.

Long before the foundation of the State, co-operatives have served as a powerful tool to enable our communities to take control of their own economic, social and cultural development through co-operation, self-help and social solidarity.

The model has been most prominent in farming and agriculture, community finance and housing but has seen widespread use by communities investing in their own rural and community development. This year marks CHI's 50th Anniversary. We are proud to have supported small housing co-operatives throughout Ireland to deliver 3,000 owner-occupier homes. Since the late 1980s we introduced the co-operative approach to social-rental housing which has supported the delivery of a further 4,500 homes.

It cannot be understated however that the latent potential of the model has been dampened considerably by an increasingly unfavourable environment in which to establish and sustain a co-operative in Ireland.

Remarkably the size of the co-operative sector has remained stable over the past 50 years despite the barriers that exist. However, it has not grown relative to the growth of other types of enterprises.

It is reasonable to assert that the decline in the co-operative movement's role within the economic, social and cultural lives of our communities has been as a result of the increasingly anachronistic nature of Industrial and Provident Societies Acts when compared to the Companies Acts which has been modernised and maintained as fit-for-purpose.

This proposed legislation is commendable, and we thank the Department of Enterprise, Trade and Employment for engaging with the co-operative movement.

We wish to highlight some of these for the benefit of the committee:

The proposed legislation has placed an appropriate focus on preserving the internationally recognised principles and identity of co-operatives. This is crucial to ensure that the co-operative model's unique, principle-based approach is not lost during the modernization of corporate governance to align with best practice.

We welcome that the Department of Enterprise, Trade and Employment has sought to reduce the many administrative burdens that co-operatives must contend with that are not faced by companies and other bodies corporate.

It is proposed that the minimum number of members be reduced and that audit exemptions be introduced on an equivalent basis alongside a host of other smaller welcome measures. This will be of considerable benefit to our member co-operatives.

We must also welcome that the Department of Enterprise, Trade and Employment has also sought to safeguard the essential democratic nature of co-operatives through the requirement for a minimum of three directors, the introduction of a legal reserve for all co-operatives and the requirement for co-operatives to respect the principle of one member, one vote.

Finally, the removal of the antiquated and burdensome restrictions on the ability of co-operatives to raise funds from both their members and the wider community represents an exciting opportunity for co-operatives in Ireland to thrive in more capital-intensive areas of development including housing.

We would recommend the committee give further consideration to some aspects of the legislation that we are concerned about:

Community, social and not-for-profit co-operatives, along with their support organisations, have strongly advocated for the inclusion of optional provisions for a statutory co-operative asset lock.

This would allow communities to utilise the co-operative model more readily in the area of rural and community development, and draw down on national and European funding targeted at growing the social and solidarity economy.

A co-operative asset lock would serve as a safeguard for stakeholders, ensuring that assets acquired through the co-operative remain within the community and cannot be sold for individual gain.

The proposed legislation does place co-operative identity at its core, many of these provisions could be merely attested to nominally or adopted superficially by some co-operatives.

We recommend that the committee seek submissions from stakeholders, specifically on what other legislative mechanisms could ensure that all co-operatives uphold minimum standards regarding their democratic and co-operative character.

We have many concerns on technical matters that we have included in our written submission to the pre-legislative scrutiny.

The proposed legislation is long overdue, and once passed, it has the potential to unleash the full potential of the co-operative model. We look forward to its swift passage and hope that future legislation will further level the playing field for those seeking co-operative solutions to our collective challenges.