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**NMP & SICCI Chairman, Mr Neil Parekh's Parliament Speech at
the Second Reading of the Co-operative Societies
(Amendment) Bill**

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Dear media editors,

Attached is the speech by Mr Neil Parekh, Nominated
Member of Parliament & Chairman, Singapore Indian
Chamber of Commerce and Industry(SICCI), at the second
reading of the Co-operative Societies (Amendment) Bill

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-Begins-

Mr. Speaker Sir,

Thank you for allowing me to speak on this bill.

Cooperative societies play a significant role in Singapore's economic landscape. This has been evident in recent years especially during the pandemic, when the cooperatives did much to help those displaced at the workplace or struggling with reduced take-home pay. Our coops also help cushion price rises and an increased cost of living due to the volatile global political and economic environment.

The Cooperative Societies (Amendment) Act 2024 is a significant legislative reform that significantly impacts the broader operations and provides flexibility to the cooperative movement. This Act marks a new chapter with enhanced governance for cooperative societies in Singapore by streamlining regulatory processes, reducing bureaucratic hurdles and simplifying compliance. By allowing dividends and honoraria to be paid from reserves with the Registrar's approval, the Act acknowledges our need for greater operational flexibility.

In the current uncertain economic landscape, it may not be practical for the finances of an organisation to be considered purely on a 12-month block. While this remains the case for corporate entities, there is merit in introducing some form of flexibility, accompanied by the appropriate governance controls for cooperatives, as they play an

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essential and unique role in strengthening Singapore's ecosystem.

Reducing the number of required signatories from three to one also streamlines administrative procedures, enhancing operational agility and reducing bureaucratic burden. This welcome change empowers leadership and ensures cooperative societies can respond more rapidly to changing member needs and market conditions while maintaining the cooperative movement's core democratic principles.

This amendment represents a pragmatic shift towards a more efficient and responsive cooperative governance. The introduction of the new section 72A, specifying the allocation, distribution, and payment of reserves, is particularly noteworthy. This addition allows societies to allocate reserves to various funds, subject to the Registrar's approval, ensuring flexibility in financial management and adherence to regulatory and member interests.

These Funds could act as financial buffers, allowing societies to navigate economic uncertainty. Funds for social and environmental efforts can also strengthen the cooperative's reputation and member loyalty. The introduction of section 72A ensures transparency and accountability in financial decisions and can further align the societies' financial practices with their long-term sustainability and members' collective welfare.

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Now I would like to take this opportunity to seek some clarifications on this bill:

-How will obtaining the Registrar's approval for distributing dividends or paying from reserves work in practice?

-Has the Ministry made an assessment on the impact of these new amendments on members' rights and benefits? Also, what impact if any is expected on member engagement and investment in cooperative societies?

-With the increased responsibilities and decision-making powers regarding financial distributions from reserves, what additional guidelines or best practices should the Committee of Management follow to ensure transparency and accountability?

-Has an assessment been made on how quickly will cooperatives be able to respond to changing economic cycles to help their members under the new approval process?

Mr Speaker Sir, Cooperative societies have historically been bastions of financial stability and community support for their members. By offering a range of financial services, including savings and loan options tailored to their members' needs, co-ops play a crucial role in ensuring the financial well-being of individuals within the community.

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As we look ahead, we must leverage these legislative changes to foster innovation, enhance member engagement, and drive sustainable growth. We must also empower various social institutions, such as cooperatives, to play a role in strengthening our social compact in a relevant and meaningful way.

This dual focus on financial and community support is at the heart of the cooperative movement, illustrating the significant role co-ops play in strengthening the social fabric of Singapore. The Bill's focus on transparency, accountability, and member-centric governance benefits cooperative societies.

Mr Speaker Sir, notwithstanding my clarifications, I stand in support of this bill, Sir.

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