



An Roinn Fiontar,
Trádála agus Fostaíochta
Department of Enterprise,
Trade and Employment

Public Consultation on Reform and Modernisation of Legislation regarding Co-operative Societies Response Template

As set out in the Public Consultation paper, the Department of Enterprise, Trade and Employment is seeking views on a number of specific issues prior to finalising legislative proposals for the reform and modernisation of legislation regarding co-operative societies.

Please include your response in the space underneath each question and set out/ explain your views. Completing the template will assist with achieving a consistent approach in responses returned and facilitate collation of responses.

Respondents have the opportunity to comment more generally in Question 12 should they wish.

When responding please indicate whether you are providing views as an individual or representing the views of an organisation.

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Respondents are requested to return their completed templates by email to coopconsultation@enterprise.gov.ie by **5pm on Friday, 25 February 2022**.

Responses

Matters relating to Registration

Transition period

Question 1.

Do you consider that the proposed transition period of 18 months is sufficient to enable existing industrial and provident societies to either register as co-operatives or pursue an alternative option? If not, please suggest an alternative timeframe and provide a supporting rationale.

Response:

As an Industrial & Provident Society, CUDA welcomes the proposals set out in the Public Consultation on Reform and Modernisation of Legislation regarding Co-operative Societies. We look forward to the provision of a modern and effective legislative framework suitable for the range of organisations using the co-operative model in Ireland. The proposed transition period seems adequate.

Expanding the categories of members who can set up co-operative societies

Question 2.

Please set out your views on the proposal to expand the categories of members who can form a co-operative society to include companies? If not in agreement, please set out your reasoning.

Response:

CUDA is in agreement with the expansion of categories of members who can form a co-operative society to include companies. As credit unions continue to work on an increasingly collective basis, this type of structure may be considered for that purpose. Under good governance framework, formation of such societies in Ireland should be encouraged.

Content of rules

Question 3.

Are there any other matters that should be included in the list of matters set out in legislation that must be dealt with by the rules of a co-operative society? Please provide supporting rationale for any such additions.

Response:

No further matters to note.

Matters relating to Shares

Legal Reserve

Question 4.

Please set out your views on the proposed approach to the legal reserve.

Response:

CUDA's funding structure already includes an element of reserve for the purposes of financial stability, and our funding model operates on a rolling two-year basis. While we agree with the principal of a legal reserve, the rules of the co-operative society should dictate the appropriate level given the nature, scale and complexity of the business. The method of redistribution should also be a matter for the rules of the co-operative society.

Nomination regarding transfer of property in the event of death of a member

Question 5.

Are the provisions on nomination regarding the transfer of property in the event of the death of a member considered useful and worth retaining in the proposed legislation? Please provide rationale in support of your response.

Response:

In the context of CUDA, this is not particularly relevant. As our membership is currently comprised entirely of Credit Unions, the issue of transferral of assets on the death of a member does not arise.

Matters relating to Corporate Governance

Minimum number of directors

Question 6.

Do you support the proposal in relation to the minimum number of directors (at least one director for co-operatives with less than 10 members and at least three directors for larger co-operatives)? Please provide a rationale in support of your response.

Response:

CUDA operates an open and transparent governance structure with active participation by Owner member credit unions.

The structure of CUDA is such that the minimum number of directors would exceed the suggested minimum in either the smaller or larger co-operative structures. In fact, the CUDA structure is a dual layer structure, comprising of a Management Committee (Board) with elected Directors, supported by a National Council, comprising one representative from each member credit union. This structure is reflective of the inclusive and transparent nature of co-operatives, and any modernisation should continue to provide for an open and transparent governance structure.

Approval of Special Resolutions

Question 7.

Do you support the proposal to provide for a single general meeting for the consideration of special resolutions, subject to the approval of at least 75% of members entitled to vote at the meeting? Please provide a rationale in support of your response.

Response:

No issue.

Matters relating to Financial Statements, Annual Returns and Audit

Audit exemption criteria

Question 8.

Do you agree with the approach set out in relation to eligibility for audit exemption and the proposed thresholds? If not, please set out your proposal, together with a rationale for same.

Response:

CUDA is of the opinion that all co-operatives should be open and transparent, and the inspection of the financials of the co-operative should apply regardless of the size of the business.

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Decisions regarding Audit Exemption

Question 9.

Do you support the proposal to require eligible co-operatives to provide for audit exemption in their rules? Do you support the proposal that a decision to avail of audit exemption can be reversed if supported by at least 10% of the members, entitled to vote at a general meeting? Please provide a rationale in support of your responses.

Response:

CUDA is of the opinion that all co-operatives should be open and transparent, and the inspection of the financials of the co-operative should apply regardless of the size of the business. If the proposal for eligible co-operatives is ratified, then we would agree with the proposal to allow that to be reversed by the membership of the co-operative.

Abridged financial statement criteria

Question 10.

Do you agree with the proposal to provide for the filing of abridged financial statements with the Registrar in relation to small co-operatives and, if so, the eligibility thresholds set out? If not, please set out your proposal, together with a rationale for same.

Response:

While not currently intending to avail of the proposal to provide for the filing of abridged financial statements, CUDA has no issue with the proposal.

Certain exemptions in relation to financial statements

Question 11.

Do you agree with the proposal to provide for certain exemptions in relation to financial statements for small co-operatives and, if so, the eligibility thresholds set out? If not, please set out your proposal, together with a rationale for same.

Response:

While not currently intending to avail of the proposal to provide for these exemptions in relation to financial statements for these small cooperatives, CUDA has no issue with the proposal.

Opportunity to provide additional observations

Question 12.

Please provide any additional comments you may wish to make to inform the completion of the legislation regarding Co-operative Societies.

Response:

CUDA broadly welcomes the proposal to modernise the legislation governing co-operative societies. CUDA would like to emphasise the need to recognise the distinctive characteristics of co-operatives. The modernisation of the legislation is welcome, and in line with good corporate governance but care should be taken to ensure the distinctive nature of co-operatives is not damaged.

Freedom of Information Act 2014 and Publication of Submissions

The Department will make public on its website all submissions received under this consultation. Your attention is also drawn to the fact that information provided to the Department may be disclosed in response to a request under the Freedom of Information Act 2014. Therefore, should you consider that any information you provide is commercially sensitive, please identify same, and specify the reason for its sensitivity. The Department will consult with you regarding information identified by you as sensitive before publishing or otherwise disclosing it.

General Data Protection Regulation

Respondents should note that the General Data Protection Regulation ('GDPR') entered into force in Ireland on 25th May 2018 and it is intended to give individuals more control over their personal data. The key principles under the Regulation are as follows:

- Lawfulness, fairness and transparency;
- Purpose limitation;
- Data minimisation;
- Accuracy;
- Storage limitation;
- Integrity and confidentiality;
- Accountability.

The Department of Enterprise, Trade and Employment is subject to the provisions of the Regulation in relation to personal data collected by it from 25 May 2018. Any personal information which you volunteer to this Department, will be treated with the highest standards of security and confidentiality, strictly in accordance with the Data Protection Acts 1988 to 2018.

January 2022