**Legislative and regulatory change for co-operatives in Ireland**

The Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act

2014 was signed into law by the Minister for Jobs, Enterprise and Innovation, Richard

Bruton, on the 21st of July 2014. This amends the existing Industrial and Provident Societies 1893-2005 Acts.

While no explicit co-operative law exists in Ireland,the Industrial and Provident Societies Acts have long provided a legislative system for co-operatives. A programme of legislative and regulatory review and reform of the Acts has been underway since 2009. The review has been conducted in the context of the 2004 Government White Paper “*Regulating Better*” aimed at improving the quality of regulation for businesses through the reduction of administrative burdens. The approach taken by the Department (which hasn’t changed with a change of government) has been to deal with “*specific problems or difficulties[[1]](#footnote-1)*” in the existing legislative and regulatory regime in the first instance with plans to undergo a larger scale review at a later stage (which might deal with issues of definition and co-operative principles and identity)[[2]](#footnote-2).

In his speech on the second stage of the Bill, the then Junior Minister for Jobs, Enterprise and Innovation, Seán Sherlock[[3]](#footnote-3) launched the publication of the Bill as “*part response to the commitment we made in the Programme for Government regarding co-operatives*”. This committed to “*work to promote a greater appreciation of the co-operative model as a distinct form of organisation, ensure a level playing field between co-operatives and the other legal options for structuring enterprise activities, and provide a conducive framework for the full potential of the co-operative model to be realised”.* He reiterated the government’s intention to prepare a “*new, modern legislation to cater for the co-operative sector*” but this must wait until the new Companies Bill is enacted.

Responses to the 2009 consultation paper on the Acts and related administrative arrangements highlighted a number of areas in which a more level playing field could exist between the regulation of co-operatives and other business forms. Some of these have been addressed in the Bill. The main amendments are as follows:

* Limits on individual shareholdings in societies have been removed subject to the rules of the society. Up to now a limit of €150,000 or 1% of the total assets of the society, whichever was largest, applied.
* Societies now have a right to appeal a refusal by the Registrar to register a society to the Circuit Court rather than the High Court (likely to be less costly).
* Annual returns can now be made on one of two dates to coincide with the financial year of the society.
* The approval of the Minister is no longer required by the Registrar for the cancellation of a society making cancellation easier.
* The requirement to submit triennial returns to the Registrar has been abolished.
* The amount a society can raise in funds by way of subscription of shares without the permission of the Registrar has been raised from €12,697 to €30,000.

Part 4 of the new Act which deals with the application of the Companies Act 1990 to Industrial and Provident Societies (mainly for the purposes of ensuring co-operatives have access to examinership) has yet to come into effect.

A reduction in fees charged by the Registrar of Friendly Societies was introduced in October 2012.

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1. Department of Enterprise, Trade and Employment. 2009. *Co-operative Societies: Consultation Paper on the Industrial and Provident Societies Acts 1893-2005.* Dublin:Department of Enterprise, Trade and Employment, Co-operative Legislation Unit. [↑](#footnote-ref-1)
2. Carroll, B. 2013. 'Cooperative Law in Ireland' In: Cragoni, D., Fici, A. & Hagen. H (eds). *International Handbook of Cooperative Law*. London: Springer. [↑](#footnote-ref-2)
3. Second stage speech to Seanad Eireann on 2 April 2014. [↑](#footnote-ref-3)