

NEWS RELEASE

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Commons victory for Gareth's Bill

MPs anticipate solid achievement for Co-op movement

The Industrial and Provident Societies Bill has cleared its last major hurdle in the House of Commons and is now almost certain to reach the statute book.

The Private Members Bill, presented by Co-operative Party Chairman Gareth Thomas MP, received all-Party endorsement and Government support at Report Stage and Third Reading on Friday.

The Bill, which will enshrine greater protection against carpet bagging, was widely praised by Labour and Co-operative MPs as a significant boost for mutuality.

Gareth Thomas said: "The Bill achieves two things: first, it places co-operatives registered under the industrial and provident societies legislation in the same position as building societies by ensuring that on that most crucial decision whether or not to convert to a company, there is substantial democratic participation. Demutualisation can only take place on a 50 per cent turnout and the 75 per cent vote in favour, mirroring the existing provision in building society law.

"Secondly, the Bill permits the use of statutory instruments when company law is changed in future to assimilate industrial and provident society law with company law, to deal with the discrepancies on, for example, insolvency procedures, capacity rules, accounts and audit and other aspects of corporate governance."

“By facilitating the development of co-operatives and of businesses with community benefit aims, the Bill will benefit our economy and the development of communities that are both enterprising and caring.”

Andrew Love MP, who Chairs the Building Societies and Financial Mutuals Group in Parliament, was one of the many Members who paid tribute Gareth’s efforts in organising and sustaining widespread Parliamentary support for his proposals. He said: “Thanks to the hard work and commitment of Gareth Thomas and the Co-operative Party, we can celebrate the first legislation on industrial and provident societies for 30-odd years. A Bill that provides for updating industrial and provident society legislation without the need for primary legislation is a hugely important measure”.

Treasury Minister Dawn Primarolo told the House: “The Government believe that it is essential to help industrial and provident societies to operate on a level playing field with companies and other mutuals. This is an excellent Bill, and the Government want to see it on the statute book.”

Co-operative Party National Secretary said: “This is a fantastic result for the Co-operative Party. We have fought long and hard to update the legislation governing co-operatives and mutuals, and I am proud of this Bill and what it will achieve for our movement”.

The Bill will be steered through the House of Lords by Lord Dennis Carter, and should become law before the summer recess.

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Notes:

A further clause proposing to enable new community benefit societies to secure their assets in perpetuity was withdrawn, pending further examination of this issue by the Government’s Performance and Innovation Unit.

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