



**BUSINESS COUNCIL**  
OF CO-OPERATIVES AND MUTUALS

# Co-operatives and the UN Sustainable Development Goals

Submission to the Senate Standing Committee on Foreign  
Affairs Defence and Trade

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### About the BCCM

Formed in 2013 following the United Nations International Year of Co-operatives<sup>1</sup>, the Business Council of Co-operatives and Mutuals (BCCM) is the peak body for Australian co-operatives, mutuals and member-owned enterprises. The BCCM represents a diverse range of enterprises operating in sectors including agriculture, finance and banking, insurance, motoring services, health services, aged care, disability employment, education, indigenous services, social housing and retail.

The BCCM advocates for recognition of the sector and for measures that create a level playing field between co-operatives and other businesses, including implementation of the recommendations of the Senate Economics References Committee report into Cooperative, mutual and member-owned firms<sup>2</sup>, and implementation of the Hammond review into Access to Capital for CMEs.<sup>3</sup>

<sup>1</sup> See <https://social.un.org/coopsyear/>

<sup>2</sup> [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Cooperatives/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/Report)

<sup>3</sup> <https://treasury.gov.au/publication/p2017-t235882/>

# 1 Overview

The Business Council of Co-operatives and Mutuals (BCCM) is pleased to make this submission to the Senate Standing Committee on Foreign Affairs Defence and Trade inquiry into the Sustainable Development Goals (SDGs) on behalf of the Australian co-operative and mutual sector.

Sustainable development is not an ‘add on’ for co-operatives and mutuals; sustainable production of goods and services forms the very “DNA” of why these organisations do business the way they do. In recognition of the important contribution of co-operatives and mutuals to the implementation of the SDGs, the theme for this year’s International Day of Co-operatives – 7 July 2018 – is the contribution co-operatives make to ‘sustainable consumption and production of goods and services’.

*What are co-operative and mutual enterprises (CMEs) and why are they important contributors to implementation of the SDGs?*

Co-operative and mutual enterprises (CMEs) are organisations that form to meet the common economic and social needs of a group of people or businesses. Often, the catalyst for a group to form a co-operative is that its needs are not being met due to various kinds of market failure.

As recognised by the United Nations in its 2030 Agenda, co-operatives are an important private sector actor in the domestic and international implementation of the SDGs.<sup>4</sup> Inclusion of the co-operative sector in the Agenda was recognition that co-operatives and mutuals form a distinct global network of businesses, capable of partnering (Goal 17) with government and other stakeholders to implement the SDGs. As self-help organisations, they provide an avenue for grassroots responses to economic, social and environmental problems that develop the capacities of the individual members while solving the problems faced by the members’ community as a whole.

Co-operatives were the first business sector to commit - via the International Co-operative Alliance – to implementing the SDGs.<sup>5</sup> The willingness of the co-operative sector to commit flows from the alignment between the SDGs and the co-operative sector’s unique, people-focused, way of doing business. Scale and bottom-up approaches to development are not antitheses. With more than one billion members around the world, including nearly 15 million Australians, co-operative and mutual enterprises will be significant private sector actors, independently and as partners with other stakeholders, in the implementation of the SDGs globally.

Our submission covers the following key points while responding to the terms of reference:

- **The co-operative and mutual structure is designed to deliver sustainable social, economic, cultural and environmental outcomes for members and the community**
- **the global co-operative movement has committed to contributing to the implementation of the SDGs**

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<sup>4</sup> United Nations 2030 Agenda for Sustainable Development: “We acknowledge the role of the diverse private sector, ranging from micro-enterprises to cooperatives to multinationals, and that of civil society organizations and philanthropic organizations in the implementation of the new Agenda.”

[http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E), 10.

<sup>5</sup> <http://old.ica.coop/en/media/news/summit-declaration-commits-sustainable-development-goals>

**Sustainable Development Goals**

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- **The co-operative sector in the Asia-Pacific region has identified priority areas where it can contribute to the SDGs, including through partnership with governments and other stakeholders**
- **Caution should be exercised in narrowing the focus of Australia's ODA program to particular SDGs**
- **Australian Government should prioritise capacity building and enterprise development in implementing the SDGs**
- **The Australian Government should partner with the co-operative and mutual sector in implementing enterprise development projects that support the SDGs**
- **Australian co-operatives and mutuals are contributing to the domestic implementation of the SDGs**
- **The VNR process should include formal consultation with the co-operative and mutual sector**

We hope that the Committee recognises the important role co-operatives and mutuals have played, and will play, in sustainable development in Australia and globally. We would be happy to provide further information to the Committee on any points raised in this submission.

## 2 What are co-operative and mutual enterprises (CMEs) and why are they important contributors to the implementation of the SDGs?

**The co-operative and mutual structure is designed to deliver sustainable social, economic, cultural and environmental outcomes for members and the community.**

CMEs are businesses owned by or on behalf of their customers, employees, a group of like-minded producers or a combination of these.

CMEs are self-help enterprises that form to meet the common economic and social needs of a group of people or businesses. Often the group's needs are not being met due to various kinds of market failure.

There are 1.2 billion members of co-operatives globally.<sup>6</sup> In Australia there are more than 2,000 co-operatives and mutuals with a combined membership base of more than 14.8 million.<sup>7</sup>

The global co-operative sector has developed principles which help guide co-operatives to meet the common economic, social and cultural needs of their members and the community sustainably.<sup>8</sup> It is the only business sector to have globally agreed set of principles guiding business mission and structure. The global peak body for the sector, the International Co-operative Alliance, has committed the sector to a range of sustainability actions.<sup>9</sup>

In Australia, the co-operative principles are incorporated into the Co-operatives National Law.<sup>10</sup> The principles are as follows (Principle 7 in particular, commits a co-operative enterprise to consider the needs and interests of the wider community in which it operates):

### **1. Voluntary and Open Membership**

*Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.*

### **2. Democratic Member Control**

*Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have*

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<sup>6</sup> For this and other global statistics about the co-operative movement, see <https://ica.coop/en/facts-and-figures>

<sup>7</sup> <http://bccm.coop/wp/wp-content/uploads/2017/11/BCCM-2017-NME-Report.pdf>

<sup>8</sup> For further explanation see <https://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

<sup>9</sup> <http://old.ica.coop/en/blueprint-themes/sustainability>

<sup>10</sup> Co-operatives National Law or consistent legislation has been adopted in all States and Territories except Queensland. Section 10 of the Law lists the co-operative principles, and section 11 states that the entire Law will be interpreted in line with co-operative principles. NSW Fair Trading hosts information about the Co-operatives National Law implementation on behalf of all States and Territories:  
[http://www.fairtrading.nsw.gov.au/ftw/Cooperatives\\_and\\_associations/About\\_cooperatives/Cooperatives\\_national\\_law.page](http://www.fairtrading.nsw.gov.au/ftw/Cooperatives_and_associations/About_cooperatives/Cooperatives_national_law.page)

*equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.*

### **3. Member Economic Participation**

*Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.*

### **4. Autonomy and Independence**

*Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.*

### **5. Education, Training and Information**

*Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.*

### **6. Co-operation among Co-operatives**

*Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.*

### **7. Concern for Community**

*Co-operatives work for the sustainable development of their communities through policies approved by their members.*

Broadly speaking, there are three types of co-operative and mutual enterprise – customer owned, worker owned and producer owned - that deliver sustainable production of goods and services to the key stakeholders

*Customer owned:* The objective is service quality and price, rather than profit maximisation. Australian examples including customer-owned banks (e.g. CUA, Bank Australia), health insurance (HCF, RT Health), food retail (The Co-op - Barossa), primary health (National Health Co-operative) and motoring clubs (RACQ, NRMA).

SDG outcomes include access to a range of essential goods and services such as food, healthcare and credit while taking into account social and environmental impact (Goal 1, No Poverty, Goal 3, Good Health; Goal 12, Responsible Consumption and Production).

*Worker owned:* The objective is high quality employment that incentivises employees, provides work place democracy and shares wealth, often whilst pursuing social goals like high quality social care and environmental health. Australian examples are non-residential aged care provider, The Co-operative Life, and refuse shop operator, Resource Work Cooperative.

SDG outcomes include decent work and living conditions for employees and reduced inequality in

the distribution of wealth (Goal 8, Decent Work; Goal 11, Reduced Inequalities)

*Producer owned:* The objective is to enable groups of small businesses to work together to operate in markets that they could not enter alone or would otherwise be dominated by large investor owned firms. Many such co-ops exist in agricultural production, where co-ops enable smaller producers to combine their efforts to compete. Well known examples are Co-operative Bulk Handling (CBH) and Norco, and in automotive purchasing, Capricorn Society.

SDG outcomes include production of essential goods and services such as food, decent work and living conditions for small producers and the ability to balance short-term interests of producers with social and environmental concerns (Goal 2, No Hunger, Goal 8, Decent Work; Goal 14, Life Below Water; Goal 15, Life on Land)

### 3 Response to Terms of Reference

#### The understanding and awareness of the SDG across the Australian Government and in the wider Australian community

The Australian co-operative and mutual enterprise (CME) sector is highly aware of the SDGs. Australian CMEs are part of a global network of co-operative and mutual enterprises, which have been delivering sustainable outcomes for members and communities for hundreds of years.<sup>11</sup>

The co-operative and mutual sector, in Australia and globally, is recognised by and engages closely with the United Nations and other international agencies in the setting of development goals and programs. The International Co-operative Alliance is an accredited NGO with consultative status at the UN Economic and Social Council, since 1946. It was one of the first NGOs to be granted such status. In this context, the ICA works with the United Nations and its agencies in different contexts to promote the co-operative movement within the UN system.

The importance of co-operatives for the living and working conditions (Goal 8, Decent Work) of producers and employees has been recognised by the International Labor Organisation. The ILO also emphasises the role of co-operatives in empowering women (Goal 5, Gender Equality) and providing basic goods and services where the state or investor-owned firms are unable to (Goal 1, No Poverty).<sup>12</sup> The ILO has had a dedicated co-operatives unit since 1920, just one year after its foundation. The ILO undertakes outreach programs to develop and support producer co-operatives.

The Committee for the Promotion and Advancement of Cooperatives (COPAC)<sup>13</sup> is a multi-stakeholder partnership that gathers the International Co-operative Alliance, the UN Department of Economic and Social Affairs, the ILO, the FAO and the World Farmers Organization and is a good example of how the UN system partners with the co-operative sector to further promote the role of co-operatives in achieving sustainable development.

In recognition of the social and economic achievements of the co-operative sector, in 2012 the

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<sup>11</sup> For one introduction to the origins of the modern co-operative movement see <https://www.youtube.com/watch?v=DNVzOsZt6ew>

<sup>12</sup> <http://www.ilo.org/global/topics/cooperatives/lang--en/index.htm>

<sup>13</sup> <http://www.copac.coop/>

United Nations held the International Year of Co-operatives.<sup>14</sup> The co-operative sector became the only business sector to receive such recognition from the UN, because, in the words of then-Secretary General Ban Ki-moon:

*‘Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.’<sup>15</sup>*

Following this, the co-operative sector was explicitly recognised as a key private sector actor in the implementation of the SDGs in the UN’s 2030 Agenda for Sustainable Development.<sup>16</sup> In response to this recognition, **the global co-operative movement has committed to contributing to the implementation of the SDGs** and monitoring its own contributions.<sup>17</sup> Co-operatives can pledge their contributions to the SDGs at [www.coopsfor2030.coop](http://www.coopsfor2030.coop).<sup>18</sup> CBH Group, one of the BCCM’s founding members and Australia’s largest co-operative, has pledged to improve its environmental performance.

Since 1923, the co-operative movement has celebrated International Day of Co-operatives on the first Saturday of July. This year, the theme is ‘sustainable production and consumption’, recognising the fundamental alignment between co-operatives and this SDG (Goal 12) as well as this year’s theme of the High Level Political Forum to be held at the UN in New York.

## How countries in the Indo-Pacific are responding to implementing the SDG, and which of the SDG have been prioritized by countries receiving Australia’s ODA, and how these priorities could be incorporated into Australia’s ODA program

**The co-operative sector in the Asia-Pacific region has identified priority areas where it can contribute to the SDGs, including through partnerships with governments and other stakeholders.**

In February 2018, the International Co-operative Alliance Asia-Pacific, supported by the European Union (see case study on page 11) and the co-operative sector in Sri Lanka, held the Asia-Pacific Co-operative Development Conference in Colombo to discuss how the co-operative sector can best contribute to the SDGs.<sup>19</sup>

The priority areas where co-operatives will contribute to the SDGs in the Asia-Pacific are:

- Eradicating poverty
- Sustainable food systems
- Improving access to basic goods and services
- Protecting the environment

<sup>14</sup> <https://social.un.org/coopsyear/>

<sup>15</sup> <https://social.un.org/coopsyear/>

<sup>16</sup> United Nations 2030 Agenda for Sustainable Development: “We acknowledge the role of the diverse private sector, ranging from micro-enterprises to cooperatives to multinationals, and that of civil society organizations and philanthropic organizations in the implementation of the new Agenda.”

[http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E) , 10.

<sup>17</sup> <http://old.ica.coop/en/media/news/summit-declaration-commits-sustainable-development-goals>

<sup>18</sup> <http://www.coopsfor2030.coop/en>

<sup>19</sup> <http://ica-ap.coop/icanews/asia-pacific-co-operative-development-conference-held-colombo-sri-lanka>



The BCCM is a member of the Stakeholder Council that met at the conference, made up of co-operative, government and development NGO representatives from throughout the Asia-Pacific region who advise the International Co-operative Alliance Asia-Pacific on policy priorities. The Stakeholder Council is part of an effort to increase the co-ordination between the co-operative sector and governments in the region in relation to common economic and social objectives, including the SDGs.<sup>20</sup>

## Which of the SDG is Australia best suited to achieving through our ODA program, and should Australia's ODA be consolidated to focus on achieving core SDG

In our view, **caution should be exercised in narrowing the focus of Australia's ODA program to particular SDGs.** The SDGs are a holistic framework for sustainable social, economic, cultural and environmental development. Australia's ODA program should therefore focus on initiatives that have a broad scope and contribute to as many of the SDGs as possible.

## Examples of best practice in how other countries are implementing the SDG from which Australia could learn

**The Australian Government should prioritise capacity building and enterprise development in implementing the SDGs,** both domestically and through the ODA program. Capacity building and enterprise development are cost effective approaches to development, promote self-reliance and deliver long-term results for local communities and are being employed in other countries in the region.

As part of a focus on enterprise development, Australia's ODA program should partner with the co-operative sector in the creation and development of co-operative enterprises. Co-operatives are people-centred businesses, able to respond to *all* of the SDGs, including by:

- creating decent work and living conditions
- achieving food security
- reducing gender inequality
- eradicating poverty

The International Co-operative Alliance has provided a detailed report on how co-operatives are achieving sustainable development for all.<sup>21</sup>

**The Australian Government should partner with the co-operative and mutual sector in implementing enterprise development projects that support the SDGs.** Utilising the co-operative structure as the enterprise model as part of the ODA Program is not only cost effective but can also

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<sup>20</sup> It builds on and relates to the Asia-Pacific Co-operative Ministers' Conference. The most recent Ministers' Conference was held in Hanoi in 2017. The BCCM presented a letter from the Deputy Prime Minister to the Conference. <https://www.thenews.coop/116643/sector/regional-organisations/10th-asia-pacific-co-operative-ministers-conference-begins-in-vietnam/>

<sup>21</sup> <https://ica.coop/en/media/news/new-alliance-report-co-ops-for-2030-a-movement-achieving-sustainable-development-for-all>

ensure that the aid spending is multiplied many times and contributes to building the economic independence of developing nations. The BCCM has provided evidence on the efficacy of the co-operative international development approach in previous submissions to parliamentary inquiries.<sup>22</sup>

Co-operative development has the following features:

- Co-operatives are self-help, private responses to market failures and/or can operate sustainably where markets are underdeveloped
- Co-operatives are a suitable structure to advance a wide range of economic, social, cultural and environmental purposes, as determined by local owner-members
- The co-operative structure inherently requires ongoing education, self-help and entrepreneurship (capacity building) among local communities who own the co-operative and are responsible for its long-term success
- Co-operatives are open membership organisations that promote participation by women and minorities
- The co-operative structure is aligned with the SDGs, as recognised by the United Nations
- The global co-operative movement has committed in a variety of ways to implementing the SDGs and can partner with governments and other stakeholders to leverage impact

Australian CMEs are actively contributing to international co-operative development efforts, particularly in the development of credit unions in South East Asia. The Australian Mutuals Foundation, which is primarily funded by Australian customer-owned banks and credit unions, funds Asian Confederation of Credit Unions capacity building and credit union development projects delivered by local staff in Laos, Bhutan and Myanmar.<sup>23</sup> These projects align with SDG 1, insofar as access to affordable financial services is crucial to the alleviation of poverty, building stable communities and strengthening national economies.<sup>24</sup>

The BCCM co-ordinates with the international co-operative sector on priorities for enterprise development in the Asia-Pacific region. The BCCM had had preliminary talks with co-operative development agencies and the government and co-operative sector in Vanuatu about partnering in enterprise development projects in Vanuatu.<sup>25</sup>

The following are examples of co-operative sector organisations that are contributing to enterprise development in the Asia-Pacific in partnership with governments and other private sector actors.

#### *Sanasa Federation (Sri Lanka)*

SANASA Federation Ltd (Federation of Thrift and Credit Cooperative Societies Ltd) the largest co-operative sector in Sri Lanka, is implementing the “SANASA Lassana Lanka (Beautiful Lanka)” Program (SLLP) under the Next – Blue-Green Economy - Sustainable Village Development Program. SANASA is a national partner for the Ministry of Mahaweli Development & Environment (MoMDE) to achieve the SDGs. The short-term target is to rollout sustainability programs in 100 villages, with

<sup>22</sup> [http://bccm.coop/wp/wp-content/uploads/2014/06/BCCM\\_Submission\\_JSCFADT\\_May.pdf](http://bccm.coop/wp/wp-content/uploads/2014/06/BCCM_Submission_JSCFADT_May.pdf) and [http://bccm.coop/wp/wp-content/uploads/2016/03/BCCM-submission\\_DFAT.pdf](http://bccm.coop/wp/wp-content/uploads/2016/03/BCCM-submission_DFAT.pdf)

<sup>23</sup> <http://www.australianmf.org/our-work/>

<sup>24</sup> [http://www.woccu.org/newsroom/releases/WOCCU\\_United\\_Nations\\_Discuss\\_Community\\_Development](http://www.woccu.org/newsroom/releases/WOCCU_United_Nations_Discuss_Community_Development)

<sup>25</sup> Also note that a Pacific region co-operative conference to be held in Vanuatu is being planned for the second half of 2018.

the long-term aspiration of delivering programs in 10,000 villages.<sup>26</sup>

### *Agricultural co-operatives in Japan*

Japanese agriculture co-operatives have engaged with the Ministry of Agriculture, Forestry and Fisheries to secure support under Japan's Overseas Development Assistance Program to build the capacity of co-operatives in Asia and Africa. The training programs are focused on the development of leaders to manage and develop farmers' organisations and agricultural co-operatives, promote women's participation in business and management of agricultural co-operatives, and foster leaders of agricultural co-operatives in business development.

### *NRECA International (United States)*

NRECA International, the international development arm of the National Rural Electricity Co-operative Association, works with USAID and host nation co-operative sectors to develop electricity co-operatives. They have implemented successful projects in South East Asia and Africa and have comprehensive materials to support bottom-up enterprise development.<sup>27</sup> NRECA International often focuses on supporting the local co-operative sector in undertaking the groundwork of an enabling legislative, regulatory and policy environment for co-operative enterprise.

### *NCBA International (United States)*

National Co-operative Business Association (NCBA) International, the aid and development arm of the peak body for co-operatives in the United States, was formed in 1945 to aid the rebuilding effort in Europe. It went on to support the formation of Indian fertilizer co-operative, IFFCO, now the largest co-operative of its type in the world.<sup>28</sup> It currently has projects in Indonesia and East Timor that aim to strengthen agricultural co-operatives and the smallholder producers who supply them.<sup>29</sup> The projects in East Timor are in partnership with the 18,000-member Cooperative Café Timor (CCT), and are funded by the New Zealand Government and USDA. CCT has a high proportion of women in membership and leadership roles, despite land titles often being held by the male head of the family, and is the largest private sector provider of health services in East Timor.

### *Agriterra (Netherlands)*

Agriterra is the international development body of Dutch agricultural co-operatives. It supports professionalisation of existing agricultural co-operatives that demonstrate a desire to self-fund, grow and improve their practices. Its methodologies are focused on capacity building and facilitating the sharing of technical knowledge and expertise between members of mature farmer co-operatives and developing farmer co-operatives.<sup>30</sup>

### *Rabobank Foundation (Netherlands)*

Rabobank is a co-operative bank based in the Netherlands. Its Foundation, formed in 1974, focuses on building the self-reliance of farmers. It does this by providing training to increase the

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<sup>26</sup> [http://www.colombopage.com/archive\\_16B/Jul01\\_1467389754CH.php](http://www.colombopage.com/archive_16B/Jul01_1467389754CH.php)

<sup>27</sup> <http://www.nrecainternational.coop/what-we-do/cooperative-development/>

<sup>28</sup> <http://www.iffco.in/>

<sup>29</sup> <http://ncba.coop/international/where-we-work#>

<sup>30</sup> <https://www.agriterra.org/>

professional and technical skills in farmer co-operatives and through supporting the development of rural credit unions.<sup>31</sup>

### *International Co-operative Alliance – European Union partnership*

In March 2016, the European Commission entered into a Framework Partnership Agreement with the ICA and provided a grant of €10 million to carry out the project, “Co-operatives in development – people-centred businesses in action”. The project will:

- support efforts to promote an enabling policy environment for co-operatives
- promote meaningful and structured participation of co-operatives in domestic policies of partner countries in the EU programming cycle and in international processes
- increase local, regional and global capacity of the co-operative sector to have an impact as private sector actors

The project is being implemented by the ICA Global office in Brussels and the regional offices in Asia-Pacific, Africa, Europe and Latin America. ICA Asia-Pacific has identified three strategic development priorities namely, the participation of co-operatives in achieving the SDGs, Youth Inclusion in Co-operatives, and Exploring Work and Ownership Structures in Co-operatives. The ICA Asia Pacific is implementing the programme in collaboration with ICA members in the region (including the BCCM) and in partnerships with other stakeholders such as governments, international development agencies, NGOs and the private sector in the region.

## The potential costs, benefits and opportunities for Australia in the domestic implementation of the SDG

**Australian co-operatives and mutuals are contributing to the domestic implementation of the SDGs.** Areas where co-operatives and mutuals are contributing include:

- Sustainable food systems
- Access to basic goods and services (including credit, insurance, healthcare and consumer goods)
- Decent work (including for producers and self-employed, in human services, for people with disability and in sectors undergoing structural change such as manufacturing)
- Indigenous health and education

CMEs are an important actor in the domestic implementation of *all* of the SDGs. As self-help organisations using private sector business models they provide an avenue for grassroots responses to economic, social and environmental problems that develop the capacities of the individual members while addressing the problems of their community. CMEs often develop as a response to market failure. The McClure Review of Australia’s Welfare System acknowledged that CMEs have a role in providing decent work, alleviating poverty and reducing welfare dependence.<sup>32</sup>

The legacy areas where CMEs have contributed and continue to contribute to Australia’s economic and social development are agriculture and the provision of basic goods and services (such as insurance, credit and basic consumer goods). In these sectors, CMEs often *created* the market or

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<sup>31</sup> <https://www.rabobank.com/en/about-rabobank/in-society/rabobank-foundation/index.html>

<sup>32</sup> [https://www.dss.gov.au/sites/default/files/documents/02\\_2015/dss001\\_14\\_final\\_report\\_access\\_2.pdf](https://www.dss.gov.au/sites/default/files/documents/02_2015/dss001_14_final_report_access_2.pdf), 34.

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repaired a deeply broken market by providing competition. In agriculture, co-operatives built the transport and processing infrastructure needed to get produce to market, which no single farmer could afford. For working Australians, friendly societies were the original safety net and credit unions and building societies provided low and middle-income people with access to personal and housing loans at the lowest possible price – forcing the investor-owned banks to follow suit.

In these legacy sectors, CMEs continue to provide competition to investor-owned firms – there are 4.5 million members of customer-owned banks, credit unions and building societies, 8 million people are members of motoring clubs (providing roadside assistance and general insurance) and 13,000 primary producers are members of producer-owned marketing or processing co-operatives. The viability of 174,000 small and medium Australian owned private businesses is secured by virtue of the network effects of co-operating in buying and marketing groups.

There are other sectors where the contribution of CMEs is more recent or emerging. Indigenous Australians are accessing health, housing and education services through hundreds of Aboriginal-controlled organisations, including co-operatives.<sup>33</sup> Disabled Australians are gaining meaningful employment through their own co-operatives.<sup>34</sup> Communities are developing their own wind farms<sup>35</sup>, buying out local stores when the proprietor leaves town<sup>36</sup>, and developing community-owned digital platforms as a response to the shortcomings of Uber and Airbnb.<sup>37</sup>

*National Health Co-operative (Goal 3, Goal 12)*

A recent Australian example, pertinent to the SDGs, is National Health Co-operative (NHC). NHC was formed in 2011 by patients in Canberra's West Belconnen region as a response to market failure- in this case, the lack of bulk billing clinics in the region. Now, NHC has 42,000 members in the ACT and NSW. NHC has undertaken research that demonstrates that bulk billing rates have increased in Canberra beyond its own clinics. NHC pledges its commitment to the SDGs in its annual report.<sup>38</sup> NHC's patient-centred approach has led to holistic health care design to meet the needs of the various communities its members are drawn from including people living with mental illness, chronic disease and refugee trauma.

*Geraldton Fishermen's Co-operative (Goal 8, Goal 12, Goal 14)*

Geraldton Fishermen's Co-operative is an example of how the structure of a fisher-owned co-operative allows it to balance economic and environmental pressures in the long-term interests of its members and the community. In the early 2000s, the Western Australian rock lobster industry was threatened by stock depletion due to technological advancements. The co-operative voluntarily reduced the quota its members could catch below the government limit of 8,000 tonnes, to 6,000 tonnes, because it determined this level of catch would balance the members short-term and long-term economics needs.<sup>39</sup>

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<sup>33</sup> <https://tranby.edu.au/about-us/>

<sup>34</sup> <http://www.ncec.com.au/>

<sup>35</sup> <https://www.hepburnwind.com.au/> and <http://pingala.org.au/>

<sup>36</sup> <http://www.kerryanderson.com.au/blog/2016/7/17/co-ops-up-close-and-personal>

<sup>37</sup> <http://bhive.coop/>

<sup>38</sup> [https://www.nhc.coop/wp-content/uploads/2017/10/NHC-Annual-Report-16-17-WEB\\_singlepgs.pdf](https://www.nhc.coop/wp-content/uploads/2017/10/NHC-Annual-Report-16-17-WEB_singlepgs.pdf) , 11.

<sup>39</sup> <http://bccm.coop/wp/wp-content/uploads/2016/11/BCCM-NME-Report-2016.pdf> , 38.

### *Australian Mutuals Foundation (Goal 1)*

CMEs also show concern for the broader community, often donating a large proportion of their profits to community or charity organisations that are aligned with the SDGs.<sup>40</sup> For example, The Australian Mutuals Foundation, which is supported by a number of credit unions and mutual banks, donates \$100,000 per annum to Barnardos to undertake work with disadvantaged youth in Australia, ensuring they are able to access a range of housing, care and foster services.<sup>41</sup>

### *Cost implications*

As private sector actors, co-operatives deliver sustainable outcomes for members and the community at no cost to the taxpayer beyond the cost of business regulation. Co-operatives are locally-owned and pay taxes in Australia, while stimulating employment, business activity and self-reliance in local communities.

### *Enabling policy settings for co-operative and mutual enterprises in Australia*

The BCCM submits that one cost-effective means of implementing the SDGs in a domestic setting is to ensure there is an enabling policy environment for the formation and growth of co-operative and mutual enterprises.

Despite the benefits and opportunities of enabling communities to use a demonstrated, self-help private sector model to meet their common needs sustainably, considerable barriers to CME formation and growth remain. These barriers can broadly be understood as relating to recognition, regulation and education, and include:

- Lack of systematic government data on the CME sector
- Exclusion of co-operatives from government grants and other programs on the basis of legal structure alone (of particular concern and in need of redress is the exclusion of co-operatives from the Indigenous Advancement Strategy)<sup>42</sup>
- Some instances of dual regulation of co-operatives at state and federal levels
- Lack of information on government business websites about CME structures;
- Lack of knowledge of CME models among professional advisors and exclusion from relevant tertiary business, law and accounting courses
- CMEs not considered in Regulatory Impact Statements
- Current legislation and regulation makes access to capital difficult for co-operative and mutual companies<sup>43</sup>

The BCCM refers the Committee to the report of the Senate Economics References Committee inquiry into cooperative, mutual and member-owned firms, which outlines the main policy barriers to co-operative development in Australia in more detail.<sup>44</sup> The BCCM has made numerous

<sup>40</sup> For example, see <https://www.tmbank.com.au/community/2016/tmb-shows-global-leadership-with-profits-to-community-investment>

<sup>41</sup> <http://www.australianmf.org/our-work/>

<sup>42</sup> See <https://www.pmc.gov.au/sites/default/files/publications/ias-grant-guidelines.pdf>, 14. Only companies or CATSI Act corporations may receive above \$500,000 in grant funding without an exemption.

<sup>43</sup> Noting that the Government supports an amendment to the Corporations Act to address this issue. See <https://treasury.gov.au/publication/p2017-t235882/> and <https://treasury.gov.au/publication/p2017-t235692/>

<sup>44</sup>



submissions outlining the legislative, regulatory and policy changes that would place CMEs on a level playing field.<sup>45</sup>

The recommended legislative, regulatory and policy changes propounded by the BCCM do not present significant cost to the Australian Government, and where they involve red tape reduction may even have a positive impact on the budget.

**What governance structures and accountability measures are required at the national, state and local levels of government to ensure an integrated approach to implementing the SDG that is both meaningful and achieves real outcomes; and how can performance against the SDG be monitored and communicated in a way that engages government, businesses and the public, and allows effective review of Australia's performance by civil society**

**The VNR process should include formal consultation with the co-operative and mutual sector.**

As a member of the International Co-operative Alliance, the BCCM is working with our members to contribute to the SDGs in Australia, as well as co-ordinating with the global co-operative sector to contribute to international development. Formal consultation between the Australian Government and the Australian co-operative and mutual sector would facilitate information sharing, data collection and strategic co-ordination and partnerships both domestically and internationally.

The BCCM therefore recommends that the Australian Government undertake formal consultation with the Australian co-operative and mutual enterprise sector in relation to its current and potential contributions to the SDGs as part of the VNR process.

The areas where the Australian co-operative sector can provide information to guide reporting and co-ordination of implementation efforts are:

- The actual and potential contribution of co-operatives to achieving the SDGs domestically;
- The actual and potential contribution of Australian co-operatives, international co-operative development agencies and other national co-operative sectors in the region to international enterprise development projects in the Asia-Pacific region; and
- The strategic priorities of the Australian and international co-operative movement in relation to the SDGs.

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[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Cooperatives/~/\\_media/Committees/economics\\_ctte/Cooperatives/report.pdf](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/~/_media/Committees/economics_ctte/Cooperatives/report.pdf)

<sup>45</sup> <http://bccm.coop/media-centre/submissions/#.WsIMllhubD4>. In particular, see [http://bccm.coop/wp/wp-content/uploads/2018/02/BCCM-Future-of-Work-and-Workers\\_FINAL.pdf](http://bccm.coop/wp/wp-content/uploads/2018/02/BCCM-Future-of-Work-and-Workers_FINAL.pdf), 10-13.

## 4 Recommendations

The BCCM recommends that:

- 1. The VNR process should include formal consultation with the co-operative and mutual sector via the Business Council of Co-operatives and Mutuals and the International Co-operative Alliance as the country level and global peak bodies for CMEs respectively.**
- 2. The Australian Government ODA program should concentrate on enterprise development and capacity building, wherein all proven enterprise models including co-operatives are supported.**
- 3. The Australian Government should explore partnering with the co-operative sector in Australia and globally in capacity building and enterprise development projects that contribute to the SDGs via the Business Council of Co-operatives and Mutuals and the International Co-operative Alliance as the country level and global peak bodies for CMEs respectively.**