



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

Submission in response to the Victorian Department of
Environment, Land, Water and Planning Issues Paper on
Shifting Victoria to a Circular Economy

12 August 2019

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make a submission to the Victorian Government's consultation on Shifting Victoria to a Circular Economy.

Our submission focuses on how co-operatives can contribute to Victoria's shift to a circular economy. In particular, we outline how the co-operative ownership structure allows co-operatives to contribute to decent work (SDG 8) and sustainable production and consumption (SDG 12).

The ownership structure and principles of co-operatives mean they can deliver sustainable social, economic, cultural and environmental outcomes for members and the community.

Co-operatives are businesses owned by their customers, employees, a group of like-minded producers, a like-minded community or a combination of these. The purpose of a co-operative is to provide economic, social and cultural benefits to members and the community.

In Australia there are more than 2,000 co-operatives and mutuals with a combined membership base of more than 14.8 million. Co-operatives operate in all sectors of the economy including banking, agriculture, insurance, health, housing, mobility services, retail and wholesale, community energy, green manufacturing and recycling.

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. It is the only business sector to have globally agreed principles guiding business mission and ownership structure.

The co-operative principles include democratic control (1 member, 1 vote), economic participation (members must use or contribute to the services and capital of their co-operative) and concern for the community (co-operatives show concern for non-member stakeholders including staff, the community and the environment to ensure they can benefit members over the long term).

In Australia, the co-operative principles are incorporated into the harmonised state and territory Co-operatives National Law.

The co-operative sector is recognised for its contribution to the SDGs, particularly decent work (goal 8) and the sustainable production and consumption of goods and services (goal 12). The Issues Paper notes these two SDGs as relevant to the circular economy. We have **attached** a submission BCCM made in 2018 about the contribution of co-operatives to the Sustainable Development Goals globally and in Australia.

The co-operative contribution to decent work

Co-operatives are recognised by the International Labor Organization (ILO) for their ‘proven record of creating and sustaining employment – they are estimated to provide at least 279 million jobs today; they contribute to promoting decent work and advancing sustainable development goals.’

In 2019, the theme of International Day of Co-operatives was “Co-ops 4 Decent Work” and as part of its 100th anniversary celebrations, the ILO renewed its partnership with the global peak body for co-operatives, the International Co-operative Alliance.

The ILO’s Recommendation 193 set outs how government policy can support co-operatives to create decent work.

Co-operative contribution to sustainable consumption and production

The co-operative structure encourages equitable provision of goods, services (and employment) in local economies:

- Because they are owned by local people or businesses and exist to provide them a service, co-operatives don’t move essential services and employment out of town based on profitability alone
- Co-operatives have a ‘sticky money’ effect in local economies – for every \$1 spent at a regional retail co-op, 76c of value is created in the local economy¹
- Co-operatives distribute benefits equitably to members based on level of use of the co-operative’s services, not shareholding
- Co-operatives put large proportions of their surplus toward community and charitable activities
- Co-operatives are open membership organisations that give big and small players a fair go
- Co-operatives can enhance the competitiveness of local small businesses, including increasing bargaining power and opening up export markets, as noted in the Harper Review of Competition Policy²

In 2018, the theme of International Day of Co-operatives was ‘sustainable societies through cooperation’, recognising sustainable production and consumption as core to what co-operatives do.

Australian case studies of co-operatives in the circular economy

Leading examples of community responses to emerging problems, from waste to energy are co-operative.

¹ http://bccm.coop/wp/wp-content/uploads/2014/12/Sticky-Money-Report_EY-2014.pdf

² Co-operatives can ‘potentially strengthen the bargaining position of small businesses dealing with large businesses’, Competition Policy Review, Final Report (Harper Review)

- Resource Work Cooperative has operated a tip shop, deconstruction and ewaste recycling business in South Hobart since 1993. As an environmentally-focused worker-owned business its objectives are to create employment, minimise waste and promote waste minimisation in the community. It currently has 35 employees and its tip shop diverted 625 tonnes of waste in 2018. We have **attached** an information sheet from Resource.
- Reverse Garbage is a community-owned co-operative in Sydney that receives around 35,000 cubic meters of donated industrial off-cuts, over-runs, art and craft materials and other materials from businesses and individuals ever year. It retails these materials to the public from its warehouse and provides education and workshops on repair and reuse of materials.
- bHive Bendigo is Australia's first platform co-operative, recently receiving a grant to develop a co-operatively owned sharing app for Bendigo that will encourage efficient use of existing resources in the community. It is also in the process of developing a co-operative car sharing system for local businesses. As bHive is a locally-owned co-operative, the benefits of any platforms and services it develops will stay with local user-members and the community.
- Redgum Cleaning Cooperative was formed in Melbourne in 2018 by 5 workers to create their own jobs. Since formation the co-operative has expanded steadily, now having 10 members. The co-operative is committed to sustainable service provision, only using eco-friendly products in its cleaning services.

Response to Issues Paper: What are the most effective actions the government can take to shift Victoria to a circular economy?

The Issues Paper suggests that business innovation will be important to facilitate the shift to the circular economy and asks for suggestions on how the Victorian Government can support exploration of 'new **business models**, such as leasing and sharing rather than owning products, which can encourage more efficient use of materials'.

The BCCM agrees with the focus on business innovation. While co-operatives are a long-established and proven business model, they can facilitate innovative solutions to new problems and should be recognised as such.

The Issues Paper also suggests that the Victorian Government will consider ways of 'supporting the **sharing economy**, and helping communities to make better use of local resources.'

Co-operatives are the original 'sharing economy' model, allowing communities to leverage and develop their resources efficiently and with no leakage. Support for the sharing economy should therefore be inclusive of co-operatives.

The report of the Senate Economics References Committee inquiry into cooperatives, mutuals and member-owned firms outlined the barriers to the formation and growth of co-operatives in Australia. At a high level, the issues the report noted were:

- Lack of recognition of the co-operative sector and model in policymaking
- Lack of knowledge among business advisors, and absence from business education (e.g. for lawyers, accountants)
- The legislative and regulatory environment for co-operatives is not competitively neutral with other business structures

Based on ILO Recommendation 193 the following sets out principles for how government should work with the co-operative sector to provide an enabling environment:

- Co-operatives, mutuals and member-owned businesses should be able to compete freely and on fair terms with all types of business.
- Government should champion these business forms on an equal basis alongside other types of corporate ownership.
- Government policy should recognise the value of these businesses and provide appropriate incentives for their creation and development.
- Legislation and regulation for these firms should match the best standards for any business.
- It should be as cost effective and straight forward to set up and run a co-operative, mutual or member-based businesses as any other type of business.

The BCCM recommends:

- 1. That the above principles based on ILO Recommendation 193 are considered in the formulation of the Circular Economy policy.**
- 2. That attention is paid to the interaction between the Victorian Social Procurement Framework and the Circular Economy policy, including to ensure that co-operatives are recognised in both.**

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About the BCCM

Formed in 2013 following the [United Nations International Year of Co-operatives](#), 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](#), and implementation of the [Hammond Review](#) recommendations to improve access to capital for CMEs. The Hammond Review recommendations were implemented in April 2019, with the passing of the [Treasury Laws Amendment \(Mutual Reforms\) Act 2019](#).