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**Speech by Dr Vivian Balakrishnan, Minister for Community Development,
Youth and Sports at the Official Opening of the International Co-operative
Alliance (IC') General Assembly 18 October 2007, 9am**

Mr Ivano Barberini, ICA President,
Mr Ian Macdonald, ICA Director General
Mr Seah Kian Peng, SNCF Chairman,
Co-operative Leaders,
Distinguished guests,
Ladies and gentlemen,

Good morning and a very warm welcome to Singapore, especially to those who have crossed thousands of kilometres and spent long hours of travel to attend this event.

2 I wish to welcome all ICA Board Members and delegates to Singapore. The ICA is one of the largest non-governmental organisations in the world and has 223 member organisations in 86 countries, representing more than 800 million people worldwide. Under the able leadership of Mr Barberini and his team, ICA has made its voice heard in the global arena and successfully promoted the co-op model as an alternative way of doing business.

3 I thank the ICA for giving Singapore the privilege of hosting this prestigious conference and congratulate SNCF for bringing this international conference to our shores. It is indeed an honour for Singapore to host this event which brings together more than 1,000 co-operative leaders from around the world to discuss key challenges facing the co-op movement. This is only the

third time that the General Assembly has been held in Asia and the first such high-level co-op event for South East Asia.

Event backdrop

4 The 2007 ICA General Assembly is held against the global backdrop of strong economic performance. Globalisation has opened up new markets and more business opportunities throughout the world. Here in Asia, the region has bounced back from the 1997 economic crisis. Two of the largest economies in Asia are leading the way with strong growth in 2007. The Chinese economic powerhouse grew by 11.5% in the first half of the year while India's GDP showed an increase of 9.3% in the first quarter. In Singapore, our GDP registered a year-on-year increase of 7.6% for the first half of 2007. However, the full benefits of economic growth have not filtered down to all groups of people in many countries. The Asian region still has many of the world's poor and unemployed and it is estimated that some 800 million people still live below the poverty line.

5 The co-op enterprise is ideally suited to helping the needy through the provision of meaningful employment and uplifting the community as a whole. The co-op self-help philosophy of giving workers a stake in the business has created many opportunities for the poor and disadvantaged. It has been estimated that co-ops already provide self-employment to several hundred million worker-owners of so-called 'production and services co-operatives'¹.

6 I am heartened that issues of sustainable economic and community development through the co-op model will be discussed at this General Assembly. I note that the keynote speakers will examine the issues of globalisation, sustainable development and co-ops as social enterprises. By getting the leaders in the respective fields to come together to share their

¹ A general term to describe co-ops that are production enterprises – mainly of the self-employed – and those that are providers of services to members

international perspectives, workable ideas can be generated which will bring the benefits of co-ops to even more people.

Theme of the General Assembly

7 It is particularly appropriate that the theme of this year's General Assembly is 'Innovation in Co-operative Business'. This theme succinctly captures the opportunities for co-ops to make a difference in today's challenging environment.

8 The theme recognises that co-ops are business entities. Co-ops have to succeed commercially. Only then can they provide benefits to their members and the broader community. Co-ops must aim for financial viability and build up surpluses for their long term sustainability. Co-ops typically function in the commercial marketplace and compete with other types of business enterprises to serve customers. As market participants, co-ops are subject to market trends and competitive forces. Consequently, co-ops must embrace leading edge best practices to better serve their members and other stakeholders.

Co-op innovation

9 'Innovation' requires creativity and problem solving abilities. In addition, for an organisation to be truly innovative, its management needs to be committed to supporting policies and practices that encourage innovation. Co-ops, like other organisations, should continually seek innovative ways to run their businesses and serve their members.

10 The co-op model itself is an innovation that straddles economic and social ideals. Co-operatives represent a self-help philosophy to meet the common economic and social needs of their members. Co-operatives also play a constructive role in this process of building a strong economic infrastructure for

the future, especially in the less developed sectors of the economy. Here in Singapore, the co-op movement has played a key part in innovatively giving members a stake in businesses and building up the community even as the co-ops grow. For example, NTUC FairPrice, a union supermarket co-op, had its roots in the 1970s when its precursor² was set up to stabilise prices and protect the purchasing power of workers. While staying true to its core purpose, the co-op has since grown to be a household name with 216 outlets throughout Singapore. NTUC FairPrice has been described as a “Supermarket Chain with a Social Conscience”. The co-op contributes millions of dollars to the community every year. In addition, in 2006, FairPrice returned \$44 million to members in the form of rebates and dividends.

11 As part of the drive towards greater organisational flexibility, there is a trend for co-ops to adopt non-co-op business structures like private limited companies for their associate or subsidiary entities. In addition, non traditional co-op structures like ‘new generation co-operatives’ have also been innovatively established in some countries. These new structures enable co-ops to expand their capital base while still retaining some co-op characteristics. The challenge for the co-op movement is how to innovatively retain the uniqueness of the co-op model even while it adopts features which are more commonly associated with non co-ops.

12 Other than just looking at co-op structures, it is perhaps more illuminating for us to re-examine what co-ops represent to members. Co-op members should be able to distinguish what additional benefits they obtain from their membership of co-ops compared to being just shareholders of companies. In this context, the values and principles of the co-op movement become even more important. In the midst of perhaps rather confusing changes in co-op structure, the co-op member should have the assurance that his interests are still protected. I am

² In 1973, the National Trades Union Congress launched a supermarket co-operative called NTUC Welcome. NTUC FairPrice was officially formed in 1983 from the merger of NTUC Welcome and Singapore Employees Co-operative.

pleased to note that the co-op movement has endorsed the need for good corporate governance. Here in Singapore, the SNCF launched a Code of Governance for Co-operatives in November 2006. This Code encapsulates the best governance practices of the industry and aims to help co-op boards and management better fulfil their responsibilities to co-op members and other stakeholders. Ultimately it is not the kind of capital structure which the co-op adopts that makes a difference to its members. Instead it is the trust and the value in the co-op brand and model which are of greatest importance to members.

Review of co-op legislation

13 My Ministry has been working with the key stakeholders in the co-op sector to review the legislative framework regulating co-ops. We will be amending the legislation next year. These legislative changes will help put in place a more risk-based approach in the supervision of co-ops. We will be moving away from the existing prescriptive regulatory approach to a more disclosure-based system. We also plan to update co-op legislation to better reflect today's environment and to help the sector further increase its level of accountability and governance. The proposed changes to co-op legislation, together with greater industry self-regulation, will create a more robust co-op movement where members have greater assurance that their interests are protected. The changes will also help provide co-ops with greater flexibility to manage their operations and compete in the marketplace. It is our hope that under the proposed new regulatory environment, co-ops can seek even more innovative ways of serving the needs of their members and other stakeholders.

Conclusion

14 We live in a challenging world. Globalisation has created many opportunities for growth and business. Many of us have benefited from it but some have yet to enjoy the fruits of globalisation. This event gives us an opportunity to put our heads together and in true co-op spirit come up with innovative ideas to bring the benefits of co-operatives to more people in our communities.

15 I congratulate the ICA and SNCF for making this important meeting possible. Ladies and Gentlemen, I wish you all a successful General Assembly and a pleasant stay in Singapore.