

It's the People!

Entering Cooperatives back into the economic and legal arenas: Israel bottom-up action and general lessons

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רשומות

הצעות חוק

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כ"ט בתשרי התשע"ו

עמוד

הצעת חוק התבנות הבלבוליות (תיקוני חקיקה ליישום המדיניות הבלבולית לשנת התקציב 2017

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A (very) brief History of Urban Cooperatives in Israel

- 1948 – When Israel was founded – 2400 cooperatives in all economic and social fields: Consumers, Credit Agriculture, Transportation, Housing, Education, Health, Insurance, Publication, Journalism, Theatre....
- 1970's – 1990's – almost all urban cooperatives de-mutualized.
(a few are still registered as Cooperative Societies, but have no cooperative values and principles).

The Social Protest main Themes

Cost of living:

- Unaffordable housing;
- High prices of basic products;
- Less and less services provided by the state;
- The changing labor market turned many from "employees" to "privet contractors" "free lances“;
- Cost of Banking Services

Outcomes of the Social Protest:

A New Cooperative Movement

- Consumers' Co-ops;
- Workers' Co-ops – High tech, Psychologists, Light and Sound Services;
- Art Galleries;
- Cooperative Bars and Restaurants;
- Transportation Cooperatives

The best thing about starting a cooperative is that all it takes is a group of people who want to organize and is willing to put in the time and effort!

But...

If a group wants to establish a Cooperative Bank...

Or receive a loan to built a housing cooperative...

Or get tax exempts for a renewable energy cooperative.....

The Banking System in Israel

Highly centralized:

5 major banks hold 93% of the market;

3 hold 72%;

The banking services prices are very high, and the regulation hasn't been able to protect the public.

- There has never been a Cooperative Bank in Israel.
- There used to be Credit and Loan Cooperatives – merged into the big banks in the 1960's.
- No relevant regulation.

The cooperative Societies Ordinance (1933)

A legal frame for cooperatives that lacks any notion of cooperative values or principles.

After the social protest

The government started a committee that ended up in recommending allowing credit unions.

Draft regulations 2014-2015

Equity Capital: 20 Million \$US Not including expenses

Limited operation – size and services – can't become a bank

Expensive Tech and other connections to the Bank of Israel



Credit Unions Bill 2016

- Equity Capital: 200,000\$ - 800,000\$;
- Most banking services can be provided;
- can grow to become a bank;
- A new Regulatory body as supervisor – not the Bank of Israel.
- Taxation - we suggest the law would determine that credit unions won't pay the special financial institutions taxation. ???

Credit Unions Bill 2016

What about Cooperatives Values and principles???

We suggested A reference to :

ILO R 193 Promotion of Cooperatives Recommendation
2002 x

and

U.N Guidelines aimed at creating a supportive
environment for the development of cooperatives 2001
x

Democratic control - Governance

The original bill:

- Professional management;
- On small credit unions – no elected board necessary;
- All board members must have professional background;
- All candidates for board must be approved in advance by the Bank of Israel

We suggested:

- Must have elected board; ✓
- Board members should not be pre-approved; ✓
- Only management must be of professionals. ?

Membership

The original bill:

- Only persons and small businesses can become members.

We suggested:

- All cooperatives and all non-profits could be come members. ?

Cooperation between Cooperatives

We suggested:

An exempt to antitrust law – allowing credit unions to cooperate.

The bill allows limited cooperation. ✓

We suggested:

- Transparency Requirements. ✓
- Protection against de-mutualization –
 - members' shares – nominal value; ✓
 - 80% majority for de-mutualization; ✓

July 2017!

A first Israeli Credit Union (after 50 years)?!



THE COOPERATIVES ALLIANCE
for Social, Economic and Environmental Justice