Ireland's Co-operative Sector

November 2007
Table of Contents

Table of Contents ........................................................................................................... i
Foreword..................................................................................................................... iii
Executive Summary ........................................................................................................ iv
Introduction ............................................................................................................ iv
Overview of Sector ..................................................................................................... v
Key Issues Facing Co-operatives ................................................................................ vi
Policy Considerations .............................................................................................. vii
Chapter 1  Introduction .............................................................................................. 1
  Background ............................................................................................................. 1
  Methodology .......................................................................................................... 1
Chapter 2  What is a Co-operative? ........................................................................... 3
  Definition of a Co-operative ..................................................................................... 3
  Characteristics of a Co-operative ............................................................................. 4
  Why are Co-operatives Established? ..................................................................... 4
  Types of Co-operatives .......................................................................................... 5
  Potential of Co-operatives to Add Value ................................................................. 6
  Co-operatives vis-a-vis Other Enterprise Forms .................................................... 7
  Types of Association .............................................................................................. 8
Chapter 3  The Social Economy ............................................................................... 11
  Social Economy Structures in Ireland ................................................................. 11
Chapter 4  The Irish Co-operative Sector ................................................................. 14
  Overview ............................................................................................................... 14
  Trends in Co-operative Structures .................................................................... 16
  Economic and Social Profile ............................................................................... 16
  Co-operative Sectors in Ireland .......................................................................... 18
  Housing Co-operatives ........................................................................................ 21
  Group Water Supply Schemes ............................................................................ 22
  Worker Co-operatives ......................................................................................... 24
  Craft Co-operatives ............................................................................................. 25
  Community Co-operatives ................................................................................... 25
  Survey of Community Groups .......................................................................... 27
Chapter 5  The International Co-operative Sector .................................................... 29
  Worldwide ............................................................................................................. 29
  Global 300 ............................................................................................................ 29
  Agriculture ............................................................................................................ 30
  Financial Institutions ......................................................................................... 30
Foreword

The co-operative movement has played an important role in the development of key sectors and institutions in Ireland. In particular, both the agricultural sector and credit union movement grew significantly having adopted the co-operative model. Internationally, co-operatives operate very successfully in a wide range of sectors including banking, insurance, retailing and agriculture. It is estimated that there are over 800 million people who are members of co-operatives globally and that co-operatives provide jobs to over 100 million people.

This report provides a profile of the co-operative sector in Ireland to assist the Department of Enterprise, Trade and Employment as they prepare to review the legislative and organisational framework for co-operatives in Ireland. Overall, the report illustrates that the role of the co-operative movement in Ireland is limited in comparison with that in other countries. While in Ireland the co-operative movement is confined largely to the agricultural sector, its significance internationally suggests that the co-operative model could play a greater role in Ireland, particularly in a social context. In other countries new co-operatives have emerged and are meeting social needs in important areas such as healthcare, housing and environmental protection.

The report notes that co-operatives are the expression of the idea that people can agree to work together on an equal basis and share equally in the results of the work. This concept fits well with wider societal objectives, such as those of social cohesion and of increasing the stock of social capital. An expanded role for co-operatives could be valuable in providing an additional dimension to social partnership in Ireland. For example, co-operatives may have the potential to play a role in addressing social and quality of life issues such as those arising from long working days, commuting, isolation and lack of community facilities, by filling market gaps, providing public and community services, and developing community assets.

Martin Cronin
Chief Executive, Forfás
November 2007
Executive Summary

The Department of Enterprise, Trade and Employment are currently reviewing the legislative and organisational framework for co-operatives in Ireland. At the request of the Department, Forfás has prepared an economic and social profile of co-operatives in Ireland, providing an overview of co-operatives internationally and outlining some of the key issues that Irish co-operatives are currently facing.

Note: Unless otherwise stated, the term co-operative used in this document refers to a society registered with the Registrar for Friendly Societies as an Industrial and Provident Society.

Introduction

The International Co-operative Alliance (ICA) defines co-operatives as “autonomous association(s) of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”. Co-operatives are established to serve the interests of their members who range from consumers, producers and workers to the wider community. The principal legislation governing industrial and provident societies (commonly known as co-operatives) is the Industrial and Provident Societies Acts (1893 to 1978). Under Irish legislation, co-operatives may be formed to carry out any industry, business or trade specified in or authorised by its rules for the benefit of its members. While Irish credit unions are classed as co-operatives and make up a significant proportion of the sector in Ireland, they are currently regulated by the Irish Financial Services Regulatory Authority (IFSRA) and fall outside the scope of this report.

There are a number of organisations associated with co-operatives in Ireland:

- The Registrar of Friendly Societies (RFS) is the body responsible for the registration of co-operatives in Ireland;
- The Irish Co-operative Organisation Society Limited (ICOS) acts as a co-ordinating organisation for most co-operatives in Ireland;
- The National Association of Building Co-operatives (NABCo) acts as a co-ordinating organisation for housing co-operatives in Ireland;
- The Irish League of Credit Unions (ICLU) represents the needs of the credit union movement in Ireland; and
- The Forum for the Co-operative Movement in Ireland was formed in 2006 by the representative and promotional federations for co-operatives in Ireland (primarily ICOS, NABCo and the ICLU) to promote the interests, protect the welfare and look after the needs of co-operatives in Ireland. It also facilitates greater co-operation between the federations.
Overview of Sector

National

Overall, it is difficult to estimate the magnitude of the co-operative sector both in Ireland and internationally. Statistics on the sector are not readily available and there can be definitional issues. For instance, in Ireland, co-operatives have several options with regards registration:

(i) They can register as an industrial and provident society;
(ii) They can register as a company and include the co-operative principles in their memorandum of understanding and articles of association;
(iii) They can choose not to register at all; and
(iv) In addition, co-operatives may own part or all of a publicly limited company.

These definitional issues make it difficult to collate concrete financial and employment statistics for co-operatives.

Irish co-operatives vary in size, structure and their range of activities. Since 1934, the number of co-operatives (excluding credit unions) registered with the RFS has ranged between just under 500 to nearly 1,150. In 2006, there were approximately 1,040 co-operatives registered with the RFS. In 2005, co-operatives registered with the RFS had approximately €3.8 billion in sales/income and 270,000 members (or 6 percent of the population). Companies associated with co-operatives had an additional €7.8 billion in turnover. In 2005, the largest 83 co-operatives and the companies that they held shares in (predominantly agricultural) had nearly 38,000 employees. The ILCU estimate that there were 525 individual credit unions in Ireland with 3,050,000 members (or 72 percent of the population) in 2006. Excluding credit union activity, the agricultural sector (when taken together as agricultural, farm relief and fishing societies) accounted for 98 percent of total turnover of all co-operatives registered with the RFS in 2005. They also accounted for 30 percent of all co-operatives registered and 65 percent of all co-operative members. Group water schemes accounted for 30 percent of all co-operatives registered and 16 percent of all members in 2005. Promotional and developmental societies, which include community and tourist development co-operatives, accounted for 15 percent of all co-operatives registered and six percent of co-operative members.

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1 Registrar of Friendly Societies (unpublished)
2 Irish Co-operative Organisation Society Ltd. (2006) reported €11.5 billion in turnover for 83 co-operatives and their associated companies in 2005. In the same year data received from the RFS showed turnover of €3.7 billion for agricultural, farm relief and fishing co-operatives. These are the main co-operatives covered by Irish Co-operative Organisation Society Ltd. (ICOS); therefore roughly €7.8 billion can be attributed to the companies associated with the co-operatives
3 Irish Co-operative Organisation Society Ltd. (2006)
5 Registrar of Friendly Societies (unpublished)
International

According to the ICA, over 800 million people are members of co-operatives around the world and co-operatives provide jobs to over 100 million people. In 1994, the United Nations estimated that the livelihood of nearly three billion people was made secure by the co-operative enterprise. An ICA study of the top 300 co-operatives worldwide found that they had a turnover of approximately €8,051 billion in 2004. Three of the Global 300 businesses were Irish; the Irish Dairy Board, Glanbia and Dairygold Co-operative Society Ltd. with a combined turnover of €4.6 billion. In the EU alone, there are approximately 300,000 co-operatives, providing 4.8 million jobs. Internationally, co-operatives operate very successfully in a wide range of sectors including banking, retail and agriculture. As the role of the state has slowly declined, new co-operatives have emerged and are meeting social needs in the areas of healthcare (primarily elderly care and care for people with disabilities), housing and environmental protection.

Key Issues Facing Co-operatives

From an analysis of the co-operative movement in Ireland and internationally, there are a number of issues that have emerged which should be considered by the Irish Government prior to revising the legislation for the sector:

- **Lack of Quality Data**: A key issue that emerged when analysing the co-operative sector is the significant lack of data available on co-operatives in general, both nationally and internationally. In order to get an accurate picture of the co-operative sector, including its economic and social contributions, good robust up-to-date statistics are required;

- **Underutilisation of the Co-operative Model**: In Ireland, the co-operative movement remains confined largely to the agricultural sector. The significance of the co-operative movement internationally suggests that the co-operative model could play a far greater role in a social context in Ireland including areas such as childcare, education, housing and healthcare. It is the view of Forfás that the potential of co-operatives in Ireland has not yet been fully utilised; partly due to the lack of visibility and understanding of the sector;

- **Appreciation of the Co-operative Model**: Co-operatives tend to be viewed by Government officials, academics and business groups at best as variants of investor-driven companies or at worst as weak business structures. There needs to be increased awareness of the co-operative structure as a distinct form of organisation. Under rural development commitments in Towards 2016, a commitment was made that engagement between local development agencies and the co-operative movement would be encouraged;

- **Level Playing Field with Business**: In 2004, the EU Commission acknowledged that co-operatives required a level-playing field with other forms of enterprises. The Commission did not suggest that co-operatives needed preferential treatment. However they urged member states, when drawing up

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6 International Co-operative Alliance (2007)
7 International Co-operative Alliance (2006). Converted to Euro based on average US$/$ exchange rate for 2004 of 0.80510 (Source: www.oanda.com)
8 Irish Co-operative Organisation Society Ltd. (2005). It is assumed that Kerry Group were not included in the Global 300 list despite a higher turnover then the three business' mentioned above as Kerry Co-operative Creameries Limited has a minority shareholding (28.1 percent) in the Kerry Group
9 Co-operatives Europe
legislation, to aim for a level playing field between co-operatives and the other forms of enterprise with which they compete in a modern market economy;

- **Burden of Regulation**: Co-operatives in Ireland face considerable administrative burdens complying with Government regulation. Excessive regulation is placing a large burden on the smaller co-operatives, especially those dependent on the voluntary time of their members and with no paid staff. For instance, co-operatives are required to submit audited accounts annually whatever the size of the co-operative. This contrasts sharply with smaller companies who can claim audit exemption when filing their annual returns if they fulfil certain requirements;

- **Access to External Capital**: Because of the general perception that co-operatives represent a weak commercial structure, co-operatives in Ireland find it difficult to access external funding. The general perception of co-operatives in Ireland is that they operate in the agricultural sector. Financial institutions remain unaware of the role that co-operatives can play in other sectors; and

- **Developing Competencies**: Work carried out in Ireland by the Small Business Forum has shown that the level of general management skills in small Irish businesses is relatively poor, particularly in specific functional skills such as human resources, marketing, finance, forward planning and strategic management. Despite these deficiencies, small firms engage in management training and development to a very limited extent due to time and cost pressures and because training programmes are often perceived as irrelevant. There is a need to assess and develop the managerial competencies and skills within co-operatives in Ireland.\(^{10}\)

**Policy Considerations**

- Overall, the role of the co-operative movement in Ireland is limited in comparison to that in other countries. There is a striking disparity between Ireland and other countries in the sectors on which the co-operative movement has chosen to concentrate. The sectoral concentration of co-operatives is limited in Ireland, in contrast to other countries where they play a significant role in sectors such as housing, healthcare, consumer purchasing and retailing. The example of housing is instructive. In Ireland, houses are constructed either in volume (by developers) or individually (as one-off houses by the landowner). It is clear that neither model is delivering sustainable communities, either from the point of view of required facilities or in terms of energy consumption, broadband penetration and other infrastructure requirements. Greater emphasis on housing co-operatives, such as are common in other countries, may allow for the delivery of more sustainable communities that meet the pre-specified requirements of their owners, both in terms of accommodation and in terms of shared facilities. Co-operatives could also be considered as a way of meeting community needs for primary healthcare, rural & urban transport and other services in Ireland;

- The disaggregated model of public service delivery in Ireland offers scope for co-operatives. The conventional means of public service delivery in Ireland has been enhanced in recent years, with Government establishing task-oriented agencies and channelling government funding through voluntary bodies, charities and interest-group organisations established specifically for supporting agreed social objectives. The control and monitoring of these diverse and rapidly-changing structures by Government is itself demanding. It is complicated by the additional requirement to achieve an overview, and to ensure that the indirect approach, through different agencies and

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\(^{10}\) Borzaga (2004)
bodies, is nevertheless leading to direct progress towards the general objectives. The use of the co-operative mechanism in this regard could provide additional assurance that the activities meet a wider needs base through extended community membership;

- At present, the corporate model is the main means envisaged for enterprise to become formalised, and the co-operative model is not considered. Those considering starting a business will probably not consider the co-operative model; and banks, development agencies and consultants are very unlikely to promote the concept. Once the future role for co-operatives in Ireland is determined, it will be necessary to consider a number of implementation steps to encourage and support their growth and development. This could include, for instance, the development of agency support programmes at national level or through County Development Boards, providing information and advice to those thinking of establishing co-operatives and also promoting them as responses to social, economic and environmental concerns;

- This report has not specifically addressed governance issues but they will clearly be central to the legislative review. Co-operative development will need a good framework for expansion, in which potential members can be given sufficient assurances on their rights, responsibilities, and the associated risks, together with a supportive, un-bureaucratic yet rigorous oversight structure. Again, the practices of other countries in this regard will provide useful pointers as to how best to improve the regulatory and institutional setting; and

- Co-operatives are in their simplest form the expression of an idea, which is that people can agree to work together on an equal basis and share equally in the results of the work. The concept fits well with wider objectives, such as those of social cohesion and of increasing the stock of social capital. Co-operatives are not the only contributors to these concepts: the enterprise sector, through well-functioning markets with a clear legal and regulatory framework, contributes effectively to economic growth and provides mechanisms for wide participation in the benefits. However, co-operatives, because of the priority given to equality of interest and commitment, make a greater contribution to social cohesion, which may compensate for their lower contribution to economic growth. This means that an expanded role for co-operatives would be valuable in providing an additional dimension for social partnership. Social issues and quality of life issues that will arise in the future, deriving from long working days, commuting, isolation and lack of community facilities may be addressed through development of the co-operative sector to fill market gaps, to provide public and community services, and to develop community assets.
Chapter 1  
**Introduction**

**Background**

The Department of Enterprise, Trade and Employment are currently reviewing the legislative and organisational framework for co-operatives in Ireland. At the request of the Department, Forfás agreed to undertake an economic and social profile of co-operatives in Ireland, to provide an overview of co-operatives internationally and to outline some of the key issues that Irish co-operatives are currently facing. The Terms of Reference for this review are attached in Appendix I.

The high level objectives of this report are to:

- Provide a definition and description of co-operative entities and the sector in general terms, distinguishing co-operatives from other entities;
- Identify relevant economic and social sectors and sub-sectors in Ireland (e.g. agricultural co-operatives, community development co-operatives etc.);
- Provide an economic and social profile of the sector and sub-sectors where appropriate;
- Provide a high level review of co-operatives internationally; and
- Identify key issues and policy considerations for the co-operative sector in Ireland.

**Methodology**

In order to achieve the objectives above, the following steps were taken:

- A review of the co-operative form was undertaken in order to provide a definition and description of co-operatives and the sector in general terms. The European Commission’s consultation document (2001) on co-operatives and the subsequent communication (2004) were reviewed. The rationale for establishing a co-operative, the different types of co-operatives that exist and the potential for co-operatives to add value were also examined;
- A review of alternative enterprise forms and the social economy was undertaken in order to distinguish co-operatives from other entities and ascertain their position within the social economy. A review of all bodies granted charitable exemption from tax by the Revenue Commissioners was carried out in order to determine the number of co-operatives that have charitable exemption from tax;
- A literature review of the Irish co-operative sector was undertaken, looking at changes, trends and developments that have occurred in the sector;
- An analysis of the data available on the sector which was mainly based on data provided by the Registrar of Friendly Societies (RFS) and the Irish Co-operative Organisation Society (ICOS);
- Interviews and consultations took place with over 20 stakeholders and representatives from various co-operative sectors that provided valuable input and advice. The following international groups were consulted: Co-operatives Europe, The Co-operative Forum (Northern Ireland), the International Co-operative Alliance (ICA), and the co-operative branch of the International Labour Organisation (ILO). Irish co-operative representative organisations and umbrella bodies with an interest in co-operatives were also consulted, these included: the Co-operative Development Society, ICOS, the National Association of Building
Co-operatives (NACo) and the National Federation of Group Water Schemes (NFGWS) and the Centre for Co-operative Studies based in University College Cork. Finally, a wide range of Government, semi-state and other organisations with an interest in co-operatives were consulted including: Bord Iascaigh Mhara, the Craft Council of Ireland, the Department of Agriculture and Food, the Department of Community, Rural and Gaeltacht Affairs, the Department of Finance, Enterprise Ireland, FAS, Glanbia, Pobal, Revenue Commissioners, RFS and Shannon Development. These consultations were used to develop a picture of the co-operative sector and the issues that it faces;

- In addition to the above, Forfás undertook a survey of 38 LEADER+ Groups and 30 community partnership companies to ascertain the legal structure that they had chosen, and if they were not registered as co-operatives, the rationale behind this;

- An economic and social profile of the co-operative sector in Ireland was drawn up, based on the analysis of the RFS and ICOS data along with the interviews and the survey of LEADER+ Groups and community partnership companies;

- A review of the international co-operative sector was then undertaken looking at worldwide data from the ICA, European data from Co-operatives Europe and European co-operative umbrella bodies in a range of sectors, and data available from individual countries. This was used to develop a picture of the co-operative sector internationally; and

- Finally, pertinent issues which had been raised through the course of the study were documented for further consideration.
Chapter 2  What is a Co-operative?

Definition of a Co-operative

According to the definition of the ICA endorsed by the United Nations (U.N.), “a co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”. Briscoe and Ward (2000 p7) define a co-operative as a “self-help business owned and democratically controlled by the people who use its services”.

In 2002 the ILO adopted an international policy guideline providing a framework for co-operatives for the 21st century. The International Labour Organisation (ILO) Recommendation 193 fully incorporated the values and principles as set out in the ICA’s statement of co-operative identity (see Appendix II). The Recommendation defined a co-operative as:

“an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

Additional key points of Recommendation 193 include the following:

- Co-operatives should enjoy equal treatment with other types of enterprises.
- Governments should create an enabling environment and facilitate access to support services.
- Employers’ and workers’ organisations should promote co-operatives.

The EU Commission Communication 23rd February 2004 (EU Communication) on the promotion of co-operative societies in Europe invites Member States to be guided, when drafting national regulations governing co-operatives, by the “definition, values and co-operative principles” mentioned above but also to be sufficiently flexible in order to enable co-operatives to compete effectively in their markets and on equal terms with other forms of enterprise. The EU Communication views co-operatives as enterprises that can simultaneously address entrepreneurial and social objectives in a mutually reinforcing way and, as a result of this, regards them as an integral element in achieving the Lisbon objectives.

Overall co-operatives can be viewed as an expression of an idea, which is that people can agree to work together on an equal basis and share equally in the results of the work. This idea encapsulates two principles: a principle of shared responsibility and of shared benefits. This concept fits well with wider objectives such as those of social cohesion and of increasing the stock of social capital, which can be summarised as a system of trust and shared understanding of rights and obligations. Co-operatives are not the only contributors to these concepts: the enterprise sector, through well-

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12 ILO Recommendation 193, paragraph 2
13 Smith (2004)
functioning markets with a clear legal and regulatory framework, contributes effectively to economic growth and provides mechanisms for wide participation in the benefits. However, co-operatives, because of the priority given to equality of interest and commitment, make a greater contribution to social cohesion, which may compensate for their lower contribution to economic growth.

**Characteristics of a Co-operative**

According to the EU Commission, the defining characteristics of a co-operative are:15

- Possibility of free and voluntary association and withdrawal from the enterprise;
- Democratic structure, where each member has one vote (or a limited amount of votes), with majority decision making and an elected leadership accountable to its members; and
- Equitable, fair and just distribution of economic results. In general, this means that dividends are paid in proportion to the use made by members rather than their capital investment.

Co-operative’s commitment to the provision of education and training for their members and the wider community can also be added to the above list. A co-operative is both an enterprise, and, as a membership-based and membership-driven organisation, part of civil society that exists to serve the needs of its members who own and control it, rather than solely to provide a return on investment. Co-operatives are governed by the principle of one member, one vote. In some co-operatives, members receive a dividend. This dividend depends on the amount of their trade with the society, not on the size of their shareholding.

In principle, a co-operative can adopt any kind of legal form that can be adapted to the ICA definition and characteristics. A co-operative does not necessarily require specific co-operative legislation since its co-operative nature can be defined by its internal statutes (by-laws or articles of association). There is considerable variety in the legal forms that co-operatives assume, and particularly in hybrid forms that combine co-operative and company features.

Under Irish legislation an industrial and provident society (commonly known as a co-operative) may be formed to carry out any industry, businesses or trade specified in or authorised by its rules for the benefit of its members, and its members can be natural or legal persons. Co-operative principles are not enshrined in any particular piece of Irish legislation. However, second tier co-operative societies such as ICOS which acts as a co-ordinating organisation for co-operatives in Ireland, and NABCo which acts as a co-ordinating organisation for housing co-operatives in Ireland, have model rules approved by the RFS that reflect co-operative principles.

**Why are Co-operatives Established?**

The original Rochdale consumer co-operative emerged during the 1840s at a time of low incomes, high prices and high unemployment. A co-operative was established selling goods at market prices

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15 EU Commission (2001)
rather than undercutting the prices of company stores directly. The financial benefits to members came in the form of a refund paid at the end of the year in proportion to each member’s purchases from the co-operative. The EU Commission states that co-operatives are generally established in situations where the market or State is not meeting particular needs and one or more of the following conditions are met:

- A shared need exists among a group of people or firms that is not being met by capital companies or by the State: e.g. the need for regular transportation to the mainland saw the introduction of a regular ferry service on Arranmore island by Comharchumann Oilean Arainn Mhor;

- As protection against exploitative relations in the market: e.g. agricultural co-operatives are often established in response to monopsony conditions where one buyer dominates the local or regional market; and,

- Where SMEs need to form alliances in order to have the critical mass, or provide the range of services required for public contracts: e.g. establishing fishing co-operatives.

Types of Co-operatives

There are broadly four categories of co-operatives according to the interests of their stakeholders:

1. Customer co-operatives where the consumers of the services of the co-operative own the business;
2. Client (producer) co-operatives where producers of certain products or services own the co-operative for the purpose of marketing or further processing their products and services, or for jointly purchasing raw materials or means of production;
3. Employee-owned co-operatives, where the employees of the business own the enterprise; and,
4. Community co-operatives, where the people living in a particular community own the enterprise with the aim of improving the viability of the community.

The objectives of co-operatives are diverse. The performance of a co-operative is not predominantly measured by the level of return on capital invested, but on the service it provides to its members. This raises the question; what common indicators should be used to evaluate the success of a co-operative? The EU Draft Consultation Paper (2001) suggested that the following characteristics should be taken into account when evaluating a co-operative:

- Orientation to provide benefits to members and satisfy their needs;
- Democratic goal setting and decision-making methods;
- Special rules for dealing with capital and profit; and,
- General interest objectives (in some cases).

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16 Briscoe and Ward (2000)  
17 Ibid  
18 Briscoe and Ward (2000)  
19 EU Commission (2001)
While recognising that co-operatives must demonstrate their ability to meet business goals, co-operatives function within specific contexts and historical traditions:

“They are steeped in the class, cultural and ideological frameworks of their members and communities and they cannot escape them.”

There is a tendency for co-operatives to become variants of conventional businesses, following the practices and conforming to the values of private enterprise competitors since Government officials, academics and business groups proclaim ‘consciously and unconsciously the superiority of the investor driven firm...making it the yardstick by which co-operatives would be measured.’

**Potential of Co-operatives to Add Value**

According to the European Commission (2001), the co-operative form may be particularly suited as a vehicle for achieving diverse community objectives. It may:

- Correct market failures and enable the efficient organisation of markets by enabling those who are in a weaker market position to combine their purchasing or selling power;
- Reduce specific transaction costs caused by certain market failures;
- Allow for economies of scale by uniting small enterprising activities into bigger marketable and more efficient units whilst allowing them to retain their autonomy;
- Give market power to lay people or small enterprises where homogenous products or services are needed;
- Enable those who have little capital to influence economic decision making;
- Enable citizens to affect or determine services they need;
- Take a longer-term view maximising stakeholder benefits rather than shareholder value. Members are less likely to “vote with their feet” than shareholders who seek maximum returns in global financial markets. For similar reasons a co-operative will be less likely to withdraw from a particular region or sector because its capital could be more profitably employed elsewhere. Co-operatives can therefore provide a cushion from structural change;
- Provide a school of management, particularly to people who might not otherwise have access to positions of responsibility;
- Integrate large sections of the population into economic activity;
- Benefit local markets and service local needs with close contact to citizens;
- Raise economic activity in the regions and sectors where co-operatives are active;
- Provide stability and services in areas that are not profitable for private enterprise. As the purpose of a co-operative is to benefit its members, rather than to provide a return on capital, they can often survive and succeed in circumstances where investor-owned businesses would be deemed unviable;

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21 Ibid
22 Borzaga and Spear (2004)
• Generate trust and create and maintain social capital due to democratic governance and economic participation.

Table 1: Advantages and Disadvantages of the Co-operative Form for Individual Enterprises

| Advantages                                                                 |                                                                 |
|                                                                           |                                                                 |
| Create high quality sustainable jobs.                                     |                                                                 |
| Users affect/determine services.                                          |                                                                 |
| Non distribution of reserves may lead to stronger capital basis.         |                                                                 |
| Limited access to external capital may lead to a stronger own capital basis. |                                                                 |
| Decreased nominal capital does not lead to insolvency.                   |                                                                 |
| Ability to use the interest of a large stakeholder group to create innovations in their business. |                                                                 |
| As users are members the co-operative potentially has direct information on customer needs and changes in their conduct, habits and expectations, encouraging efficient responses. |                                                                 |
| Democratic decision making may lead to more sustainable decisions.       |                                                                 |
| Being organised in members’ interests allows a greater margin for temporary adaptation to economic or other difficulties. |                                                                 |
| Increased motivation of employees as owners.                             |                                                                 |

| Disadvantages                                                             |                                                                 |
|                                                                           |                                                                 |
| Potentially limited management expertise.                                 |                                                                 |
| Difficulties in diversifying.                                             |                                                                 |
| Limited access to external capital.                                      |                                                                 |
| Restricted voting rights - disadvantage in attracting risk capital.       |                                                                 |
| Democratic governance, therefore slow decision making process.           |                                                                 |
| Large membership base, therefore potentially unaware of members’ needs.   |                                                                 |
| If members invest modestly there is decreased interest/activity to develop enterprise. |                                                                 |
| Lack of understanding by traditional enterprise support & advice services. |                                                                 |

Co-operatives vis-a vis Other Enterprise Forms

Key differences between co-operatives and investor driven firms:

• Decision making is based on one member - one vote (or on other restricted voting systems, for example based on the transactions made with the co-operative).

• Return of profits is restricted and is normally proportional to use of the services of the co-operative.

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23 Partially sourced from EU Commission (2001)
Accumulation of asset value is not always reflected in the value of shares.

Shares cannot be exchanged on stock markets.

Democratic structure.

Nominal capital is variable, not fixed.

Principle of non-distribution (or limited distribution) of reserves on winding up.

Types of Association

The Companies Registration Office (CRO) and the RFS are responsible for registering different legal forms of association:

Table 2: Legal Forms of Association (relevant to enterprise)

<table>
<thead>
<tr>
<th>Enterprise Form</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Company</td>
<td>This is a legal form of business organisation generally established for commercial purposes. It is a separate legal entity and, therefore, is separate and distinct from those who run it. The company (and not the individual shareholders) is the appropriate person to be sued in the event that debts are incurred.</td>
</tr>
</tbody>
</table>

Company Types:

(a) Limited company

The shares in a company are owned by its shareholders. If the company is a limited liability company, the shareholders’ liability, should the company fail, is limited to the amount, if any, remaining unpaid on the shares held by them. There are four types of limited companies:

(i) Private company limited by shares

The members’ liability, if the company is wound up, is limited to the amount, if any, unpaid on the shares they hold. The maximum number of members is 50.

(ii) Company limited by guarantee not having a share capital

As this is a public company, there must be a minimum of seven members. The members’ liability is limited to the amount they have undertaken to contribute to the assets of the company, in the event it is wound up.

If a guarantee company does not have a share capital, the members are not required to buy any shares in the company. Many charitable and professional bodies register as this as it secures the benefits of a separate legal personality and of limited liability without the requirement to raise funds from the members.

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25 Company Registration Office, Business Registration
(iii) A company limited by guarantee having a share capital

This is the same as a private company if the number of members do not exceed 50. The members have liability under two headings; firstly, the amount, if any, that is unpaid on the shares they hold, and secondly, the amount they have undertaken to contribute to the assets of the company, in the event that it is wound up.

(iv) A public limited company

This company type must have a minimum of seven members. Their liability is limited to the amount, if any, unpaid on shares held by them. The nominal value of the company's allotted share capital must not be less than €38,092.14, at least 25 percent of which must be fully paid up before the company commences business or exercises any borrowing powers.

(b) Single member

A single member company is a private company limited by shares or a guarantee company having a share capital, which is incorporated with one member, or whose membership is reduced to one person. However, the company must have at least two directors and a secretary. The sole member, if he/she so decides, can dispense with the holding of General Meetings, including Annual General Meetings (AGMs). The accounts and reports that would normally be laid before the AGM of a company still need to be prepared and forwarded to the member.

(c) Unlimited company

In an unlimited company, there is no limit placed on the liability of the members. Recourse may be taken by creditors to the shareholders in respect of any liabilities owed by the company which the company has failed to discharge. Such companies must have a minimum of two shareholders.

(d) European Economic Interest Groupings (EEIG)

The EEIG is a mechanism through which business within the EU can engage in cross-border commerce. The purpose of an EEIG is to facilitate or develop the economic activities of its members. An EEIG must have a minimum of two, up to a maximum of 20 members, who may be companies or natural persons, from different Member States. The manager of a Grouping may be a natural person or a body corporate. EEIGs register with the CRO.

2. Partnership

A partnership is where a minimum of two persons conduct business with a view to making a profit. It must consist of at least two persons and there is normally a maximum of 20. Certain financial partnerships may however have up to 50 members. A partnership can be made up of natural persons and bodies corporate. It is not a separate legal entity - that is to say, a partnership has no legal personality, it is separate and distinct from the various partners which comprise the partnership.

(a) Limited Partnership

A partnership in which some members have limited liability for the debts of the firm. Their liability is limited to the extent of their contribution. As with a general partnership, a limited partnership is not a separate legal entity. A limited partnership must consist of at least one general partner and one limited partner. The partnership should not consist of more than 20 persons or, if carrying on the business of banking, of more than 10 persons. The general partner(s) is/are liable for all of the debts and obligations of the firm.
The limited partners contribute a stated amount of capital and are not liable for the debts of the partnership beyond the amount contributed.

3. Industrial & provident societies
Registered to engage in any industry, business or trade authorised by its rules. Usually established to meet the economic, social and cultural needs of members in a democratic fashion. Registration renders a society a body corporate with limited liability. Industrial and provident societies register with the RFS. These acts provide the most common method by which co-operative societies seek legal registration with limited liability status.

4. Friendly societies
Established for various purposes, mostly to provide small life assurance benefits, sick benefits and death benefits to members, to provide benefits to non-members or to promote particular activities or interests. Friendly societies register with the RFS with trustees and do not have limited liability corporate status.

The European Co-operative Society regulation (EC 1435/2003) on the Statute for a European Co-operative Society (SCE) (EC 1435/2003) and the directive (2003/72/EC) were due to be applied by all member states by 18 August 2006. This new legislation allows co-operatives to engage more readily in cross-border activities without establishing new legal structures in different Member States. A statutory instrument is under preparation to give full effect to the Regulation and to exercise some of the options allowed to member states. The Directive, dealing with employee information, consultation and, in certain circumstances, participation in meetings, has been transposed by statutory instrument (S.I. No. 259/2007: European Communities (European Co-operative Society) (Employee Involvement) Regulations 2007). It is unclear how the Regulation and Directive will affect the Irish co-operative sector. As few existing co-operatives engage in cross border activities, it is unlikely to have a significant impact on Irish co-operatives. However, given the greater strength of the co-operative movement in the rest of Europe (see Section 5) an expansion of their activities into Ireland is conceivable.
Chapter 3  The Social Economy

The ‘Social Economy’ refers to a third sector of the economy that lies between the private sector and the public sector. It includes organisations such as co-operatives, non-governmental organisations and charities. Most co-operatives are considered to be social enterprises which are organisations positioned between the traditional private and public sectors. Although there is no universally accepted definition of a social enterprise, its key distinguishing characteristics are social and societal purpose combined with the entrepreneurial spirit of the private sector. Many social enterprises are registered as private companies, others are in the form of social co-operatives, associations, voluntary organisations, charities or mutuals, and some organisations are unincorporated. Social enterprises devote their activities and reinvest their surpluses towards achieving a wider social or community objective either in their members’ or a wider interest. A 2004 study of social enterprises in Ireland found that, of 256 respondents, less than six percent were registered as co-operatives compared with 82 percent registered as companies limited by guarantee.

The Social Economy Working Group report presented a useful typology of social economy enterprises:

- Community business, ultimately financed by trading income alone;
- Deficient demand social enterprises, where the demand for particular goods and services within a community is not matched by resources to pay for these, due to disadvantage or low density of population; and,
- Enterprises based on public sector contracts, that address the potential for subcontracting from the public sector.

Co-operative enterprises operate as all of the above. However, it is worth noting that in some cases the legislation that underpins government funding for community schemes stipulates that the organisations that they fund must not distribute profits. Accordingly, the most popular structure adopted by enterprises operating in the social economy in Ireland is 'company limited by guarantee'.

Social Economy Structures in Ireland

Charities
At present, there is no central public register of charities in Ireland. The Charities Bill 2007 was enacted to provide for improved regulation of charities and establishment of a charities regulatory authority.

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26 European Commission, Social Enterprises
27 O'Shaughnessy et al. (2004)
29 Discussions with Pobal regarding their distribution of funding found that Pobal have encouraged co-operatives to change their form to companies limited by guarantee without share capital as it is Pobal’s understanding that this is in compliance with the legislation that underpins the funds they distribute
There is currently 7,066 bodies granted charitable exemption from tax by the Revenue Commissioners.\textsuperscript{30} To be eligible for charitable exemption from tax the “body of persons or trust [must be] established for charitable purposes only”.\textsuperscript{31} Therefore, this does not preclude co-operatives from being granted charitable exemption, but, to qualify for charitable exemption, a co-operative must be established exclusively for charitable purposes for the benefit of the wider community and not solely benefit members. In most instances where co-operatives are also registered as charities they are involved in community, housing or water schemes. Of the 7,066 bodies granted charitable exemption it is estimated that only 41 were registered as Industrial and Provident Societies in 2005.

**Company Limited by Guarantee**

A company limited by guarantee is a type of corporation used primarily for non-profit organisations that require legal personality. A guarantee company does not have a share capital, but has members who are guarantors instead of shareholders. The guarantors give an undertaking to contribute a nominal amount towards the winding up of the company in the event of a shortfall upon cessation of business. It cannot distribute its profits to its members, and is therefore eligible to apply for charitable exemption from tax if necessary. In 2005, there were 12,589 companies limited by guarantee or 7.83 percent of the total 160,707 companies registered with the CRO.\textsuperscript{32}

**Friendly (or Mutual) Societies**

These are autonomous associations of persons united voluntarily whose primary purpose is to satisfy their common needs and not to make profits or provide a return on capital. Mutuals can be differentiated from co-operatives (which they are similar to in many respects) by the fact that they operate with their own, collective indivisible funds and not with share capital. Rather than purchase shares, members pay fees.\textsuperscript{33} Friendly societies are mutual societies. In 2005, there were 104 friendly societies registered with the RFS.\textsuperscript{34}

**Association**

The European Commission defines an association as a ‘permanent grouping of natural or legal persons whose members pool their knowledge or activities either for a purpose in the general interest or in order to directly or indirectly promote the trade or professional interests of its members…..the profits from any economic activity shall be devoted exclusively to the pursuit of its objects, and may not be divided amongst the members.’\textsuperscript{35} However, in Ireland, it is only when an association decides to take one of the forms set out in Table 2 that it is registered, and most associations remain informal.

\textsuperscript{30} Irish Revenue Commissioners (2007)
\textsuperscript{31} Section 208 Taxes Consolidation Act, 1997
\textsuperscript{32} Companies Registration Office, Report, 2005
\textsuperscript{33} European Commission, Mutual Societies
\textsuperscript{34} Registrar of Friendly Societies (2005)
\textsuperscript{35} European Commission, The Draft Statute for a European Association
Credit Unions

A credit union is a group of people who save together and lend to each other at a fair and reasonable rate of interest. Regular savings form a common pool of money, which in turn provides many benefits for members. The Irish Credit Union movement is a voluntary movement with directors and committee members democratically elected by its members on the basis of one member one vote. In 2006, the ILCU estimated that there were 525 individual credit unions in Ireland with 3,050,000 members and €13.3 billion in savings supported by 3,500 staff and 9,500 volunteers.36 The Irish Financial Services Regulatory Authority (IFSRA) is responsible for the regulation of Irish credit unions.

36 Irish League of Credit Unions (2006)
Chapter 4  The Irish Co-Operative Sector

Overview
The main sources of data relating to Irish co-operatives are the RFS, the body responsible for the registration of industrial and provident societies, friendly societies and trade unions, and from ICOS, a co-ordinating organisation for co-operatives in Ireland. Since 1934 the number of co-operatives (excluding credit unions) registered with the RFS has ranged between just under 500 to nearly 1,150. There were approximately 1,040 societies registered with RFS in 2006.  

Figure 1: Number of Irish Co-operatives Registered 1934-2006

In 2005, the most recent year for which detailed data is available, there were 1,066 societies with approximately 270,000 members and sales/income of €3.8 billion (subject to upward adjustment).  

According to ICOS, 83 co-operatives and their associated companies had approximately €11.5 billion in turnover (approximately €7.8 billion of this is attributable to associated companies and nearly 38,000 employees in 2005.

Existing Irish legislation does not explicitly enshrine the co-operative principles set out by the ICA. However, second tier co-operative societies have model rules approved by RFS that reflect co-operative principles. Once registered a society becomes a body corporate with perpetual succession, a common seal, and limited liability. Limited liability means that the co-operative can sue and be sued, however individual member’s personal assets are protected.

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37 Registrar of Friendly Societies (2006)
38 Registrar of Friendly Societies (1940-2006)
39 Registrar of Friendly Societies (2005) and detailed data for 2005 received from the RFS, it should be noted that there is a slight discrepancy on number of societies registered between the two sources with the Report of the Registrar of Friendly Societies 2005 showing 1,066 societies registered and the detailed data received showing 1,081 societies registered. Data on the number of members and sales/turnover is taken from the detailed data received from the RFS
40 ICOS reported €11.5 billion in turnover for 83 co-operatives and their associated companies in 2005, in the same year the RFS showed turnover of €3.7 billion for agricultural, farm relief and fishing co-operatives. These are the main co-operatives covered in ICOS 83 co-operatives; therefore roughly €7.8 billion can be attributed to the companies associated with the co-operatives
41 Irish Co-operative Organisation Society Ltd. (2006)
There is difficulty when trying to estimate the number of co-operatives. This is because a co-operative can choose not to register (as is the case with many Resident’s Associations etc) or they can register as an industrial and provident society. A third option is to register as a company and include the co-operative principles in their memorandum and articles of association. If the latter occurs, there is no way of identifying from available statistics which of these companies are operating as co-operatives.

The co-operative movement itself tends to categorise co-operatives more widely than just those that are registered as industrial and provident societies and tends to include organisations of any form that are controlled by their members and have a democratic decision making structure. Unless otherwise stated, the term co-operative below refers to a society registered with the RFS as an industrial and provident society.

Figure 2: Number of Co-operatives on the Register (by Society Type in 1995, 2000 and 2005)\(^{42}\)

There is great variety in the size and structure of Irish co-operatives. In 1995, there were 922 co-operatives registered with the RFS. This increased to 1,079 in 2000 and dropped slightly to 1,066 in 2005. It can be seen from figure 2 that group water schemes made up the largest number of co-operatives registered with the RFS in 2005 and the numbers registered increased dramatically from 77 in 1995 to 314 in 2005.

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\(^{42}\) Sources: Data for 2005 is based on detailed data received from the RFS, it should be noted that this data shows total co-operatives registered as 1,081 and this figure differs slightly from the Report of the Registrar of Friendly Societies (2005) which shows a total of 1,066 co-operatives registered. Data for 2000 comes from the Report of the Registrar of Friendly Societies (2004). There were 1,111 societies at year end 2000 however, only 1,079 are accounted for in the table above. Data for 1995 is sourced from the Report of the Registrar of Friendly Societies (2001), this gives 919 societies however, Report of the Registrar of Friendly Societies (1999) shows 922
Across most of the other sectors the number of co-operatives registered increased slightly between 1995 and 2000 and then declined in 2005 to below 1995 levels. It should be noted that the agricultural sector (when taken together as agricultural, farm relief and fishing societies) accounted for 95 percent or more of the total turnover of co-operatives registered with the RFS for every year from 1995 through to 2005.

**Trends in Co-operative Structures**

Developments in the co-operative sector have been marked by a tendency to change structures and practices in order to raise finance and to compete more effectively with conventional business in increasingly deregulated markets. These adaptations include:

- Establishing wholly or partly owned capital based subsidiaries - This was a route taken by large dairy co-operatives in the 1980s. In order to finance expansion co-operatives had two options; they could raise funds from members or borrow from banks. The former was not a sufficient source of funds and the latter proved extremely expensive as the cost of borrowing from banks was high during the 1980s. Dairy co-operatives began taking the ‘plc route’ whereby assets in the co-operative were exchanged for shareholdings in publicly limited companies (plcs).

- Adapting voting rights - This involves issuing shares with associated voting rights that are weighted according to the extent an individual uses the services of the co-operative. In the instance where there are inactive members who do not trade with the co-operative there is a danger that decisions in meetings and boardrooms may no longer fully reflect the active members’ interests and needs. One way of alleviating this is to allocate non-voting stock to non-active members in return for their voting shares.

**Economic and Social Profile**

The RFS records information for the industrial and provident societies registered with them. They do not include data on any associated subsidiaries in their statistics. Appendix III contains a summary of RFS information by sector for 2005. In 2005, there were approximately 1,066 societies registered. Group water schemes accounted for 30 percent of all co-operatives in 2005, with the agricultural sector (when taken together as agricultural, farm relief and fishing societies) accounting for another 30 percent. Promotional and developmental societies which include community and tourist development co-operatives account for 15 percent of all co-operatives. Miscellaneous, which includes community and sporting co-operatives among others, account for a further 12 percent.

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Farm relief co-operatives are farmer owned co-operatives offering farm services, fencing systems, Health & Safety, training services, and recruitment services, they are a development measure to enable skilled farmers to have an additional income-earning opportunity outside the farm.
In 2005 there were approximately 270,000 members of registered co-operatives or six percent of the population. The agricultural sector accounted for 65 percent of all co-operative members. Group water schemes accounted for 16 percent of all members. Miscellaneous accounted for 12 percent, and promotional and developmental societies accounted for a further six percent of all co-operatives.

In 2005 co-operatives had approximately €3.8 billion in sales/income (subject to upward adjustment once all outstanding annual returns are received and fully processed to the satisfaction of the RFS). The agricultural sector accounted for €3.7 billion or 98 percent of total co-operative sales/turnover.
Co-operative Sectors in Ireland

Agricultural Sector

The agri-food and drink sector accounts for 8.1 percent of Ireland’s GDP, 9.8 percent of Ireland’s exports and 8.1 percent of total employment. Beef and milk production currently account for 55 percent of agricultural output at producer prices.\(^\text{44}\) When taken together, agricultural, farm relief and fishing co-operatives account for 30 percent of all industrial and provident societies registered with the RFS, two-thirds of all co-operative members and €3.7 billion or 98 percent of the co-operative sector’s turnover. In 2005, ICOS figures for 83 of the 150+ co-operatives that they represent in the agricultural sector, showed a combined turnover for co-operatives and their associated subsidiaries of €11.5 billion, net income of €371 million and employment figures of nearly 38,000. Approximately €7.8 billion in turnover was attributable to companies with shares held by co-operatives.\(^\text{45}\) The dairy sector accounts for the vast bulk of this. The agri-food sector is the primary group within the co-operative movement that has followed the hybrid route by establishing subsidiary plcs.

ICOS estimates that agricultural co-operatives and their subsidiaries account for the following shares of processing and marketing in Irish markets:\(^\text{46}\)

### Table 3: Agricultural Co-operatives and their Subsidiaries’ Share of Processing and Marketing in Irish markets

<table>
<thead>
<tr>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>98 percent of primary milk processing</td>
</tr>
<tr>
<td>98 percent of the export marketing of dairy products</td>
</tr>
<tr>
<td>70 percent of livestock marketing of live cattle and sheep</td>
</tr>
<tr>
<td>65 percent of grain purchase</td>
</tr>
<tr>
<td>70 percent of animal feed milling</td>
</tr>
<tr>
<td>65 percent of farm input supplies</td>
</tr>
<tr>
<td>75 percent of artificial bovine insemination</td>
</tr>
</tbody>
</table>

It should be born in mind that the above percentages are estimates and include subsidiary companies in which co-operatives hold shares. Co-operatives accounted for around 30 percent of beef and lamb processing in 1996.\(^\text{47}\)

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\(^\text{44}\) Department of Agriculture and Food (2006)
\(^\text{45}\) ICOS reported €11.5 billion in turnover for 83 co-operatives and their associated companies in 2005, in the same year the RFS showed turnover of €3.7 billion for agricultural, farm relief and fishing co-operatives. These are the main co-operatives covered in ICOS 83 co-operatives. Therefore roughly €7.8 billion can be attributed to the companies associated with the co-operatives.
\(^\text{46}\) ICOS estimates May 2007
\(^\text{47}\) Dairy and Food Industries Yearbook (1996). This is the most recent year for which these statistics are available
Dairy

Traditionally, the dairy sector in Ireland is made up of co-operative enterprises. While ICOS’s figures for the dairy sector show that there are only around 30 significant dairy co-operatives (three percent of all co-operatives registered with the RFS in 2005), it is the most dominant sector economically. The dairy sector includes hybrid co-operatives such as Kerry Group, Glanbia and the Irish Dairy Board (which together accounted for €8.2 billion in turnover in 2005). In the case of the largest co-operatives/plcs, dairy represents small amounts of their total activities.

The Irish dairy co-operatives are multi-purpose in nature; they engage in dairy processing, grain handling & storage, meat processing, farm supplies and in unrelated industries such as property development. Scale is of vital importance in many of the activities of the agri-food sector and mergers between co-operatives have been a key characteristic of the sector. In the 1980s and 90s dairy co-operatives started taking the plc route, establishing plcs whose shares were publicly traded with the co-operative retaining a majority shareholding. In 2006, Kerry Co-operative Creameries Limited held a 28.1 percent stake of Kerry Group while Glanbia Co-operative Society Limited held 54.7 percent in Glanbia. In addition to co-operative ownership in Kerry Group and Glanbia plcs, individual farmers and employees also hold personal shares which further increase local control. The Irish Dairy Board is slightly different as a commercial co-operative that owns subsidiary companies: it markets the products of its member manufacturing co-operatives and dairy companies. In agricultural co-operatives with a stake in a plc, the plc board normally includes senior executives from the co-operative board and active farmers. While the co-operative structure gives farmers direct control over strategy and milk prices, within the plc/co-operative model there is a constant tension between the return the plc gets and the milk price received by farmers. It is felt by various industry players that the discipline that the plc structure imposes combined with farmer participation from the co-operative side produces the best deal all round. Dairy co-operative/plcs ‘other’ activities in retail, property, food processing etc. tend to subsidise the milk price paid to the farmer members.

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**Table 4: Summary Selected ICOS Members and Associated Companies 2005**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Societies</th>
<th>Members</th>
<th>Employees</th>
<th>Total Sales €</th>
<th>Net Income €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairies</td>
<td>30</td>
<td>82,824</td>
<td>35,691</td>
<td>10,749,005,280</td>
<td>347,024,280</td>
</tr>
<tr>
<td>Marts</td>
<td>26</td>
<td>39,249</td>
<td>848</td>
<td>483,918,270</td>
<td>10,873,400</td>
</tr>
<tr>
<td>Wholesale</td>
<td>2</td>
<td>29</td>
<td>120</td>
<td>82,428,000</td>
<td>2,780,000</td>
</tr>
<tr>
<td>Fishing</td>
<td>8</td>
<td>723</td>
<td>311</td>
<td>70,505,240</td>
<td>-1,123,800</td>
</tr>
<tr>
<td>Others</td>
<td>17</td>
<td>64,902</td>
<td>724</td>
<td>103,518,270</td>
<td>11,376,540</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>187,727</strong></td>
<td><strong>37,694</strong></td>
<td><strong>11,489,375,060</strong></td>
<td><strong>370,930,420</strong></td>
</tr>
</tbody>
</table>

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48 Irish Co-operative Organisation Society Ltd. (2006). Note the summary of co-operative statistics p25 shows total net income of €371,020,420. However, the segmented figures sum to €370,930,420 as shown in the table above
However, milk price is not as critical when a lower milk price can be offset by an increase in the share price of the plc, in which the co-operative members have a stake. A key aspect of the hybrid model is the management time which is spent in dialogue with the supply base (the farmers) and compared to other conventional company forms this can present a challenge from a competitive market perspective.

**Marts**
There were 26 livestock marts with 39,249 members, trading mainly in cattle and sheep, registered with ICOS in 2004. They had 848 employees, total sales of €484 million and net income of €10.9 million.

**Wholesale**
Irish Agricultural Wholesale Society (IAWS), the food and agribusiness group, accounts for 80 percent of the total sales of the wholesale sector in the table 4. This is the original co-operative behind IAWS Group plc and it originally held close to 100 percent of the IAWS plc shares. IAWS co-operative no longer holds any shares in the public company and a charitable trust focused on self-help initiatives and educational causes has been established.\(^49\)

**Farm Relief**
There are approximately 20 farm relief co-operatives with a collective turnover of €53 million and €1.1 million profit in 2005.\(^50\) These are farmer owned co-operatives offering farm services, fencing systems, health and safety, training services, and recruitment services. The aim of the co-operatives is to enable farmers to have an additional income-earning opportunity outside the farm. There are approximately 3,000 full and part-time operators with about 20,000 customers countrywide.\(^51\)

**Fishing**
In 2005, there were 55 fishing co-operatives registered with the RFS with just under 2,250 members, turnover of €75 million and a small loss of €15,000. The largest eight of these fishing co-operatives had just over 720 members, over 300 employees, turnover of over €70 million and losses of slightly over €1 million in 2005.

**Other**
These co-operatives include breeding and pig societies. The co-operative form is not usually found in the beef and pig industries. It was suggested that this may be due to the presence of very large

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\(^{49}\) Van Bekkum and Bijman (2006), RTE Business (2005)
\(^{50}\) RFS
\(^{51}\) Farm Relief Services Network
international producers in these sectors and the high levels of competition which may make them better suited to private enterprise.

**Housing Co-operatives**

In 2005, there were approximately 51 housing societies registered under the Industrial & Provident Societies Act with just over 2,000 members. The co-operative housing movement comprises of not-for-profit co-operative housing societies, formed for the purpose of providing ownership and/or rental housing for their members and the management of housing estates or apartment blocks, and local housing or building co-operatives involved in the provision of home-ownership dwellings. According to NABCo there are currently five district co-operative housing societies in Ireland involved in the management of some 23 co-operative housing developments, covering mainly rental dwellings (houses and apartments). The co-operative housing societies are currently involved in the management of around 1,200 rental dwellings. The scale of housing co-operatives in Ireland is much smaller than the scale of housing co-operatives in some other European countries. It is felt that this is due to high ownership rates, a negative attitude to rental housing, and a relatively small Irish population. The largest housing co-operative registered with NABCo has about 160 members while most have around 60-70 members. In Germany housing co-operatives typically have 500-1,200 members. Collaboration between individual housing co-operatives on common services allows them to exploit economies of scale. Originally the majority of housing co-operatives in Ireland were home ownership co-operatives, in the 1970s and 80s some 3,000 dwellings were built by local co-operatives. In the 1980s housing co-operatives began to diversify. Co-operative housing societies’ main role to date has been:

1. The provision of group schemes of affordable ownership dwellings for eligible members with modest incomes and a capacity to repay a mortgage loan.

2. Development of social rented housing in co-operative communal ownership for social housing waiting list applicants who are willing to become co-operative members and to participate in the management and upkeep of the estates and apartment blocks (The rents are used to pay for housing management, caretaking, repairs and maintenance).

3. Development of mixed schemes of co-operative rental and ownership houses/apartments projects and co-operative equity-sharing ownership housing/apartments whereby the co-operative owns a portion of the dwelling and the occupier takes out a mortgage on the remaining share of the dwelling.

According to NABCo the current market value of the co-operative rental housing stock in the ownership and management of the co-operative housing sector is approximately €240 million. Total turnover on housing management, rent caretaking, repairs and maintenance etc. was about €3.5 million in 2006. NABCo and its affiliated co-operative housing societies have about 22 direct full-

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52 National Association of Building Co-operatives Society Limited discussions, various leaflets and [www.nabco.ie](http://www.nabco.ie)

53 See Appendix III for further details (Source RFS)

54 The rents of co-operative social rented housing are related to the income circumstances of the member/tenants with a top-up management and maintenance subsidy allowance - as distinct from market level rents
time equivalent employees in 2007. The downstream or indirect contract employment generated from housing repair and maintenance sub-contracting, technical and legal professional consultancy (architects, engineers, quantity surveyors and solicitors) for new project planning/design and the on-site construction programme is thought to be significant. The 2006/7 programme of new construction at design/planning and on-site construction stages is over 600 dwellings and NABCo estimates that the value of the work is in excess of €110 million. In addition, in 2006, almost €1 million was paid out on repair and maintenance sub-contracting.

However, the relative importance of the collective non-profit housing sector in Ireland is not large. There were 1.46 million permanent housing units containing usual residents at the time of the 2006 census. The majority of housing units were owner-occupied (75 percent). Thirteen percent of all housing units were rented, seven percent being local authority rented and four percent in other categories. In 2006, 93,419 housing units were completed, 1,240 or 1.3 percent of which were voluntary and non-profit houses. 55

Under the housing policy framework in Towards 2016, the Government committed to actively engaging with the voluntary and co-operative housing sector to increase their role in delivering on housing options to households who cannot afford to provide for their accommodation needs from their own resources and to an expanding role for the sector under the Rental Accommodation Scheme. It is envisaged that the voluntary and co-operative housing sector will provide 1,000 housing units over the period 2007 to 2009. 56 In relation to housing for older people, there is a commitment under Towards 2016 to address their needs in a more strategic manner and the role of the voluntary and co-operative housing sector is recognised in helping to meet these needs.

**Group Water Supply Schemes**

Almost 200,000 of the 1.46 million households in Ireland are not connected to a public water supply. Over one quarter of these are served by group water schemes. Group water supply schemes are non-profit-making schemes that are formed by a number of households coming together to provide their own common water supply. The group applies to the local authority for approval in setting up the scheme. A scheme may be set up in an area that could be served by extending the existing local authority mains. Usually, group schemes are established in areas where the local authority either does not intend to install a water supply system or has plans to install one at some stage in the future, but not immediately. Group water schemes can get water supplies from the public mains (if possible) or a private source (well or lake, etc.). 57 Privately sourced schemes are more likely to be co-operatives than those schemes that are publicly sourced. The NFGWS estimates that there are just over 600 group water schemes, of which 343 are registered as co-operatives. This includes virtually all of the larger schemes. Trusteeships are common on smaller schemes. 350 group water schemes covering 47,237 households are affiliated with the NFGWS. The remaining schemes not affiliated with the NFGWS are likely to be extremely small.

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55 Department of Environment, Heritage and Local Government
56 Department of the Taoiseach (2006)
57 Citizens information Board
As part of their training programme for management committees of group water schemes, NFGWS emphasise the benefits of a co-operative structure for group water schemes and argue that it is the best fit for a community-owned and community-run not-for-profit business. The co-operative allows for genuine democratic control in the management of the business, limited liability and it helps to emphasise the rights and the responsibilities of consumers in the conduct of their business. On the downside, the making of annual and triennial returns is regarded as a serious administrative burden, especially for smaller, less-well-organised schemes. In addition to collating the material schemes have had a particular difficulty in ensuring that accountants/auditors actually forward the information to the RFS. The NFGWS encourage small schemes to rationalise by way of amalgamation and to form umbrella administrative co-operatives covering several co-operatives. These umbrella co-operative provides small and medium schemes with an opportunity to share the cost of paid management and staff. It was felt by the NFGWS that co-operative group water schemes face a number of issues:

- As legislation and regulation tightens up and expands across a wide range of areas, there are increasing demands on schemes for paperwork/administration. Therefore, in future, the co-operatives will not be able to avoid the question of employing paid administrative/managerial staff, whether on a part-time or full-time basis.
- The continued existence of 'co-operatives' that are co-operatives in name only was cited as an issue. This arises with some schemes, where only the committee are registered as members and the vast bulk of people on the schemes are customers only. It is felt that there are too many co-operatives where annual general meeting are not held and the user-benefits principle is not applied. An audit of co-operatives to ensure that they fulfil all of the co-operative criteria, not simply the making of returns would prevent this.
- Finally the right of all users of the service to be full members of the co-operative should be strengthened. Otherwise co-operatives can become dominated by individuals.

Page et al. (2006) undertook a review of group water schemes as part of an overall review of the quality of drinking water in Ireland for 2005. They reached the following conclusions:

- The quality of drinking water supplied to public group water schemes was satisfactory while the quality of drinking water supplied by private group water schemes was unsatisfactory.
- The microbiological quality of the private group water schemes was unsatisfactory and there was a slight increase in the percentage of samples contaminated with E. coli during 2005 from 21.9% in 2004 to 22.5% in 2005. However, there was a marginal reduction in the percentage of schemes contaminated with E. coli from 40.4% in 2004 to 36.2% in 2005.
- The chemical quality of the public and private group water schemes was generally good. However, there were a number of private group water schemes in which elevated levels of nitrate were reported.
- Compliance with the indicator standards or ‘parametric values’ in the public group water schemes was similar to that of the public water supplies.

Page et al. (2006) p56
Compliance with the indicator parametric values in the private group water schemes was unsatisfactory. In particular, over 40% of samples failed to meet the coliform bacteria parametric value.

Overall, it was found that the quality of drinking water provided to 83 percent of the population by the sanitary authorities in public water supplies and public group water schemes (which get their water from public water supplies) was satisfactory, while the quality of water provided to less than seven percent of the population by private group water schemes was unsatisfactory. The remaining ten percent was supplied via private wells serving single dwellings.

Worker Co-operatives

Worker co-operatives are viewed by some as a highly effective form of business organisation as their organisational form ensures workers have a strong personal incentive to be productive. However, worker co-operatives are in their infancy in Ireland: in 1998 there were 82 worker co-operatives assisted by the FAS Co-operative Development Unit (CDU) and this figure included enterprises registered as companies that included co-operative principles in their articles of association.59 No recent estimates exist of the number of workers co-operatives, but anecdotal evidence suggests it is unlikely to have increased significantly. In addition to the fact that no support unit specifically for worker co-operatives currently exists, the lack of worker co-operatives may be due to the fact that an entrepreneur establishing a new business would not be inclined to launch it as a worker co-operative. The support system for developing new businesses also tends to be centred on the individual entrepreneur: research by Hughes (2000) shows that the key people who provide advice to new business start-ups such as accountants, bankers and employers’ organisations are either ignorant of or hostile towards the concept of worker co-operatives and that, due to a lack of understanding of the form, the co-operative form is viewed as a weak business structure.60

The FÁS CDU which was in operation until 2002 proposed that the worker co-operative structure was particularly suited to two particular instances: firstly, succession planning for small and medium sized businesses; and secondly as a method of spinning off enterprises from larger companies. It should be noted that it was not envisaged that these ‘worker co-operatives’ would register as industrial and provident societies but rather, they would establish themselves as standard limited companies and included the co-operative principles in their articles of association, and not all of the workers in the enterprise would be required to become shareholders. In the first instance, it was felt that succession of family owner-managed businesses with difficulty in transferring to the next generation was a real issue. Once the owner chooses to retire, the business would potentially cease to exist if there was no clear successor and local jobs could be lost. In many cases it was also found that owner managers had not planned for their retirement and so were compelled to continue working. An innovative use of the worker co-operative form was proposed: it was suggested that the owner and workers of an existing SME would establish two new companies.

59 Hughes (2000)
60 Ibid
The first would be a holding company of which the existing owner would retain ownership. This holding company would hold the assets of the business, and the second would be a trading company, which would be set up as a limited company and include the co-operative principles in its articles of association. Employees could buy shares in the trading company, and the owner could retain minority shares in it also. The trading company would lease the assets from the holding company, therefore providing income to the owner. Examples of companies where this structure or a variation of this structure were successfully used were the P Barry Company and Heron Foods.61

In the second instance, the CDU pushed for large companies to spin out smaller companies. The smaller company would establish as a limited company and include the co-operative principles in its articles of association, the parent company would own 50 percent of the new start-up and workers would buy shares in the other 50 percent. Each person/legal entity would have one vote. It was suggested that this structure could be used as an effective way to incentivise highly knowledgeable, mobile middle managers and workers, thus pre-empting employees from going to competitors or spinning off alone, while allowing larger companies to explore new products and services. Examples of companies that used this structure or a variation of this structure include Motorola which spun out Topology Systems Ltd. and Board Na Mona which spun out Bogwood Enterprises Ltd. and Celtic Roots marketing Ltd.

In 2000, it was found that, of the CDU assisted ‘worker co-operatives’ established between 1994 and 1998, 56 were still in existence.62

Craft Co-operatives

The Crafts Council of Ireland (CCol) is not aware of any craft groups currently operating under the co-operative legislation as it exists. This experience is supported elsewhere, and it is suggested that there has been little development of co-operatives within the cultural sector in Ireland.63 The experience of craft co-operatives in Ireland to date is that, once they establish, they operate for a few years and then tend to fall due to the operational burden on individual craft workers, lack of managerial expertise or lack of business planning.64 However, CCol supports craft networks as they see value in craftspeople working together in a group.

Community Co-operatives

There were 177 promotional development and advisory service co-operatives in 2005. These include community, development, cultural and heritage and tourism co-operatives amongst others. They had nearly 16,000 members, grant contributions of €7.9 million and €3 million in other income. Under the rural development agenda in Towards 2016 there is a commitment to encourage engagement between local development agencies and the co-operative movement and to ensure their familiarity with the co-operative option, particularly where incorporation is a condition of funding for applicants.

61 For more information on Heron Foods see www.glutenfreedirect.com
62 Hughes (2000)
63 Byrne et. al. (2002)
64 Craft Council of Ireland
Many community co-operatives offer services that are required to maintain the viability of the community but are by their very nature not-for-profit or will never be capable of generating a profit in this way. They fulfil services traditionally provided by the State. Without these services certain communities might become unsustainable. Community co-operatives provide direct employment and a multiplier effect from the resources they bring in to communities. However, it could be argued that funding through any community group would still have the same effects no matter what form the group takes. Community co-operatives are also a source of learning and training as they expose community members to different structures etc., they also tend not to pay a dividend on shares, and any profits are put back into the co-operative. As non-members tend to receive the same benefits as shareholders, there is little tangible motivation for a member of the community to become a co-operative member, except the ability to attend meetings and elect and serve on the management structure.

Community co-operatives play a crucial role in Gaeltacht areas, operating in regions remote from main population areas where markets are often too small for conventional approaches to business. These include island co-operatives which provide a wide range of services including basic infrastructure and services usually associated with local authorities and public utility companies. They are also seen as guardians of language and culture. Údarás na Gaeltachta provide administrative grant funding (€2.1 million in 2007) to around 30 co-operatives and community companies (who register as companies limited by guarantee), most of whom are registered as co-operatives. This funding covers the salary of a co-operative manager and some other administrative costs. There is a shortage of co-operative managers to succeed the current managers and Údarás na Gaeltachta has put in place a scheme to train prospective managers. It was felt that one possible weakness of the structure is the lack of expertise that might exist on the board (which is unpaid and drawn from the local community). At the beginning of 2007 employment in Gaeltacht co-operatives assisted by Údarás na Gaeltachta was 137 fulltime and 65 part time. It is estimated that on a seasonal basis the co-operatives employ another 100. According to Údarás na Gaeltachta around half of newly establishing enterprises choose to form as Industrial & Provident Societies while the other half form as companies limited by guarantee.

The co-operatives play a key role on islands. For example, Comhar Chumann Chleire Teoranta the local co-operative on Cape Clear off the coast of Cork, is the main provider of social and economic activity on the island. A 2004 report on the co-operative stated that ‘all its economic activities make important social contributions to the Island’s community and most make some (often small) contribution to covering its fixed overheads.’ It supports 13 part-time jobs in a population of around 118 and the estimated value of its economic contribution is about €300,000 per annum once the multiplier effect is included.

Comhar Chumann Chleire Teoranta directly operates a number of ventures, including: a club house;

65 Discussions with Údarás na Gaeltachta
66 Peter Quinn Consultancy Services (2004) p5
a coal, gas and oil distribution facility, which is combined with a machinery hire business; the sale of books and souvenirs; and a rural transport project. In addition, it acts as co-ordinator of a number of property sub-tenancies, though it is not the owner of those properties; and it owns and funds the assets of a fish and worm farm, even though these operate as a separate profit centre within a semi-independent trading company. While several of its commercial activities generate surpluses, its future continues to be dependent on external funding. Effectively, several of its activities would most accurately be categorised as ‘social economy’ projects, in which the social dimension is at least as important as the economic aspect.  

Survey of Community Groups

The Department of Community, Rural and Gaeltacht Affairs oversees 38 Leader Groups, around 70 local development programmes and 182 Community Development Programmes. Of the 38 Leader Groups, four are Industrial & Provident Societies (Comhdhail Oileain Na hEireann, West Cork Leader Co-operative society, Cavan Monaghan Rural Development Co-op Society Ltd. and Comhar Iorrais Teoranta) and 34 are companies limited by guarantee. It is thought that none of the local development programmes are registered as Industrial & Provident Societies and all of the Community Development Programmes are registered as companies limited by guarantee.  

LEADER+ is the most recent LEADER EU Community Initiative for rural development. It was to be implemented in Ireland “so as to complement the overall objectives of Government policy on rural development by focusing on:
- enhancing the natural and cultural heritage;
- reinforcing the economic environment, in order to contribute to job creation; and
- improving the organisational abilities of rural communities”.  

This overall objective was to be achieved through the support for the autonomous local groups surveyed. The local development programmes include programmes to tackle disadvantage and combat social exclusion in their areas. They act as advocates on behalf of the community of their areas to enhance the social and economic development of the area and thereby increasing education, employment and life options for local people. Some receive funding under the National Development Plan.

The Community Development Programmes tackle the causes and effects of poverty and disadvantage. They have an anti-poverty, anti-exclusion focus and are managed by local voluntary management committees. Funding of €23.947 million has been allocated to the programme for 2007.

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67 Ibid  
68 Discussions with Department of Community, Rural and Gaeltacht Affairs and responses to survey  
69 Fitzpatrick Associates Economic Consultants (2005)
Projects are expected to operate as a resource to the communities in which they are located with their main purpose being to work with the community in identifying and tackling those issues which have resulted in a lack of positive community development. Projects are typically concerned with the needs of women and children, lone parent families, the unemployed, the elderly, young people at risk, the Traveller community, those with disabilities, new communities and other disadvantaged groups. Many projects use the Community Development Programme structure and to attract funding from other sources including statutory agencies.

A cohesion process between the LEADER+ and Partnership Groups is currently underway whereby 55 organisations will be established. This is an attempt to reduce multiplicity of structures and delivery. Pobal, which manages local development and social funding on behalf of the Government and the EU insist that organisations that apply for funding have charitable exemption from tax. The understanding was that the easiest way to qualify for charitable exemption from tax was to be registered as a company limited by guarantee. In light of this, as part of the cohesion process a set of guidelines was distributed to all Leader and partnership groups to say they should be registered as companies limited by guarantee. However, this was based on the misapprehension that an industrial and provident society could not register for charitable exemption from tax. To be eligible for charitable exemption the “body of persons or trust [must be] established for charitable purposes only”. Therefore this does not preclude co-operatives from being registered as a charity. However, to qualify a co-operative must be established exclusively for charitable purposes for the benefit of the wider community and not solely for the benefit of members.

Forfás undertook a survey of 38 LEADER+ Groups and 30 partnership companies to ascertain the legal structure that they had chosen, and if they were registered as co-operatives. There were 32 respondents (21 Leader+ and 11 partnership groups) of which two Leader+ group (Comhdhail Oileain Na hEireann and Comhar Iorrais Teoranta) were registered as Industrial and Provident Societies and one Leader+ was registered as a private company. All other respondents were registered as companies limited by guarantee. Comhdhail Oileain na hEireann, which was registered as a co-operative, considers the co-operative form to be effective. Four Leader+ groups had considered registering as a co-operative but decided against it on the basis that the governance structure of the co-operative form was not appropriate. Five respondents (two Leader+ and three partnership groups) stated that the funding that they sought required them to be registered in a different form i.e. as a company limited by guarantee. The remaining groups did not consider registering as a co-operative.

70 Section 208 Taxes Consolidation Act, 1997
Chapter 5  The International Co-operative Sector

Worldwide

According to the ICA, over 800 million people are members of co-operatives around the world and co-operatives provide jobs to over 100 million people. The United Nations estimated in 1994 that the livelihood of nearly three billion people was made secure by co-operative enterprise.71

Global 30072

In 2005, the ICA began a mapping exercise to profile the 300 largest co-operative and mutual organisations in the world, including their associated companies. It should be borne in mind that, in certain countries, mutual societies are significantly different from co-operatives. The biggest difference is that, unlike co-operatives whose capital is represented by shares, the funds of mutuals are owned and managed jointly and indivisibly. Based on 2004 data these co-operative and mutual organisations share a turnover of approximately USD$1,000 billion (€8,051 billion)73 similar to the annual GDP of Canada (US$979 billion in 2004), the 9th biggest economy of the world. Three of the Global 300 businesses were Irish, IDB, Glanbia and Dairygold Co-operative Society Ltd., with a combined turnover of USD$6.1 billion (€4.6 billion).74

Figure 5: Global 300 Total Turnover and Turnover per Business 200475

71 International Co-operative Alliance (2007)
72 The information for this section was taken from www.global300.coop or www.ica.coop unless otherwise stated
73 Based on average US$/€ exchange rate for 2004 (0.80510) www.oanda.com
74 Dollar turnover Information from The World’s Major Co-operative and Mutual Businesses Global 300 List, ICA, Euro turnover from Irish Co-operative Organisation Society Ltd. (2005). It is assumed that Kerry Group were not included in this list despite a higher turnover than the three businesses mentioned above, as Kerry Co-operative Creameries Limited has a minority shareholding (28.1 percent) in the Kerry Group
75 Global 300 Project (a) using Global Industry Classification Standard
The Global 300 are particularly strong in three broad economic sectors which together represent nearly 80 percent of the Global 300 turnover:

- Food and Agriculture (33 percent)
- Insurance (22 percent)
- Retailing/wholesaling (25 percent)

The largest average turnover per Global 300 business, by sector is in:

- Diversified Financial USD$5.9 billion (€4.8 billion)
- Insurance USD$5.4 billion (€4.4 billion)
- Materials USD$5.1 billion (€4.1 billion)

**Agriculture**

Almost every one of the countries represented in the Global 300 has at least one agricultural co-operative or conglomerate in the provisional listing. This demonstrates the almost universal application of the co-operative model to the agricultural sector throughout the world. Of the three broad sectors, agricultural co-operatives represented over one third of businesses included. Over one half of the agricultural co-operatives were based in the U.S., with France, Germany and the Netherlands also having significant numbers. Japan and South Korea have very large agricultural co-operative conglomerates in the list, with Japan topping the list.

**Financial Institutions**

Financial institutions represent a little over a quarter of all businesses listed, yet in terms of assets they are the largest. The insurance sector is well represented in the listing, by both co-operative and mutual organisations, either as stand alone insurance businesses or as part of a wider conglomerate structure. Nearly one third of the insurance co-operatives and mutuals in the list are based in France and the UK. There are some very large co-operative banking groups and networks in the Global 300 from a range of European countries and also Japan. The U.S. has a number of credit unions represented in the listing.

**Retailing and Wholesaling**

This is the third major sector in the Global 300, being a little over a quarter of the list. It encompasses consumer co-operatives in countries such as the UK, Italy, the Nordic countries and other parts of Europe, Japan and North America. The second component is the large wholesale buying groups that act on behalf of national consumer co-operatives and/or networks of independent retailers in countries such as Germany, France, the USA and New Zealand.
Other Sectors Represented
Energy, health services and manufacturing are also represented in the Global 300. The energy members are US rural electric co-operatives, while manufacturing co-operatives are mainly from Spain and Italy. In Spain, the Mondragon Corporation is not only involved in manufacturing, but also in a wide range of other activities including retailing and education. Health mutuals and co-operatives from a range of European countries, together with North America, also feature in the Global 300.

Figure 6: Global 300 Businesses Total Turnover and Number of Businesses by Country 2004

Twenty eight countries are represented in the Global 300 ranking, 15 countries in Europe, four countries in North and South America and nine countries in Asia-Pacific, including the Middle East. The top five countries with the most co-operatives and mutuals in the Global 300 are the U.S. (62), France (45), Germany (33), Italy (28) and the Netherlands (19).

The countries with the largest total Global 300 turnover are France (USD$ 174 billion), Japan (USD$ 143.6 billion), USA (USD$ 133.1 billion), Germany (USD$ 125.6 billion) and the Netherlands (USD$ 59.3 billion).

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76 Global 300 Project (b)
The five countries with the largest percentage of GDP coming from Global 300 turnover are Finland (16.1 percent), New Zealand (13.9 percent), Switzerland (11.0 percent), Netherlands (10.2 percent) and Norway (9.0 percent).

**Europe**

Variations in data make it impossible to have a very accurate picture of co-operatives in Europe but their role is clearly very important. In the EU there are around 300,000 co-operatives, providing 4.8 million jobs.78 Co-operatives Europe represents over 85 percent or 267,000 of the co-operatives in Europe either directly or indirectly. These co-operatives operate across seven co-operative business sectors with 5.5 million employees and 163 million members from 37 European countries. The total numbers for the EU-27 are 245,000 enterprises, 145 million members and 4.7 million jobs: this corresponds to 96 percent of co-operatives in the EU-27, 88 percent of members and 87 percent of employment.80 In France 21,000 co-operatives provide jobs for 700,000 people. In Germany, one in every four people is a member of a co-operative, and there are 8,106 co-operatives which provide jobs for 440,000 people. In Italy, 70,400 co-operatives employed nearly 1 million people in 2005.81

Co-operatives Europe collected 2005 data on the number of enterprises, number of members, number of jobs and turnover from their member organisations i.e. from the European sectors and national intersectorial organisation of the CCACE82 and from the members of the ICA Europe (See Appendix IV). Where information was not available they used 2004 figures.

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77 Global 300 Project (b)  
78 Co-operatives Europe (2006)  
79 Co-operatives Europe  [www.coopseurope.coop](http://www.coopseurope.coop)  
81 Camere di Commercio d’Italia  
82 Co-ordination Committee of European Co-operative Associations
As not enough data could be collected on turnover this information is as yet unavailable. However, Co-operatives Europe hopes to collect and report on it in the future.

Figure 8: Number of Co-operative Enterprises in EU (27) by Country in 2005

France has the highest number of co-operatives. Co-operatives Europe attribute this is to the high number of co-operative structures in the educational and school sector. France is followed by Italy and Spain, who both have a high number of worker co-operatives. Poland, Germany and Sweden are 4th, 5th and 6th respectively. However, Co-operatives Europe has noted that Poland requires a more in-depth analysis in the future as there are contradictory figures from different sources.

Figure 9: Number of co-operative members in EU (27) by Country in 2005

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83 Co-operatives Europe (2006)
84 Ibid
France also has the highest number of members of co-operatives, followed by Germany and UK, due to the greater impact of consumer and banking members in the UK and Germany. Proportionally there are fewer members in Italy and Spain, as there are fewer members per worker co-operative compared to the banking sector in Germany or the strong consumer or insurance sector in the UK.

**Figure 10: Employees in Co-operatives in EU-27 by Country in 2005**

Co-operative employment is highest in France and Italy, followed by Germany, Spain and Poland. In Finland and Denmark the strong agricultural sector is the basis for relatively high employment in co-operatives. Looking at European co-operative sectors under the headings of consumers, banking, worker and social (W&S), agriculture, housing, and insurance (all other sectors are grouped under other), the most important sectors in terms of number of enterprises is worker and social co-operatives and the banking sector (after other).

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85 Ibid
With regard to the banking sector figures, it should be noted that there are variations from country to country in the calculation of the local banking units. Looking at co-operative sectors by membership, banking is the largest sector. This is probably due to the fact that most of the clients in this sector are also members. Banking is followed by other as the next largest sector and then by the consumer co-operative sector.

Comparing the number of jobs by sector, after other, the sector offering the most employment is worker and social, followed by the consumer and agriculture co-operatives.
Agricultural Co-operatives Europe

Co-operatives can improve the competitive and economic viability of many farm holdings in the EU whose scale (if operating alone) would not secure, per se, market viability. European agricultural co-operatives represent over 50 percent of agri-food industry in the EU-25 (over 60 percent in EU-15). Figure 13 shows over 20,000 agricultural co-operatives with nearly 15 million members employing 800,000 people. According to COGECA\(^90\) statistics, agricultural co-operatives had a turnover of over €250 billion in 2003. There is great diversity in the co-operative movement in the EU-25. The Nordic countries have a limited number of large co-operatives which are highly specialised, and a high degree of integration has occurred through mergers. In the south of Europe there is increased atomisation with a lot of smaller co-operatives that are members of second level umbrella co-operatives. COGECA feel that in the new member states the co-operative model is lagging behind in development. COGECA highlight two main trends in agricultural co-operatives:

- Mergers and specialisation of those co-operatives that aim at being global players (Northern EU countries); and
- Alliances and diversification of those that target local markets (Southern EU countries).

Banking

Co-operative banks are widely represented throughout the EU. The European Association of Co-operative Banks (EACB), one of the main representative bodies in the European Credit Industry, represents over 4,500 banks with over 50,000 outlets, 43 million members, 125 million clients and nearly 700,000 staff in the EU-27.\(^91\) It is estimated that these co-operative banks have 19 percent market share of deposits and a 15 percent market share of the credit market in the EU-27.\(^91\) Out of the Global 300 the French co-operative Crédit Agricole Group is ranked 3rd with a turnover of nearly €26 billion, the Dutch Rabobank Group comes in at number 11 with turnover of nearly €11 billion, and the Italian UNIPOL comes in at number 12 with turnover of nearly €10 billion.

Consumer Co-operatives Europe

While there are less than 10,000 consumer co-operatives in Europe according to Co-operatives Europe, they have 35 million members and employ over 800,000 people. Euro Co-op is the umbrella consumer co-operatives body representing over 3,200 local and regional consumer co-operatives, with over 20 million members employing nearly 200,000 people throughout Europe.\(^93\)

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\(^{89}\) Baamonde Noche (2005)
\(^{90}\) General Confederation of Agricultural Co-operatives in the European Union
\(^{91}\) European Association of Co-operative Banks (2006)
\(^{92}\) Ibid
\(^{93}\) See [www.eurocoop.org](http://www.eurocoop.org) for further details
Housing
The European Liaison Committee for Social Housing (CECODHAS) is the European network for the promotion of the right to decent housing for all. They have 46 regional and national federations which together represent over 39,000 public, voluntary and co-operative social housing enterprises and provide over 21 million homes across the European Union. It can be seen from figures 11 & 12 that there are nearly 20,000 housing co-operatives in Europe with over 5 million members.

Worker and Social
The European Confederation of Workers’ Co-operatives, Social Co-operatives and Social and Participative Enterprises (CECOP) represents producers’ co-operatives and co-operatives with worker ownership, as well as other types of worker-controlled enterprises. Most of the enterprises are in industry and services, including social services. They represent around 65,000 enterprises directly or indirectly that employ 1.3 million workers. The Spanish co-operative Mondragon is ranked 10th in the Global 300, with a turnover of over €11 billion. It is active in multiple areas including industry, banking and consumer sectors. It is the biggest worker co-operative in Europe.

European Co-operative Society SCE
The European Co-operative Society regulation (EC 1435/2003) on the Statute for a European Co-operative Society (SCE) (EC 1435/2003) and the directive (2003/72/EC) were due to be applied by all member states by 18 August 2006. This new legislation allows co-operatives to engage more readily in cross border activities without establishing new legal structures in different Member States. According to Co-operatives Europe the first European group of co-operatives to have chosen this new European legal instrument is Coopernic. This organisation is the unification of four European co-operative groups and one family company in the distribution and retail sector; Colruyt (Belgium), CONAD (Italy), COOP (Switzerland), E.LECLERC (France) and REWE Group (Germany). It has €96 billion of sales turnover, or ten percent of the retail sales in Europe across 17,498 stores and 17 countries. Coopernic’s objectives are the exchange of know-how, the reduction of logistic costs and the increase in their performance in each national market. COOPERNIC is the second largest European retail group with 16.1 percent of the European market share.

Co-operative Activities in Internationally-Selected Countries
Below are high level overviews of the co-operative sector in the U.S., Sweden, the Basque region, the Netherlands, the U.K. and Northern Ireland.

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94 The European Liaison Committee for Social Housing
95 Ibid
United States

The National Co-operative Business Association (NCBA) estimates that there are over 21,000 co-operatives in the U.S. serving approximately 130 million members or one-quarter of the population and employing more than 500,000 people. Credit union membership is growing steadily to more then 86 million while the number of credit unions is declining. Membership of rural electricity co-operatives is growing steadily to 37 million while the number of agricultural co-operatives has declined by 25 percent in the last decade. However, net business volume has increased by 20 percent over the period and there are 2 million members of U.S. farm co-operatives. Rural telecommunications co-operatives provide services including cable, Internet and wireless to 2 million households. Co-operative housing units are increasing and house more than 3 million families in 7,500 co-operatives, with affordable limited equity co-operatives making up approximately one-third of the total.96

Healthcare

In the US over the last twenty years, healthcare related co-operatives have emerged as a key strategy for:

- Keeping healthcare costs and insurance premiums affordable for consumers and small businesses;
- Controlling the high cost of prescription drugs;
- Helping community-owned, non-profit hospitals remain independent;
- Improving the quality of home-based healthcare and assisted living; and
- Helping small independent pharmacists compete with big box stores, allowing them to offer locally available prescription drugs.97

Many US Health Maintenance Organisations (HMOs) were originally consumer-owned co-operatives. Though competition and the high cost of healthcare have reduced the number of consumer-owned HMO co-operatives, several still exist and offer competitive and quality services to their members. HealthPartners, Inc. which is based in Minneapolis, Minnesota is the nation’s largest consumer-owned HMO. The co-operative and its related organisations provide health care services, insurance and HMO coverage to nearly 660,000 members. The Group Health Co-operative, based in Seattle, Washington, is the nation’s second largest consumer-governed, non-profit health care system. It provides coverage and care for one in 10 Washingtonians, with nearly 600,000 members. It had revenues of $2.32 billion in 2005.

Care for the Elderly98

Worker-owned co-operatives have emerged largely in the home healthcare field in US, where employees are poorly paid and turnover is high, producing quality reductions. Worker-owned home health care co-operatives offer better pay and ownership to their employees, resulting in improved

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96 Jaeger (2006)
97 National Co-operative Business Association (2007)
98 Ibid
living standards for health care worker-owners, higher worker retention rates, and improved quality. Co-operative Care, an employee-owned co-operative of care givers in Wisconsin, provide personal and home care services to people who are elderly or disabled in rural Wisconsin county. The co-operative has a mission that is two fold. The first part of the mission is to give high quality care that helps people stay in their homes. The second part is to provide good jobs that pay fairly, offer benefits, and provide support to home care and personal care workers. There are 85 member-owners, all direct care givers who provide about 3,000 hours of home and personal care each month.99 Co-operative Home Care Associates, based in South Bronx, New York, is a 600 member worker-owned home health care service that offers worker-owners higher pay and ownership benefits. It provides home health care aides on a contract basis to large health-care providers and has served as a model for the development of other worker-owned home health care co-operatives.

Canada

There are more than 9,000 co-operatives in Canada, directly employing 155,000 people. Across Canada, an additional 250,000 independent producers rely on marketing and production co-operatives for their livelihood. Forty percent of Canadians are members of at least one co-operative.100 Canadian statistics for 2003, based on survey results received from 5,727 non-financial co-operatives show that there are 5.3 million members of non-financial co-operatives in Canada, with CAD$26.2 billion (€16.6 billion) in total revenues and $16.8 billion (€10.6 billion) in assets. These co-operatives employed 84,352 people of which over 75 percent were full-time employees, including wholesale co-operatives and federations. Of these co-operatives, 965 were agricultural, representing over 378,000 active memberships and employing over 34,000 individuals with total revenues of $14.0 billion (€8.9 billion) and assets of $5.6 billion (€3.5 billion).101 Co-operatives are especially significant in rural and remote regions of the country, where they meet the economic needs of producers in agriculture, the fisheries, arts and crafts production, and manufacturing.

Health care co-operatives are new to most provinces in Canada. However, they have been a key part of the health care system in the Saskatchewan province since 1962. In 2001, there were 101 health care co-operatives offering services across the country, the majority being in Québec. Recent trends have shown that the model is growing in Canada, with 57 new health care co-ops formed between 1997 and 2001.102

Sweden

Craft Co-operatives103

In Sweden there are over 20 co-operatively run craft shops throughout the country.

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99 Co-operative Care
100 Co-operatives Secretariat Government of Canada
103 Crafts Council of Ireland (2005a), Crafts Council of Ireland (2005b)
The first craft co-operative Konsthantverkarna (Art Handicraft-Workers) was formed in 1951 and is now the biggest co-operative of professional craftspeople in Sweden with 166 craftspeople and premises in the centre of Stockholm. The co-operative has a Board, which sets standards and vets new applicants for membership. Each member pays a fee of €350 per year and there are two full-time staff employed to run the gallery and shop. The co-operative takes 45 percent of the retail price of each sale, rather than the 60 percent for conventional retailing. The shops are run as non-profit making enterprises, with all profits flowing back to the collectively owned co-operative association, and as much of the margin as possible flowing back to the original producer of the object sold. Blås & Knåda, (Blow and Knead) which is located five minutes walk from Konsthantverkarna was established in 1975. It has the country’s biggest selection of contemporary Swedish ceramics and studio glass. Blås & Knåda is a foundation for working potters and glassblowers, where all the members have shared responsibility. At present they represent about 60 members from all of Sweden. In central Stockholm they have both a shop selling directly to customers and a gallery exhibiting modern glass and ceramics. The shop working days are shared between the members throughout the year and in this way visitors will always meet one of the artists personally. The members all pay €90 per month and have a duty to work fifteen days per year in the shop. As well as this a curator and a part-time finance person is employed. The retail deduction is just 30 percent here.

Craftspeople in Ireland lack suitable outlets for the upper end of the market and often want to engage in more direct selling. The Chambers of Commerce in Ireland (CCol) undertook a study tour of Sweden to see how craft co-operatives work there. It was felt that the co-operative model may provide a solution for Irish craftspeople in finding suitable outlets for their work and engaging in more direct selling. The CCol is very supportive of craft networks as they see value in craftspeople working together in a group as networks can share both the workloads and costs related to achieving their aims. A number of issues were identified by the Irish research group in their visit. It was felt that there are differences in Swedish and Irish culture that help the co-operative system work in Sweden, and it was suggested that Swedish people are involved in group/society activities from an early age and so easily understand the co-operative concept. In addition, high rents in Dublin were seen as a serious hindrance to setting up a co-operative retailing outlet. Finally, it was felt that the establishment of a craft co-operative in Ireland would be beneficial to both makers and customers, but marketing, support and promotion would be necessary to inform customers of the difference that the co-operative system has to offer. Educating the buyer with respect to the quality and craftsmanship of the work was also seen as an important goal to achieve.

Childcare

Co-operative childcare services are well developed in New Zealand, Canada and Sweden, where up to two thirds of independent day-care centres are co-operatives.\(^{104}\) Parental groups are the organisers and employ the personnel. Parents often themselves work on a rotating basis and are thus able to reduce cost.

\(^{104}\) Co-operatives UK (2004)
Parents in Sweden set up parent co-operatives, which are subsidised by the municipality in the same way as publicly run centres, as a response to the lack of places in public childcare. Privately run childcare in Sweden consists primarily of pre-schools that are run as private enterprises, many of which operate on a not-for-profit basis. In 2005, 17 percent of 63,473 children enrolled in preschool attended a private pre-school. A little more than one third of these children attended a pre-school run by a company and slightly less attended a parents’ co-operative.\(^{105}\) Many parental co-operatives were started by parents who wanted to bypass the long waiting times for places in municipal pre-school during the expansion years. Despite the fact that there is now full coverage, the parental co-operatives continue to flourish.\(^{106}\) In the UK there is also recognition of the benefits of childcare co-operatives. Co-operative Action awarded a GBP£198,500 grant to Co-operatives UK and its partners, Social Enterprise London, Co-operative Solutions and the National Co-operative Childcare Network, to promote the sector nationally and regionally, work with others to develop new childcare businesses, building an information bank and developing joint initiatives. This includes piloting a co-operative childcare consortium in London similar to those common in other countries.\(^{107}\)

**Housing**

The nature of the co-operative ownership sector varies internationally. In some countries, occupants of co-operative ownership housing enjoy similar rights and duties to owner occupiers; in others they own only a small proportion of the equity in their homes. In Sweden, Denmark, and Germany, there was a strong housing co-operative movement between the two world wars.\(^{108}\) The biggest success for the housing co-operative movement was in Sweden where by the year 2002, 16 percent of all housing units were co-operative tenure. The Swedish housing stock consisted of 4.3 million dwellings in 2002. Only 38 percent of Swedish dwellings were owner-occupied in 2002 which was the lowest rate of owner occupation amongst the EU-27. Forty-six percent of dwellings in the country were rented and 52 percent of these were social housing units rented from non-profit municipal housing companies with the remainder privately rented. Co-operative tenure in Sweden provides an alternative to both renting and owning a dwelling. Under this system, once a household gains membership of a housing co-operative, it makes a down-payment for the right to occupy a certain flat/dwelling that the co-operative owns, together with an ongoing monthly fee to cover the association’s running costs. The level of the initial down-payment is determined with reference to the production costs of the dwelling in question. Thereafter this ‘right of occupation’ is sold at market price from one occupier to the next, provided that the new occupier is also accepted as a member by the co-operative association. In Sweden the Co-operative Rental Housing Act 2002 made co-operative rental housing in Sweden an official form of tenure.\(^{109}\)

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\(^{105}\) Swedish National Agency for Education (2006)

\(^{106}\) Korpi (2000)

\(^{107}\) Co-operatives UK (2004)

\(^{108}\) Sazama (2000)

\(^{109}\) Norris and Shiels (2004)
Basque Region\textsuperscript{110}

One of the most famous co-operatives cited is the Mondragon Corporacion Cooperativa (Mondragon) founded in 1956 as a workers co-operative. It is now the leading industrial group in the Basque region and 7th in Spain, with sales of €13.3 billion in its industrial and distribution activities, €12.3 billion of administered assets in its financial activity and a total workforce of 81,880 at the end of 2006. Mondragon’s activities are divided into three areas, financial, industrial and distribution which function independently within a global strategy co-ordinated by the Corporate Centre. The financial area includes activities such as banking, social welfare and insurance. The industrial area comprises 12 divisions dedicated to the production of goods and services. The distribution area is made up of various commercial distribution and agricultural-food enterprises. There are also a number of research, vocational training and teaching centres, including a University, which has 4,000 students.

Netherlands

Rabobank Group is one of the largest banks in the Netherlands. Unlike its chief domestic rivals, publicly listed ABN Amro Holding N.V. and ING Groep N.V., Rabobank Group is a co-operative with 188 member banks serving more than nine million private individuals and corporate clients in the Netherlands and a growing number abroad. It employs over 56,000 staff and is represented in 38 countries. In 2006 it had income of €10.0 billion and net profits of €2.3 billion.\textsuperscript{111} It serves over half the Dutch population and half of all Dutch businesses.\textsuperscript{112} In 1898, two separate co-operative banks, the Coöperatieve Centrale Raiffeisen-Bank in Utrecht, and the Coöperatieve Centrale Boerenleenbank in Eindhoven, were formed in order to provide financial support to the Netherlands’ farming community. They merged in 1972 and in 1980 the bank formally adopted the name Rabobank Nederland. Since the mid-1980s, the Rabobank Group has been engaged in an expansion drive, both within the Netherlands and on the international financial scene. The Rabobank Group opened branch offices in Europe, North America, Asia and South America and entered into strategic alliances with European partners. It also purchased existing foreign banks (such as ADCA in Germany and PIBA in Australia, ACC in Ireland and the Valley Independent Bank in the US), enabling Rabobank Group to take its expertise in the field of consumer banking and the agricultural sector to international markets. Membership of Rabobank doubled between 2001 and 2003, and half of new members mentioned Rabobank’s social agenda as a motive for joining. This social agenda includes socially responsible lending that encourages environmentally-friendly production, respect for animal well-being and ‘green’ investments.\textsuperscript{113} In 1999, the chairperson of the bank Beland said:

‘Our co-operative background is not a barrier even though some people occasionally try to convince us otherwise. On the contrary, it is an asset, a major competitive advantage’

\textsuperscript{110} www.mcc.es
\textsuperscript{111} Rabobank Group (2006)
\textsuperscript{112} McCarthy (2005)
\textsuperscript{113} Ibid.
The UK
The UK is now trying to promote social enterprises in general with the establishment of the Cabinet Office of the Third Sector (OTS) in May 2006 and bodies such as the Social Enterprise Coalition, the UK’s national body for social enterprise. The OTS was set up to drive forward the UK Government’s role in supporting a thriving third sector. The UK Government defines the third sector as non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives, and it includes voluntary and community organisations, charities, social enterprises, co-operatives and mutuals. There are nearly 3,200 co-operatives in the UK. This includes nearly 750 credit unions. In the UK, an industrial and provident society is an organisation conducting an industry, business or trade, either as a co-operative or for the benefit of the community, and is registered under the Industrial and Provident Societies Act 1965 (I&P Act 1965). The UK Financial Services Authority is the registering authority for societies that register under the I&P Act 1965. This registration function is separate from their role as regulator of the financial services industry in the UK, as provided by the Financial Services and Markets Act 2000 (FSMA) and the statutory instruments made under FSMA. Members of these societies do not have access to the Financial Ombudsman Service (FOS) or the Financial Services Compensation Scheme (FSCS). However, members of societies that are both registered under the I&P Act 1965 and regulated by the FSA - because they are authorised to conduct financial services business under FSMA - will have access to FOS and the FSCS.

Northern Ireland
Provisional estimates on the size and scope of the co-operative sector in Northern Ireland show that there are around 260 co-operative enterprises in Northern Ireland with a combined turnover of over £560m (€827 million) and a combined membership of over 483,000 (these figures include the Northern Ireland trading activities of The Co-operative Group, Scottish Midland Co-operative Society and United Co-operatives). With an annual turnover in excess of £300m (€443 million) the largest co-operative in Northern Ireland is United Dairy Farmers Limited. The Co-operative Forum Northern Ireland (Co-operative Forum N.I.) was formed in 1999 to provide a framework of mutual support between co-operatives and to represent the sector providing a platform to communicate the practice and ethos of co-operation to policy makers, at government and at community level. The Co-operative Forum N.I., is an active member of the Social Economy Network, a recently established membership-based body supported by the Department of Enterprise, Trade and Industry. A key role for the Co-operative Forum N.I. in Ireland has been identified as the promotion and facilitation of relationships with co-operative movements in Europe and the rest of the world and, in particular close liaison with their sister organisation the Forum for the Co-operative Movement in Ireland (the Forum). Within Ireland there is no framework at present to provide capacity building for co-operatives. The Co-operative Forum N.I. therefore has been seeking ways to collaborate with the Forum in a meaningful way to support the growth of the co-operative sector.

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114 The Office of the Third Sector
115 Co-operatives UK (2007)
The recent focus of this collaboration has been a proposal to develop All-Ireland collaboration across the co-operative movement designed to provide the basis for north-south cooperation with the intention of maintaining and developing sustainability of business in the agri-food sector through increased networking, marketing, product development and marketing, skills enhancement, flexibility and the provision of e-commerce transaction-based systems and services. In addition it is intended to re-engineer the supply chain management to ensure delivery of local products to local markets. This would enable local populations, particularly inner city and disadvantaged rural citizens to access fresh food supplies while challenging the hegemony of multi-national outlets and providing local suppliers with increased access to export markets. The key objectives are to help make agri-food co-operatives more competitive on a cross-border basis; encourage links between co-operatives on a 32 county basis to make effective use of shared expertise; recognise particular difficulties of co-operatives and the need for sustainable rural economies; facilitate the establishment of an umbrella body for co-operative agriculture in Northern Ireland; address the need to link local primary producers and processors to local markets; improve the provision of food supplies to disadvantaged communities; promote adoption of new technology; improve product quality assurance, traceability and accountability; provide for improved supply-chain links across producers and distributors and offer opportunities for co-operatives to discuss and review business needs.117 A group lead by Co-operative Development Scotland with the Co-operative Forum N.I. and the Irish Forum has just been awarded funding under EU InterReg 4. Initially this group will look at scoping out the co-operative sectors in these regions.118

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117 McAleavy (2006)
118 Discussions with the Co-operative Forum N.I.
Chapter 6  Issues Identified

The EU Commission (2004) views co-operatives as enterprises that can simultaneously address entrepreneurial and social objectives in a mutually reinforcing way and, as a result of this, regards them as an integral element in achieving the Lisbon objectives. In Ireland, the co-operative movement remains confined largely to the agricultural sector. The review of co-operative activity internationally, and the significance of the co-operative movement in certain countries, suggests that co-operatives could play a far greater role in a range of areas in Ireland including childcare, education, housing, and healthcare to name but a few. The potential of co-operatives in Ireland has not yet been fully utilised: this may partly be due the lack of visibility and understanding of the sector. The general perception of co-operatives in Ireland is that they operate in the agricultural sector. People remain unaware of the role that co-operatives can play in other sectors. The co-operative form can add value in a range of ways most obviously by correcting for market failures by allowing those in a weaker economic position to combine their purchasing and selling power, and by giving members the ability to affect services. However, there are drawbacks in terms of co-operative’s limited access to external capital, and the potential that the democratic governance structure can lead to slower decision making processes which may put co-operatives at a disadvantage vis-à-vis companies.

During the process of this study a number of issues were identified by the co-operative movement and those who engage with the movement in relation to co-operatives operating in Ireland. These issues are discussed below:  

- The need for a level playing field with other forms of enterprise:
  The EU Commission (2004) recognises that co-operatives require a level playing field with other forms of enterprises. This is not to suggest that co-operatives need preferential treatment, but merely that in drawing up legislation member states should aim for a level playing field with other forms of enterprise with which co-operatives compete within in a modern market economy. Co-operatives should be allowed to act free from restrictions and obligations that other forms of enterprise are not subject to. The EU Commission (2004) also mentions that well-drafted legislation can help to overcome some of the restrictions inherent in the co-operative form, such as lack of access to investment capital. For example, co-operatives might be permitted to issue non-user investor shares which are tradable and interest bearing, on the condition that the participation of such non-user shareholders is limited to ensure that the co-operative nature of the companies is not jeopardised. European Commission (2004) Such provisions are already in place in Ireland.

  It appears that current co-operative legislation in Ireland does put co-operatives on a level playing field with other forms of enterprises and does not place undue restrictions or obligations upon them in the majority of cases (with the exception of the requirement for

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119 It should be noted that these are not conclusive and some issues identified may not be relevant in certain sectors.
120 European Commission (2004)
them to submit audited accounts annually (see below)). In some cases, Irish legislation favours co-operatives by regulating them more lightly than companies or partnerships.

- **The administrative burdens encountered by co-operatives:**
  If registered as Industrial and Provident Societies, co-operatives are required to submit audited accounts annually no matter what the size of the co-operative. This can be a large burden on small co-operatives especially those that are dependent on the voluntary time of their members and have no paid staff. This contrasts sharply with small companies which if they fulfil certain requirements can claim audit exemption when filing their annual returns.

- **The need to develop managerial skills and entrepreneurship within the sector:**
  There is a need to develop managerial competencies and skills within co-operatives.\(^{121}\) This need is not particular to co-operatives. Work carried out in Ireland by the Small Business Forum has shown that the level of general management skills in Irish small businesses is relatively poor, particularly in specific functional skills such as human resources, marketing and finance, and in forward planning and strategic management. Despite these deficiencies small firms engage in management training and development to a very limited extent both for reasons of time and cost, and because training programmes are not perceived to be relevant. The Small Business Forum sees it as critical that the management of these businesses be equipped with the knowledge and skills they need to make the business perform optimally.\(^{122}\) A Management Development Council has recently been established by the Minister for Enterprise, Trade and Employment to increase the incidence and effectiveness of SME management development in Ireland.

- **The lack of data available on co-operatives:**
  There is a significant lack of data available on the co-operative sector both nationally and internationally. In order to get an accurate picture of the co-operative sector, its economic and social contributions and opportunities within the sector, good up to date statistics are required.

- **The lack of understanding of the co-operative form**
  Co-operatives tend to be viewed by Government officials, academics and business groups at best as variants of investor driven companies or at worst with hostility and as weak business structures. There needs to be increased awareness of the co-operative structure as a distinct form of organisation. Under rural development in Towards 2016 a commitment was made that engagement between local development agencies and the co-operative movement would be encouraged; and to ensure local development agencies familiarity with the co-operative option, particularly where incorporation is a condition of funding for applicants. However, it was found that the Department of Community, Rural and Gaeltacht Affairs and Pobal advise Leader, partnership and community groups to registered as companies limited by guarantee

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\(^{121}\) Borzaga (2004)

based on the misapprehension that an Industrial and Provident Society can not register for charitable exemption from tax.

- **The need to recognise the value of the social contributions co-operatives make:**
  Co-operatives serve both an economic and social function. Community co-operatives in particular provide services that may not be viable if run as a conventional business. Community co-operatives generate both economic and social profit, and this requires a way of measuring the nonmonetary worth or value of social and community benefits that are produced by enterprises. A social audit approach is one way of measuring this impact. As social auditing and reporting are not statutory requirements for businesses currently, a number of different methods exist by which organisations report on their social impact. Euro Co-op, the umbrella group for consumer co-operatives in Europe, state that organisations and co-operatives in particular should undertake social reporting as a means of informing their stakeholders about the various benefits that the organisation brings to the local economy. It also considers social reporting as a method of ensuring that a co-operative has clearly-defined social purposes as well as its commercial objectives. The Euro Coop social reporting working party (1999) sees four key requirements of a social report although there can be others:

  - Social objectives or mission - set clear objectives bearing in mind the co-operative principles, the organisation’s constitution and commercial objectives;
  - Stakeholder dialogue - stakeholders should be given a means of expressing their views on the organisation;
  - Social performance indicators and benchmarks - Statistics should be used to contribute to a better understanding of the social contribution of the organisation and help judge the organisation against other similar organisations;
  - Auditing - there should be independent verification of the social report.

- **The issue of non-user shareholders:**
  For various reasons including inheritance, shareholders may be inactive in that they do not trade with the co-operative. In this case there is a danger that decisions made may no longer fully reflect member’s interests and needs. One way of countering this is to allocate non-voting stock to non-active members in return for their voting shares. In general this does not appear to be a significant issue for co-operatives in Ireland as current legislation does not restrict them from issuing different types of shares.

- **The fact that, in some instance, co-operatives face lighter regulation than companies or partnerships:**
  In many respects co-operatives are more lightly regulated than companies and partnerships which may be advantageous for individual co-operatives. The extent to which limited liability provides protection to managers of co-operatives over management in other types of enterprises needs to be examined. There is also a need to explore the issue of whether members of co-operatives can sue the organisation that they are a member of and if so, the implications of this action.
Chapter 7 Conclusions

This report has examined the role of co-operatives in Ireland and internationally. Overall, the role of co-operatives in Ireland is limited by comparison with that in other countries.

In light of this study, and in view of the Department of Enterprise, Trade and Employment’s review of legislation governing the co-operative sector, there is a need for the experience in Ireland and other countries to be carefully examined and for priorities to be identified. The following policy considerations will be important in that process.

Sectoral Focus

There is a striking disparity between Ireland and other countries in the sectors on which the co-operative movement has chosen to concentrate. The sectoral concentration of co-operatives is limited in Ireland, in contrast to other countries where they play a significant role in sectors such as housing, healthcare, and consumer purchasing and retailing. They include areas in which there are difficulties in Ireland, due partly to our spatial pattern of development and partly to Ireland’s small size and geographical isolation.

The example of housing is instructive. In Ireland, houses are constructed either in volume (by developers) or individually (as one-off houses by the landowner). It is clear that neither model is delivering sustainable communities, either from the point of view of required facilities or in terms of energy consumption and broadband and other infrastructure requirements. Greater emphasis on housing co-operatives, such as are common in other countries, would allow for better houses that met the pre-specified requirements of their owners, both in terms of accommodation and in terms of shared facilities. Co-operatives could also be considered as a way of meeting community needs for primary healthcare, rural and urban transport, and other services.

Delivery of Public Services

The conventional means of public service delivery have been added to in recent years, with Departments establishing task-oriented agencies under them, and also increasingly through the channelling of government funding through voluntary bodies, charities, and local, sectoral or interest-group organisations established specifically for receiving funds to be spent in support of agreed social objectives. The control and monitoring of these diverse and rapidly-changing structures by Government is itself demanding. It is complicated by the additional requirement to achieve an overview, and to ensure that the indirect approach, through different agencies and bodies, is nevertheless leading to direct progress towards the general objectives. The use of the co-operative mechanism in this regard could provide additional assurance that the activities met a wider needs base, through extended community membership.
Promotion of Co-operatives

At present, the corporate model is the main means envisaged for enterprise to become formalised, and the co-operative model is not considered. Those considering starting a business will probably not consider the co-operative model, and banks and development agencies and consultants are very unlikely to suggest it to them. Once the desired future role of the co-operative in Ireland is determined, it will be necessary to consider a number of implementation steps to encourage and support their growth and development. This could include, for instance, the development of agency support programmes at national level or through County Development Boards, providing information and advice to those thinking of starting co-operatives and also promoting them as responses to social, economic and environmental concerns.

Governance Requirements

This report has not specifically addressed governance issues, but they will clearly be central to the legislative project, and co-operative development will need a good framework for expansion, in which potential members can be given sufficient assurances of their rights, responsibilities, and the associated risks, together with a supportive, un-bureaucratic, yet sufficiently rigorous oversight structures. Again, the practices of other countries in this regard will provide useful pointers as to how best to improve the regulatory and institutional setting.

Role of Co-operatives in Social Partnership

Co-operatives are the expression of an idea, which is that people can agree to work together on an equal basis and share equally in the results of the work. The idea encapsulates two ideas: of shared responsibility and of shared benefits. The concept fits well with wider objectives, such as those of social cohesion and of increasing the stock of social capital, which can be summarised as a system of trust and shared understanding of rights and obligations. Co-operatives are not the only contributors to these concepts: the enterprise sector, through well-functioning markets with a clear legal and regulatory framework, contributes effectively to economic growth and provides mechanisms for wide participation in the benefits. However, co-operatives, because of the priority given to equality of interest and commitment, make a greater contribution to social cohesion, which may compensate for their lesser contribution to economic growth.

This means that an expanded role for co-operatives would be valuable in providing an additional dimension for social partnership, because it would provide an alternative channel through which a variety of social goals could be realised, rather than attempting to make the enterprise model fit in all cases. Social issues and quality of life issues that will arise in the future, deriving from long working days, commuting, isolation, and lack of community facilities, may be addressed through development of the co-operative sector to fill market gaps, to provide public and community services, and to develop community assets. The wider benefits of co-operatives in bringing people together and fostering community spirit would also accrue.
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Appendix I  Terms of Reference

Background
The DETE is undertaking a review of the potential for the improvement of the legislative framework for co-operatives in Ireland. The current legislative framework in Ireland for co-operatives and mutual-type entities is that provided by enactments of the Industrial and Provident Societies Acts 1893 to 1978. The DETE has requested that Forfás input to this review. The overall objective of the Forfás input is the economic and social profiling of the co-operative sector in an international context.

Definition of a Co-operative
The International Co-operative Alliance (ICA) defines a co-operative as ‘an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise’.

The objectives and specific characteristics of co-operatives are diverse. Some general characteristics of co-operatives are:

- Possibility of free and voluntary association and withdrawal from the enterprise;
- Democratic structure, where each member has one vote, with majority decision making and an elected leadership accountable to its members; and
- Equitable, fair and just distribution of economic results.

A co-operative is both an enterprise and, as a membership based and membership driven organisation, part of civil society. Co-operatives are governed by the principle of one member, one vote. In some co-operatives members receive a dividend. The dividend depends on the amount of their trade with the society not the size of their shareholding. However, while co-operatives are enterprises like any other, they are enterprises that exist to serve the needs of their members who own and control them, rather than to provide a return on investment.

Under Irish legislation an industrial and provident society (co-operative) may be formed “for carrying on any industries, businesses or trades specified in or authorised by its rules”. Members can be natural or legal persons. 123

Types of Co-operatives
Co-operatives exist in traditional economic sectors such as agriculture, fisheries, consumer and financial services, housing, and production (workers’ co-operatives). Co-operative activity internationally spans a large number of sectors and activities including car-sharing, child-care, health and social care, funerals, orchestras and philharmonics, schools, sports, tourism, utilities (electricity, water, gas, etc.), and transport (taxis, buses, etc).

The ICA estimates that over 800 million people are members of a co-operative and that co-operatives provide 100 million jobs worldwide, 20 per cent more than multinational enterprises. The European Commission has noted that co-operatives are an important part of European economic life and industry and that the 300,000 co-operative enterprises in the European Union have 140 million members and employ 4.8 million people. They conclude that the performance of co-operatives has a major impact on the lives of the citizens of Europe, as they ‘...deliver wellbeing to citizens, wealth to nations, promote entrepreneurship and participation’. The International Labour Organization (ILO) has also taken an interest in the co-operative sector. The ILO Recommendation 193 states that ‘the promotion of co-operatives should be considered as one of the pillars of national and international economic and social development’.

High Level Objectives of Forfás Review for DETE
The specific matters to be addressed as part of the Forfás input include:

1.1. Provide a definition and description of co-operative/mutual entities and the sector in general terms distinguishing co-operatives from other entities;

1.2. Identify relevant economic and social sectors and sub-sectors in Ireland (e.g. agricultural co-operatives, community development co-operatives);

1.3. Provide an economic and social profile of the sector and subsectors where appropriate;

1.4. Provide a high level review of co-operatives internationally.

Methodology
It is proposed that the following approach will be applied to the review:

1.5. Literature Review of the Irish co-operative sector: Brief historical background, changes, trends and developments and the Irish co-operative sector currently;

1.6. Analysis of the Sector: Develop a database of the co-operative sector in Ireland based upon the Registrar of Friendly Societies (RFS) register of industrial and provident societies and include, where available, information on co-operative, mutual and voluntary entities registered as companies/other entities or not registered at all. Analyse all entities operating as co-operatives in Ireland by sector/sub sector, numbers involved, location, size, turnover, share of total output, share of international trade, other economic and social impacts. If data is available, analyse trends over time in co-operatives size and activities;

1.7. Interviews with representatives from sectors/sub-sectors; the Irish Co-operative Organisation Society, the National Association of Building Co-operatives Society Ltd., Co-operative Development Society Ltd., Údarás na Gaeltachta, EI, Shannon Development, UCC Centre for Co-operative Studies, FAS, Chambers of Commerce, and various government departments, including Agriculture, Social and Family Affairs and Arts, Heritage and the Gaeltacht;

1.8. Based on the above, draw up an economic and social profile of the co-operative sector;

1.9. Carry out a literature review of the international co-operative sector;
1.10. Compare the role of co-operatives in Ireland to the role co-operatives play in other relevant countries and the associated policy environment; and

1.11. Based on the above provide an economic and social profile of the sector in Ireland, provide a high level review of co-operatives internationally, and identify issues for further consideration.

Proposed Structure of the Output of the Forfás Review

- Definition of co-operatives/mutuals distinguishing them from other entities.
- Analysis of the co-operative sector in Ireland broken down by sectors/sub sectors including numbers involved, location, size, turnover, share of total output, other economic and social impacts. Look at trends in data.
- Examination of the various structures co-operatives take on, including short descriptions of two/three co-operatives with capital-based subsidiaries and/or innovative structures.
- Identification of the economic and social contribution of the sector.
- High level review of co-operatives internationally.
- Identification of issues for further consideration.

Potential Sources of Information

- Registrar of Friendly Societies
- UCC Centre for Co-operation
- Irish Co-operative Organisation Society
- National Association of Building Co-operatives Society Ltd.
- International Co-operative Alliance
- Co-operatives Europe
- COGECA - General Confederation of Agricultural Co-operatives in the European Union
- CECOP - The European Confederation of Workers’ Co-operatives, Social Co-operatives and Social and Participative Enterprises
- Euro Coop - European Community of Consumer Co-operatives
- ILO
- European Commission
- Co-operative Development Society Ltd
- Relevant Enterprise Agencies
- Relevant Government Departments
- FÁS
Appendix II ICA Statement of Co-operative Identity

Definition
A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values
Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles
The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership
Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control
Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation
Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

124 International Co-operative Alliance, Co-operative Principles
4th Principle: Autonomy and Independence
Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, regional, national and international structures.

7th Principle: Concern for Community
Co-operatives work for the sustainable development of their communities through policies approved by their members.
### Appendix III Irish Co-operatives by Sector

Breakdown of societies registered as Industrial and Provident Societies in 2004 according to RFS categories.\(^{125}\)

<table>
<thead>
<tr>
<th>Sector</th>
<th>No of Societies on Register</th>
<th>No of Members</th>
<th>Sales/Income €</th>
<th>Profit/(Loss) €</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Distributive</td>
<td>102</td>
<td>61,185</td>
<td>1,573,933,099</td>
<td>39,515,739</td>
<td>893,691,662</td>
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<tr>
<td>Agricultural Productive</td>
<td>137</td>
<td>103,644</td>
<td>2,027,547,140</td>
<td>40,538,401</td>
<td>1,256,569,746</td>
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<tr>
<td>Deposit Taking Industrial &amp; Provident</td>
<td>9</td>
<td>Not Available</td>
<td>Not Available</td>
<td>Not Available</td>
<td>Not Available</td>
</tr>
<tr>
<td>Farm Relief</td>
<td>25</td>
<td>7,171</td>
<td>53,231,561</td>
<td>1,117,540</td>
<td>18,583,414</td>
</tr>
<tr>
<td>Fishing</td>
<td>55</td>
<td>2,242</td>
<td>75,122,680</td>
<td>-14,881</td>
<td>33,525,206</td>
</tr>
<tr>
<td>Forestry</td>
<td>15</td>
<td>170</td>
<td>982,406</td>
<td>-18,485</td>
<td>447,025</td>
</tr>
<tr>
<td>Group Water Scheme</td>
<td>314</td>
<td>43,312</td>
<td>Not Available</td>
<td>Not Available</td>
<td>Not Available</td>
</tr>
<tr>
<td>Housing 127</td>
<td>51</td>
<td>2,009</td>
<td>Not Available</td>
<td>Not Available</td>
<td>Not Available</td>
</tr>
<tr>
<td>Investment 128</td>
<td>39</td>
<td>1,096</td>
<td>Not Available(^{128})</td>
<td>Not Available(^{129})</td>
<td>71,626,647</td>
</tr>
<tr>
<td>Miscellaneous 126</td>
<td>126</td>
<td>31,576</td>
<td>50,661,347</td>
<td>18,522,701</td>
<td>72,320,263</td>
</tr>
<tr>
<td>Other Distributive</td>
<td>7</td>
<td>130</td>
<td>115,039</td>
<td>-152</td>
<td>13,118</td>
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<tr>
<td>Other Productive</td>
<td>17</td>
<td>40</td>
<td>1,035,946</td>
<td>77,939</td>
<td>2,867,135</td>
</tr>
<tr>
<td>Promotional Development &amp; Advisory Service</td>
<td>177</td>
<td>15,781</td>
<td>10,929,144(^{130})</td>
<td>Not Available</td>
<td>32,357,489</td>
</tr>
<tr>
<td>Turf</td>
<td>7</td>
<td>563</td>
<td>248,131</td>
<td>-14,360</td>
<td>481,424</td>
</tr>
<tr>
<td>Total</td>
<td>1,081</td>
<td>268,919</td>
<td>3,793,806,493</td>
<td>99,724,442</td>
<td>2,382,483,129</td>
</tr>
</tbody>
</table>

125 RFS
126 These are predominantly not-for-profit co-operations, any excess revenue is invested back in the co-operative
127 These are predominantly not-for-profit co-operations, any excess revenue is invested back in the co-operative
128 RFS information on Investment Societies show investments made 1,707,674 and realised 1,423,277 and are not recorded here
129 RFS information on Investment Societies show investments made 1,707,674 and realised 1,423,277 and are not recorded here
130 Grant Contributions (7,863,102) plus Other Income (3,066,042)
It should be noted that the figures above are not completely accurate in relation to the number of societies on the register; there is a difference of 2 or 3 in most categories. In 2005, there were 1,066 societies registered as Industrial and Provident Societies with the RFS compared to the 1,081 shown above. The Sales/Income figures are subject to upward adjustments once all outstanding annual returns are received and fully processed to the satisfaction of the RFS. Sales/Income was €5,358 million in 2004 and €4,057 million in 2003 according to RFS data.
The data below was collected in 2006 by Co-operatives Europe based on 2005 figures. Co-operatives Europe collected the figures from their member organisations i.e. from the European sectors and national intersectoral organisation of the CCACE and from the members of the ICA Europe. Where information was not available they used 2004 figures. The figures are organised in 2 tables: the 27 EU countries as per 1st January 2007, and the other European organisations from countries outside the EU-27. In total, there are 256,742 societies with 163,411,520 members and 5,447,420 employees across the two groups. Ireland’s s are based on data from ICOS, the Irish Sea Fisheries Board and NABCo.

### 27 EU-Member States

<table>
<thead>
<tr>
<th>Country</th>
<th>Societies</th>
<th>Members</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>3,494</td>
<td>4,950,163</td>
<td>61,028</td>
</tr>
<tr>
<td>Belgium</td>
<td>267</td>
<td>1,413,851</td>
<td>17,047</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1,367</td>
<td>212,334</td>
<td>37,454</td>
</tr>
<tr>
<td>Cyprus</td>
<td>1,040</td>
<td>976000</td>
<td>4,491</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1,622</td>
<td>969,851</td>
<td>75,920</td>
</tr>
<tr>
<td>Denmark</td>
<td>657</td>
<td>2,002,500</td>
<td>174,642</td>
</tr>
<tr>
<td>Estonia</td>
<td>1,099</td>
<td>300,025</td>
<td>4,915</td>
</tr>
<tr>
<td>Finland</td>
<td>4,469</td>
<td>4,945,492</td>
<td>112,146</td>
</tr>
<tr>
<td>France</td>
<td>82,979</td>
<td>38,694,694</td>
<td>1,068,867</td>
</tr>
<tr>
<td>Germany</td>
<td>10,247</td>
<td>25,299,409</td>
<td>536,146</td>
</tr>
<tr>
<td>Greece</td>
<td>257</td>
<td>166,561</td>
<td>13,062</td>
</tr>
<tr>
<td>Hungary</td>
<td>3,830</td>
<td>632,465</td>
<td>42,787</td>
</tr>
<tr>
<td>Ireland</td>
<td>156</td>
<td>185,722</td>
<td>37,194</td>
</tr>
<tr>
<td>Italy</td>
<td>48,613</td>
<td>12,589,100</td>
<td>1,021,822</td>
</tr>
<tr>
<td>Latvia</td>
<td>34</td>
<td>15,000</td>
<td>300</td>
</tr>
<tr>
<td>Lithuania</td>
<td>394</td>
<td>158,834</td>
<td>6,883</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>67</td>
<td>4,724</td>
<td>748</td>
</tr>
<tr>
<td>Malta</td>
<td>59</td>
<td>1,952</td>
<td>238</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,630</td>
<td>1,694,682</td>
<td>110,710</td>
</tr>
<tr>
<td>Poland</td>
<td>17,739</td>
<td>10,394,784</td>
<td>469,179</td>
</tr>
<tr>
<td>Portugal</td>
<td>3,946</td>
<td>2,746,730</td>
<td>58,992</td>
</tr>
<tr>
<td>Romania</td>
<td>3,603</td>
<td>1,776,079</td>
<td>54,810</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>892</td>
<td>895,824</td>
<td>82,012</td>
</tr>
<tr>
<td>Slovenia</td>
<td>97</td>
<td>18,145</td>
<td>3,236</td>
</tr>
<tr>
<td>Spain</td>
<td>50,132</td>
<td>6,961,463</td>
<td>524,065</td>
</tr>
<tr>
<td>Sweden</td>
<td>6,442</td>
<td>7,805,253</td>
<td>57,402</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>609</td>
<td>18,895,862</td>
<td>190,458</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>245,731</strong></td>
<td><strong>144,707,499</strong></td>
<td><strong>4,766,554</strong></td>
</tr>
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---

131 Co-operatives Europe (2006)
## Non-EU Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Societies</th>
<th>Members</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belarus</td>
<td>125</td>
<td>1,300,000</td>
<td>117,000</td>
</tr>
<tr>
<td>Croatia</td>
<td>706</td>
<td>76,077</td>
<td>3,401</td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td>134</td>
<td>345,600</td>
<td>9,193</td>
</tr>
<tr>
<td>Norway</td>
<td>333</td>
<td>1,880,920</td>
<td>39,735</td>
</tr>
<tr>
<td>Russia</td>
<td>3,500</td>
<td>7,500,000</td>
<td>356,000</td>
</tr>
<tr>
<td>Ex-Yugoslavia</td>
<td>1,403</td>
<td>120,000</td>
<td>16,500</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,444</td>
<td>2,416,891</td>
<td>15,002</td>
</tr>
<tr>
<td>Turkey</td>
<td>43</td>
<td>4,146,643</td>
<td>856</td>
</tr>
<tr>
<td>Ukraine</td>
<td>2,323</td>
<td>917,890</td>
<td>123,179</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,011</strong></td>
<td><strong>18,704,021</strong></td>
<td><strong>680,866</strong></td>
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## Forfás Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eoin O’Driscoll (Chairman)</td>
<td>Managing Director, Aderra</td>
</tr>
<tr>
<td>Pat Barry</td>
<td>Communications Adviser</td>
</tr>
<tr>
<td>Martin Cronin</td>
<td>Chief Executive, Forfás</td>
</tr>
<tr>
<td>Sean Dorgan</td>
<td>Chief Executive, IDA Ireland</td>
</tr>
<tr>
<td>Sean Gorman</td>
<td>Secretary General, Department of Enterprise, Trade and Employment</td>
</tr>
<tr>
<td>Anne Heraty</td>
<td>Chief Executive, Computer Placement Resources (cpl) plc</td>
</tr>
<tr>
<td>Dr Rosheen McGuckian</td>
<td>Chief Executive Officer, GE Money</td>
</tr>
<tr>
<td>Rody Molloy</td>
<td>Director General, FÁS</td>
</tr>
<tr>
<td>William O’Brien</td>
<td>Managing Director, William O’Brien Plant Hire Ltd.</td>
</tr>
<tr>
<td>Frank Ryan</td>
<td>Chief Executive Officer, Enterprise Ireland</td>
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<tr>
<td>Jane Williams</td>
<td>Managing Director, The Sia Group</td>
</tr>
<tr>
<td>Dr Don Thornhill</td>
<td>Chairman, National Competitiveness Council</td>
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<tr>
<td>Michael O’Leary</td>
<td>Secretary to the Board, Forfás</td>
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# Forfás Publications 2007

<table>
<thead>
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<th>Publication Title</th>
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<tr>
<td>National Skills Bulletin</td>
<td>November 2007</td>
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<tr>
<td>Expert Group on Future Skills Needs</td>
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<tr>
<td>Forfás Statement on Outward Direct Investment</td>
<td>November 2007</td>
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<tr>
<td>Towards Developing an Entrepreneurship Policy for Ireland</td>
<td>October 2007</td>
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<tr>
<td>The Higher Education R&amp;D Survey 2006 (HERD) - First Findings</td>
<td>August 2007</td>
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<td>Forfás Annual Report 2006</td>
<td>June 2007</td>
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<tr>
<td>Review of Governance Options for Collaborative Research Ventures</td>
<td>April 2007</td>
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<tr>
<td>Promoting Enterprise-Higher Education Relationships</td>
<td>April 2007</td>
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<tr>
<td>Advisory Council on Science, Technology and Innovation</td>
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<tr>
<td>Research and Development Statistics in Ireland 2006 - at a glance</td>
<td>March 2007</td>
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<tr>
<td>Research and Development Performance in Business Sector in Ireland 2005/6</td>
<td>March 2007</td>
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<tr>
<td>Perspectives on Irish Productivity</td>
<td>March 2007</td>
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<td>A selection of essays by leading Irish and international economists</td>
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<td>Waste Management in Ireland</td>
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<td>Tomorrows Skills: Towards a National Skills Strategy</td>
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<td>Business Continuity Planning - Responding to an Influenza Pandemic</td>
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<td>Advice to Businesses on Preparing for a Pandemic</td>
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<td>State Expenditure on Science &amp; Technology and Research and Development 2005 and 2006</td>
<td>February 2007</td>
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<td>National Competitiveness Council</td>
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## Forfás Websites

The publications of Forfás and the independent advisory councils to which it provides administrative and research support are available on the Forfás website [www.forfas.ie](http://www.forfas.ie).

Email notifications direct to your inbox are available on the latest announcements, press releases and publications. To sign up for our email alerts contact us at [info@forfas.ie](mailto:info@forfas.ie) or through the website.