

Legislation

IRELAND'S PROPOSED CO-OPERATIVE SOCIETIES BILL 2022

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In November 2022 the government of Ireland published the General Scheme of the Co-operative Societies Bill, 2022. To date, co-operatives in Ireland have largely made use of the Industrial and Provident Societies Acts (1893-2021) which pre-date the state. The proposed new legislation, which is specific to co-operatives, is significant in scale, consolidating existing provisions and introducing new ones aimed at modernising co-operative governance in areas such as the legal duties of directors, compliance and financial reporting requirements. It follows an overhaul of the Companies Act and a public consultation exercise.

Changes proposed include reducing the minimum number of directors; permission for co-operatives to raise funding by public offering; the repeal of existing provisions for raising funds; provision for audit exemptions for smaller co-operatives and changes in the entities that may form a co-operative. In recognition of their distinctive characteristics such as their democratic nature, co-operatives registering under the proposed legislation will be “required to adhere to the co-operative ethos” (Department of Enterprise, Trade and Employment, 2022a).

Dáil (Parliament) debate and the policy response to the public consultation highlights a “balanced approach” (Department of Enterprise, Trade and Employment, 2022a) which aims to recognise the diversity of co-operatives in Ireland and seeks to refrain from restricting them unduly or being overly prescriptive. The aim is to place the co-operative model in a “more favourable and clearer legal basis” and to “create a level playing field” with companies which will in turn encourage the use of the co-operative form “for entrepreneurs and for social and community activities” (Joint Oireachtas Committee, 2022). The proposed legislation is intended to be “broad based” and confined to provisions that are “generally applicable” (Department of Enterprise, Trade and Employment, 2022a) thus allowing co-operatives flexibility around rules they adopt, for example, on whether to utilise an asset lock or legal reserve. It is proposed that existing Industrial and Provident Societies legislation largely be repealed with a transition period offered to existing societies to choose a legal structure.

While this Act is certainly the most comprehensive reform of co-operative-related legislation ever to take place in Ireland, previous efforts to modernise the legislation have not always managed to get through the political system. Parliamentary debate on the proposed bill raised the perceived need for dedicated promotion and support for co-operatives in Ireland. How co-operatives are promoted and supported and by whom and what “new capacities” (Joint Oireachtas Committee, 2022) will be required by enterprise development agencies and professional advisors for those activities are important related issues.

References

Department of Enterprise, Trade and Employment (2022a) Reform and modernisation of legislation regarding Co-operative Societies: Policy response to issues raised in public consultation. Policy Paper/report. Dublin, Government of Ireland.

Department of Enterprise, Trade and Employment (2022b) General Scheme Co-operative Societies Bill 2022. Dublin, Government of Ireland.

<https://enterprise.gov.ie/en/legislation/legislation-files/general-scheme-for-the-co-operative-societies-bill-2022.pdf>

Joint Oireachtas Committee on Jobs, Enterprise and Innovation, Wednesday 14th December 2022. Debate on the General Scheme of the Co-operative Societies Act 2022; Department of Enterprise, Trade and Employment. <https://www.kildarestreet.com/committees/?id=2022-12-14a.101>

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