

**SINGAPORE NATIONAL CO-OPERATIVE FEDERATION**  
**ANNUAL CO-OPERATIVE LEADERS' CONFERENCE 2008, 1 NOVEMBER 2008 AT**  
**THE BAIYOKE SKY HOTEL BANGKOK**

**KEYNOTE ADDRESS "CHANGING TIMES – MAKING CO-OPERATIVES**  
**RELEVANT" BY MR CHAN TEE SENG, CHAIRMAN, SNCF EXECUTIVE COUNCIL**

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Fellow co-operators

A very good morning to all of you and welcome to Bangkok!

I would like to thank all of you for your presence here today to participate in this Annual Co-operative Leaders' Conference.

Our annual conferences are a great opportunity to network. It is also a time for us to reflect and discuss issues that are of concern to co-operatives in a changing economic landscape.

Before I proceed, I would like to acknowledge our Guest Speaker, Dr Preecha Sitdhikornkrai from the Co-operative League of Thailand (CLT), who despite his busy schedule, has graciously agreed to share with us developments in the co-operative movement in Thailand. We look forward to learning from Dr Preecha.

Three of our fellow co-operators will also be sharing on different subjects. Ms Freda Tham, Executive Director of ISCOS will speak on the subject of Social entrepreneurship. Mr Poh Leong Sim, Co-operative Secretary and Legal Director of the NTUC FairPrice will share NTUC FairPrice's experience on Innovation. Mr Teo Say Hong, ICA Global Youth Representative and Chairman of SNCF Youth Committee will present a topic on leadership rejuvenation.

**The Singapore Co-operative Movement today**

Today, there are 87 registered co-ops with a total membership of more than one million, of which 73 are affiliated to SNCF.

The largest of our co-operatives are those formed by the NTUC. The NTUC co-ops themselves have a combined turnover of \$4 billion, and 10,000 employees. Some non-NTUC co-operatives too have become significant players in their sector. This include the Premier Security, Telecom Credit Co-operative (or TCC), and Seacare Co-operative, just to name a few. Combined, we have a significant impact and reach on society.

Co-operatives have come a long way. The earliest co-ops in Singapore were established in the mid-1920s as thrift and loan societies where groups of public sector employees came together to help their members save and take out loans when in need. These co-ops were amongst the earliest community self-help organisations that emerged in Singapore.

The Co-op sector has since grown into a significant part of Singapore economic landscape. The turning point of the Co-operative Movement came in the early 1970s with the birth of co-operatives set up by the NTUC, as a means to uplift the social and economic well-being of workers.

### **A positive climate for co-operatives**

The social, intellectual, and political climate is more favourable conducive towards the role of co-operatives in society.

First, co-operatives have come forth strongly to help relieve the high cost of living experienced in the last few years. This has garnered considerable goodwill amongst the population. With the weak economic conditions expected in the next few years, co-operatives can play a role to help cushion the impact on cost of living, and further demonstrate their social mission.

Second, a new phrase, called “social enterprises” has been coined. Although there is yet no one common definition of what a social enterprise is, they refer to organisations whose goals to address social challenges in an economically sustainable way. Social enterprises include co-operatives, companies limited by guarantee, foundations, and other not-for-profit entities.

The NTUC itself has set up a social enterprise development council, chaired by Minister Lim Boon Heng, to promote the development of co-operatives in the NTUC sector. At the national level, there is a move by Spring Singapore to set up a Social Enterprise Association, as a means to promote social entrepreneurship. The SNCF has been invited to be one of the founding members of this association.

Third, there is also a push for companies to behave in a more socially responsible manner. A few years ago, a tripartite body called the Singapore Compact was formed to promote corporate social responsibility (CSR) amongst companies.

Fourth, there is now greater awareness by policy makers that alternative forms of business enterprises can play a role where pure private business operators would be able to meet the needs. For example, the Government is now looking towards NTUC Childcare as one of several “anchor operators”, to help enhance the capacity, accessibility, and affordability of pre-school centres, to meet the needs of the national population policy. NTUC Learning Hub, a subsidiary under the NTUC Investment co-operative, is shaping up as an important player in vocational training and job placement.

Even the EDB, well known for attracting MNCs into Singapore, is now charged with the mission to attract Non-Government Organisations (NGOs) to set up their operations in Singapore. They have set up a special unit to do so. They have succeeded in attracting the World Wildlife Foundation (WWF) to set up its office in Singapore. They are trying to get UNICEF to have an operation in Singapore.

Finally, we have the resources, under the CCF, to support projects that will help build capabilities amongst our co-operatives. And we already have networks in various sectors of the economy – in services, retail, health care, education, financial, and campus.

In short, the social, intellectual, and policy climate for the development and growth of co-operatives as social enterprises is a positive one.

Co-ops are a natural form of social enterprise. They effectively combine the discipline of economics and business with the values of caring for society. We are well placed to play an important role in this new wave of interest in social enterprises as part of the nation's social and economic transformation. Several of our flagship enterprises are already actively engaged.

### **Challenges and opportunities ahead**

Looking ahead, what are some of the challenges and opportunities confronting the co-operatives sector? I would like to highlight a few of these.

#### **Credit co-operatives**

One immediate one is the current global financial crisis. Our credit co-ops operate in the financial sector, and are not spared from the forces at work. A new co-operative legislation has just been passed. The Ministry of Community Development (MCYS), with the advice of the MAS, will issue a set of prudential guidelines from next year. This includes setting a capital adequacy requirement of 8% of the total assets. Under the new international accounting standards (FRS 32), shares of co-operatives which are redeemable cannot be counted towards the capital requirement of co-operatives. Other changes include setting stricter membership criteria for credit co-operatives.

How do we respond to these changes?

Two weeks ago, on October 16, the Government announced that it is guaranteeing all Singapore dollar and foreign currency bank deposits placed in banks, financial institutions and credit co-ops until 31 December 2010. The extension of the Deposit Guarantee Scheme to cover credit co-ops will strengthen public confidence. But it will come with certain costs and conditions. SNCF will consult with the Chairman and members of the Credit Sector to see how we can render some assistance, so that all our credit cooperatives can participate in the scheme.

Longer term, there are several things that we need to look at. How can we strengthen the risk management capability of the credit co-operatives? Are our co-operatives able to meet the capital adequacy requirement, and what are the options if they are unable to do so? Are we able to compete with private financial institutions?

It is timely that we ask if our current business model needs to be re-examined in light of these changes, and what needs to be done or changed. We do not yet have the answer, but I think SNCF is prepared to render assistance and resources, to identify the way forward.

### **Strengthening existing co-operatives**

A second important challenge is how can we help our co-operatives to be even more competitive, so that they can better fulfil their social mission? What type of capabilities and resources do they need?

One example that we can study is the framework developed by Spring Singapore to champion the growth and development of SMEs, and develop their capabilities and capacities.

We can start with identifying which are the co-operatives that can make a significant impact in their sector or domain, and how can we help them – in terms of manpower development, leadership development, network, or IT infrastructure. We can consider supporting individual co-operatives, or in a cluster.

### **Meeting new social needs**

To stay relevant, we must continue to innovate.

Co-operatives can play a role in helping our society be more cohesive, resilient, and self-reliant - whether it is about helping the disadvantaged in society, or meeting the challenges of an aging society, or tackling new other social challenges that arises.

In the light of the growing social entrepreneurship environment, what are possible new areas that co-operatives could play a part in? What are strategies that co-operatives can deploy to reach out to new customers? How can we seed new ideas and initiatives?

What is unique about the co-operatives model is that it operates on the basis of a self-sustaining model. This differentiates us from many other “do good” organisations that depend on fund raising or charities.

The SNCF and the CCF is prepared to fund and seed new initiatives by existing and new co-operatives that addresses these new issues.

### **Engaging the youth**

Finally, as a movement, we must continue to rejuvenate, renew and innovate.

For the Co-operative Movement to remain dynamic and vibrant, we must embrace talent and young people to choose joining a social enterprise as a career. In a tight labour market, co-ops have to compete with others for a limited pool of talent.

This year, SNCF started a scheme to offer Scholarship to tertiary studies for the very first time. The Scholarship aims to attract, develop and nurture suitable talents to enter the ranks of the Co-op sector in Singapore. At the same time, co-ops should continue to strengthen your pool of talents and plan for the effective succession of leaders.

The new language of “social enterprise” is one that is catching on, and more attractive to the young. I heard over radio the other day how a student from the Singapore Management University (SMU) speaks animatedly about the world of social enterprises. We must ways to tap this drive, enthusiasm, and energy, to add a new dimension to the Co-operative sector.

We must also find ways to get a fair share of the youth as our customers and members.

For example, how can we find new ways to engage the youth, including students our tertiary institutions and schools, to adopt the co-operative model? They can help spread the reach of co-operatives in the campuses and schools, and educate them about co-operatives, to become loyal customers of the future.

The youth are savvy in the adoption of new media. This is one possible way we can engage them in the Co-operative Movement.

Unfortunately, many of the leaders of the Campus Sector are not able to make it today, but SNCF look forward to members of the Campus Sector and Youth Committee to do more in this area.

## **Conclusion**

In closing, the Co-operative sector can look forward to challenging and exciting times ahead.

We have done very well to rise to the challenges of the tough economic conditions in the last 5-7 years. The difficult times ahead present an opportunity for us to continue to show our commitment to meeting our social objectives.

As we forge ahead, we need to find new ways to innovate, to meet new challenges. I have outlined several key challenges. One, to meet the challenges in the Credit Sector. Two, to build competencies to be more competitive in the market place. Three, to innovate and to meet new social needs. And four, to embrace the youth as a source of talent, and customers.

The new SNCF Executive Committee and I also look forward to working with you in meeting these challenges ahead.

We look forward to an engaging discussion this afternoon. Thank you and have a wonderful stay in Bangkok.