

NEWS RELEASE

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BREAKTHROUGH FOR CO-OP LEGISLATION **Industrial and Provident Societies Bill given backing of** **Parliament**

MPs have given overwhelming backing to a radical move to protect co-operative and mutual businesses from carpetbaggers, creating new opportunities for mutual organisations to run public services. The **Industrial and Provident Societies Bill**, a Private Members Bill sponsored by Co-operative Party Chairman Gareth Thomas MP, passed its Second Reading in the House of Commons on Friday 25th January.

The Bill, which incorporates key elements of the long-awaited Co-operatives Act, has received massive support from within the Labour and Liberal Democratic Parties, the Co-operative movement and the TUC, as well as many Conservatives. However, the Bill's progress could have been jeopardised by a hard core of right-wing Conservative MPs who initially planned to attempt to talk the Bill out Friday.

Foreseeing this threat, Mr Thomas and the Co-operative Parliamentary Group successfully mobilised more than 130 supportive MPs, enough to make any opposition to the Bill futile. After a five-hour debate, in which Labour and Co-operative MPs dominated proceedings with some fine speeches in support of mutuality, the Bill was accepted with no opposition. Speaking for the Government, Treasury Minister Ruth Kelly applauded Gareth Thomas's decision to table the Bill, and said that his proposals exemplified traditional values in a modern setting.

The Bill will now go before a Standing Committee, and it is hoped that it will become Law by this summer.

Introducing his Bill to the House, Gareth Thomas said: “Co-operatives and mutuals are a vital part of our society and economy. It is time we brought the legislation governing the sector up to date. Furthermore, as part of our crusade to improve our public services we need to promote more democratic ownership structures, giving people a real stake in a strong civic society. The adoption of the Industrial and Provident Societies Bill would be a small but highly significant step down that road.”

Speaking after the Co-operative Party’s second Parliamentary triumph in two weeks, Co-op Party National Secretary Peter Hunt commented: “Once again the Co-operative Party has proved that it delivers for co-operative and mutual organisations throughout Britain. There is widespread support for co-operative values within the Labour Party and the Government, but it takes effective organisation and Parliamentary muscle to translate this into legislative change. To get well over 130 MPs to attend the Chamber on a Friday is an achievement of which we can be justly proud.

“I am grateful for the solid support provided by the Labour and Co-operative Group of MPs, and also from the hundreds of co-operators from throughout Britain who took the time to write to their MPs asking them to support Gareth’s Bill. Last but not least, we are indebted to Cliff Mills of Cobbetts Solicitors, whose sterling legal advice was invaluable in enabling us to draw up a workable and radical piece of legislation.”

The Industrial & Provident Societies Bill proposes to:

- Extend the voting threshold required for de-mutualisation to 75%, with a minimum 50% member turnout. This would mirror recent Building Society legislation.
- Enable the founders of mutual Community Benefit Societies to choose a form of constitution that cannot be converted, thus safeguarding the

assets, capital and commitment to serving the community for future generations.

- Empower Parliament to amend present Industrial and Provident Society legislation by statutory instrument, to ensure that it remains modern and flexible. In other words, it would be possible for the many beneficial amendments that have been applied to company law (including those contained in the current Company Law Review) to be applied to Industrial and Provident Societies.

Industrial and Provident Societies provide essential services to many communities. They include consumer co-operatives, worker co-operatives, housing associations, credit unions, social clubs, footballer supporters' trusts, allotment societies – even Conservative clubs! Government Ministers are keen for more public services, including social housing, healthcare and childcare to be provided by mutual organisations.

ENDS

Notes for Editors

Gareth Thomas MP (Harrow West) is Chair of the Co-operative Party.

The Co-operative Party is the political voice of the co-operative and mutual sector. There are 29 Labour & Co-operative MPs. The party's campaigns formed the basis many of the achievements of the 1997-2001 Parliament, including the establishment of the Food Standards Agency, The Social Exclusion Unit's support for Credit Unions, and the raising of the majority vote required for Building Society demutualisation.

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