

Nundah Community Enterprise Cooperative



Nundah Community Enterprise Cooperative

For many people with a disability, getting and maintaining stable employment remains a challenge. In 1998, the Nundah Community Enterprise Cooperative (NCEC) was set up to create sustainable employment and training opportunities for a group of long-term unemployed people with intellectual and learning difficulties. From a shoestring budget, the employee owned co-operative has grown to now providing over 7000 hours of annual work to its 20 members. Read their story.

Executive summary

Having a job is more than just about earning an income and having the ability to support ourselves and our family. What we do for a living is intrinsically bound up in our sense of identity and dignity and how we contribute back to the community.

For many people with disability, getting and maintaining stable employment remains a challenge. Traditional job placement and training programs are not always adapted to the needs of this group or focused on building the skills and capacity of people within a supportive framework. While many private sector employers may be keen to offer employment to people with disability, they may lack the knowledge or resources to adapt their business models to cater for this group. Sheltered employment schemes have traditionally tended to focus on lowly remunerated menial work.

This is an area ripe for the intervention of the worker co-operative model to meet some of the underlying issues of both the private job market and traditional disability employment service provision. One such example is Nundah Community Enterprise Cooperative (NCEC). It was formed as a majority employee-owned co-operative in 1998 to create sustainable employment and training opportunities for a group of long-term unemployed people with intellectual disabilities and mental illness (referred to in this case study as people with learning difficulties). These individuals had made successive attempts to find employment in the north-east Brisbane area only to experience frustration and failure.

Today NCEC provides its worker members with opportunities to work in garden maintenance and

catering with the support of local businesses, community and government. From humble beginnings as a jobs club, it has grown to over 20 worker members, generating more than 7,000 hours of work annually and a small profit which is re-invested in the business to benefit members. It has established two successful social enterprises delivering maintenance to the Brisbane City Council for 22 public parks and a café and catering business.

A sign of its success is its high member retention rate, with 80 per cent of its original worker members remaining part of NCEC today. NCEC delivers shared value to its members by enabling people with disability to participate in decision making, undertake meaningful work and produce tangible results which make them feel proud and part of society.

“For the majority of our members who were long-term unemployed, they had been in the role of a receiver of services, not ever a participant or a producer. So to move into that space is very empowering for people. Seeing someone before they start work in the coop, you can see the body language is saying ‘I’m not valuable, I’m not worthwhile’, and then after they’ve done some shifts in the café or in the parks, they’re walking around and feeling a sense of pride about themselves because they’ve given something back, they’ve contributed, they’ve earned their pay.”

Richard Warner, Coordinator, Nundah Community Enterprises Cooperative

The demand for a new solution – getting people with disability into work

The origins of NCEC are in a group of individuals and organisations that identified a lack of employment opportunities for people with learning difficulties in the Brisbane metropolitan area. Disability Employment Services did not exist at the time and was introduced in response to the increasing number of people with disabilities and levels of unemployment. Between 1994 and 2011, there was a 70 per cent increase in the number of Australians receiving the Disability Support Pension, a total of 750,000 individuals⁴. There were also high levels of unemployment during this time amongst people with disability, with 47 per cent of males and 58 per cent of females unemployed⁵, compared to a rate of 24 per cent of males and 23 per cent of females without disability⁵.

A local community organisation, the Community Living Association (CLA), first identified the need for a new approach to providing employment opportunities for people with learning difficulties in the north-east Brisbane region. Whilst some young people with learning disabilities were able to find employment immediately following school, they were not able to maintain long-term employment. Most had completed multiple training courses and had certificates in multiple industries⁶. However, the training and employment gained was not sustainable in the long-term with most employment opportunities lasting three months or less⁷. The workplace was often a stressful environment for people with learning difficulties as they were faced with the challenges of changing routines, the pressure of completing jobs quickly and accurately and inflexible work schedules that did not enable individuals to meet their independent living requirements⁸.

As a result, some individuals sought alternatives such as sheltered employment which provided longer and more stable opportunities but were often menial, providing only limited wages covering expenses such as travel and lunch⁷. Many others remained long-

term unemployed and in some cases experienced a significant decline in mental health and developed addictions during their time of forced unemployment⁹. None had been able to find meaningful work.

“I’ve had other jobs, but they didn’t last long because I was slow. ... It’s really hard to get a job, because no one wants you, and they let you know that.”

Kylie, member

CLA observed the need of its constituents for employment that was sustainable for a person with ongoing learning difficulties and set out to develop a viable solution. In particular, CLA constituents wanted to find work that helped provide a sense of purpose, identity and dignity through employment, whilst also providing increased financial independence.

“I really like this job better [compared to other jobs I’ve had], because it’s not stressful, friendly people, you work at your own pace. ... With other jobs I was struggling with [stressful and demanding work].”

Michael, member

The Community Living Association is a not-for-profit organisation which aims to assist young people with learning difficulties to lead fulfilling and meaningful lives. It provides a range of different services and programs such as finding places to live, transitioning from home care into adulthood, mentoring, literacy and early intervention for young people disengaged with school³.

The Cooperative story

Choosing a public service mutual approach

An employee owned co-operative was a natural decision for CLA, the founders of NCEC. A few years prior to establishing NCEC, it had established a social housing co-operative and found it to be an empowering model which overcame some of the long-standing and complex problems associated with traditional social housing models.

In 1998, CLA held its first meeting to form NCEC. For NCEC to be successful, it needed to address the long-standing issues associated with traditional approaches to job placement, where individuals with learning difficulties felt pressured to perform tasks quickly that were not suited to their capabilities. They were often misunderstood and excluded from making decisions which impacted their quality of life.

"A work enterprise needs to develop from its membership, not develop its membership to suit the customers. In this way, we have avoided "creaming", that is, choosing to work only with people who are able to be immediately productive and profitable. This is a common issue with the structure of the existing employment network."⁶

Establishing an employee owned co-operative was seen as the most appropriate model for people with learning difficulties, enabling them to participate in decision making, undertake meaningful work and produce a tangible result which makes them feel proud and part of society.

The CLA invited local organisations, constituents of CLA and community members to come together for a formation meeting at the Nundah Community Centre⁶. They discussed their common challenges, helped develop a shared understanding of the problems and encouraged them to take small steps of action.

Humble beginnings: A jobs club with a couple of borrowed lawn mowers

In late 1998, NCEC started on a shoestring: a few hundred dollars in membership fees, donated space, administrative support from CLA, and a couple of borrowed lawn mowers⁶. The original proposition was of a 'jobs club' to generate a range of opportunities for people with learning difficulties to undertake odd jobs such as garden maintenance as paid work. Jobs were identified and allocated to worker members. The work was intended to be part-time and casual to reduce the burden on worker members and infrastructure⁷.

CLA provided assistance through funding a coordinator position out of its own reserves for one year and servicing several small start-up loans⁷. In-kind support was provided by Forester's Community Finance, housing the parks and maintenance crew in its offices. A range of small grants and donations were provided by local community organisations. The relationship with CLA was symbiotic; CLA's constituents were given preference for membership and employment opportunities in NCEC in return for CLA's contribution¹⁰.

NCEC had an initial membership of 16 individuals and 5 community organisation members. Initially, Dave Langdon, a social work student and Dave and Jo-Ann Green, two local residents acted as supervisors, supporting worker members on occasional jobs (mowing lawns and washing cars) that came from within the NCEC organisational membership. All of these jobs were one off jobs and equipment was purchased as needed. The administration of NCEC was simple with one ledger book, a receipt book and an invoice book to manage the business⁷.

There was an understanding at the planning stage

that working with people with lower productivity was going to make it difficult to operate a profitable business. However, the NCEC's aim was to break even where possible and seek external funding to meet the gap between revenue and costs. Without capital or infrastructure, NCEC initially focused on one-off jobs that arose from NCEC's membership network. It was able to secure a few non-recurring grants to keep going and in 1999 generated income of \$2,000 while providing infrequent casual work for five worker members⁸. In 2000 CLA again funded the coordinator's position for a year, and subsequently another two-year grant was secured.

Partnership with Brisbane City Council

A key turning point was the decision by the Brisbane City Council to contract with NCEC for maintenance of three small city parks. This gave the co-operative a steady contract of meaningful work, along with an excellent source of revenue and a profile in the community. Prior to establishing a social procurement contract with NCEC, all the parks in the Council area were maintained by a large multi-national contractor. While NCEC could not compete against such a large provider, a local asset manager took the time to explore the opportunity. Together with the Council CEO they championed the cause for contracting NCEC. Acting as a pilot, the contract successfully demonstrated the value of NCEC to the Council, who then amended its procurement practices to allow for social considerations in its selection process.

The revenue generated by long-term park maintenance contracts provided sustainable revenues in those vital first years of establishing NCEC and also significantly reduced the workload of its coordinator. The initial set-up of having a coordinator to find odd jobs required significant time to manage and did not allow for the flexibility required to meet the needs of the members. The larger contracts provided substantial benefits to NCEC, particularly reducing the number of customer relationships needing to be managed, leaving more time for coordinators to support the growth and development of its members⁷.

On the beginning of the partnership with Brisbane City Council...

"It was fantastic for us. Just even doing that initial \$3000 contract – that meant that we could get people who were very unskilled to go and do the same job again and again and again, so they were able to develop their skills and learn on the job. We were able to use machinery that was at a level that our people were able to use – so we used hand mowers because they couldn't use more complex machinery. It was easier to work with one customer (the Council) because for that \$3000 we would have had to find 15 to 20 individual customers, so it was easier to organise, and it was a reasonable rate. It's been fantastic for the people here – it's been one of the most significant things that's happened in these people's lives. We're talking here about 15 guys who had been unemployed for 10 to 15 years on average. This was a very significant opportunity,"

NCEC (cited in The Centre for Social Impact, Foresters Community Finance, Social Traders 2010).

Developing the model – Espresso Train Café and Catering

Once NCEC was established and operating, CLA identified a large number of constituents who were unable to undertake the work required in the parks and maintenance and who were interested in pursuing opportunities in hospitality. This became the next growth

area for NCEC, opening a café and catering business with further support from CLA, funders, small loans and donations. Espresso Train Café and Catering was opened in 2005 to provide employment opportunities to a broader set of worker members.

Sharing the model – community partnerships

The success of the NCEC has only increased their activity. In recent years partnership opportunities with individuals, social enterprises and refugee groups have shared NCEC's valuable experience through 'peer to peer' enterprise development. A key success was the 'Good Feed Trailer', a mobile caravan that was established through crowd fundraising. It was set up as a way to raise money for the cooperative, provide a training space for people with disabilities and as a resource to offer to refugees and asylum seekers to use in the trial of their own food businesses. All this hard work has paid off. In 2015, NCEC became the Social Enterprise Council of Australia's 'Best Small SE' and in 2016 they were a finalist in the 'Innovation' category for their Peer to Peer enterprise development work.

From its humble beginnings, NCEC now provides a range of commercial services to businesses, Government and community members in the inner north-east Brisbane region. With support from local community organisations, businesses and governments, NCEC has grown to over 20 people with learning difficulties holding a range of part-time roles which generates over 7,000 hours of work annually and more than \$700,000 from its products and services.

Figure 1
– The evolution and growth of NCEC



How NCEC works

NCEC is a public service mutual (co-operative) and an example of a place based solution that addresses a complex social problem with positive social and economic results.

A Public Service Mutual or co-operative is *'an organisation which wholly or in part delivers public services through a co-operative or mutual governance structure, whereby members of the organisation are able to be involved in decision-making, and benefit from its activities, including benefits emanating from the reinvestment of surpluses².'*

In Australia we have categorised co-operatives into three main groups – consumer, producer or employee, and enterprise co-operatives. They can also be a combination of all three.

How members work for - and as a part of - the co-operative

The operating structure for NCEC is focused around the involvement of NCEC's worker members wherever possible. This includes being involved in managing a supportive workplace, regular member meetings, and taking up a position on its Board of Management.

Worker members are also involved through monthly meetings. The purpose of these meetings is to engage the worker members in a supportive environment, provide opportunities for members to generate and share ideas, and ensure the worker members take ownership of the successful operation of NCEC.

New workers who join NCEC are taken through a structured process to increase likelihood of success for both the worker member and NCEC. Initially, supervisors provide support one-on-one or one-on-two to the worker members to encourage and identify any specific needs for the individual. This time also allows the supervisor and worker member to identify if regular employment provided by NCEC is within the worker's capabilities. In some cases supervisors find that a worker member is unable to manage the commitment of regular work, but they are able to find suitable alternatives, such as more flexible self-employment.

NCEC operations are supported by eight key principles in supporting worker members¹²:



A supportive workplace: Create the space and the time worker members need to grow into work and jobs.



Involve worker members in the planning and decision-making in jobs: Recognise that making a real contribution is a big motivation.



Worker members with different capacities working together: Cross-subsidise their skills and capacities.



Use repeatable processes in jobs: It helps to build confidence to have a standard process (vs. repetition), and ensures quality control.



Recognise that it's work to get to work: For people long excluded from the workforce, starting to work is a massive shift in life habits and coping strategies.



Encourage ownership and responsibility: Supervisors are very clear about their expectations of worker members and the quality of work needed on the jobs.



Be flexible: “Where we finish may be very different from the plan when we started” – in response to how a worker member is feeling that day or what else may be going on in their lives.



Seek the cause: NCEC supervisors assume that worker members have good reasons for doing what they do. Instead of labeling or judging, they work to understand.

Governance and expertise

The growth of NCEC has been slow and measured. In particular NCEC learnt the importance of a strong governance framework to ensure the right decisions were made, especially in relation to managing finances.

NCEC engages external expertise to fill the gaps in knowledge and skill sets relating to governance, management and capturing opportunities. Recruiting focuses on bringing in additional external expertise from volunteers, covering the areas of business management and hospitality, as well as from Brisbane City Council who advise on innovation.

The external assistance was vital in working alongside members (including both worker members and other business members) to assist with setting up the constitutional documents, formation meetings and with general decision making. Some of the volunteers working with the co-operative had experience in the community sector doing development type work which provided a basis to build capabilities within NCEC.

Morrie O'Connor, President of NCEC & CLA Coordinator

"CLA had prior knowledge of co-operatives... [and] has a lot of experience assessing existing or internal resources within groups of people [using a capacity building framework] – this is an important step as it reveals whether you have internal but under-utilised resources. It also reveals whether you need to bring in external resources.

It was recognised very early on that the co-operative would need external expertise to fill the gaps in member's knowledge and skill sets...

members didn't have knowledge of constitutional forms, meeting or decision making. We had to bring in external expertise from volunteers to gain business and management, hospitality, and innovation knowledge. Some of these volunteers also had experience in the community sector doing development type work which provided a basis to build capabilities within the co-operative."

Personal communication



NCEC was established as a **non-trading^A** co-operative without share capital. This means that profits are re-invested into the business to support its activities and improve services and conditions for workers. Profits cannot be distributed to members. This structure was chosen as it had the best fit with the mission of NCEC, to provide sustainable employment opportunities to members with learning difficulties.

"We chose to form a Non-Trading Co-operative without share capital, as we were not interested in generating large profits for our members".

Figure 2: The governance structure for NCEC



The Board consists of seven members. Board members are supported in the governance of the enterprise by community members with skills and expertise in the key roles of President, Secretary, and Treasurer⁷. The Board meets six times a year⁹. There is a need to have committee members with the requisite skills to assist with governance of complex business issues and there is benefit in having outside persons such as local businesses, parents or professionals filling these roles.

The current practice of the Board is that every committee member is listened to and involved in decision making and the executive do not act outside of the committee. Board meetings are also open to any member who wishes to attend and anyone can voice opinions on decision making in the meeting.

Currently, there are two types of members: worker members and organisations or community members. Currently 90 per cent of members are people with disability and the remaining 10 per cent are comprised of volunteers, staff without disability and community

supporters. Initially, membership fees were \$1 per member, and a small percentage of earnings were also contributed back to NCEC⁷. The co-operative registration allows for membership fees up to \$15 and corporation fees of up to \$75.

The **rules (or 'constitution')** of NCEC⁸ were drafted by the Board using the **standard set of rules**^c provided by the Queensland Registrar of Co-operatives. The rules help NCEC operate and form a contract between NCEC and its members and outline everyone's rights and responsibilities.

While CLA were actively involved in establishing NCEC and remain actively involved in its ongoing management, there is no legal relationship between the two organisations. However, CLA is often referred to as the 'parent organisation' of NCEC and is its most important relationship today⁹. A Memorandum of Understanding gives preference for new members introduced through CLA programs.

How NCEC is funded

NCEC is 80% funded by its trading and only occasionally receives time-limited grants. It does not receive any ongoing Federal or State Government funding nor does it receive subsidies from employment providers or employment services; it is entirely independent of the Job Services Australia scheme. NCEC has historically received ongoing financial and in-kind support from its major community partner CLA.

The assets managed by NCEC include park maintenance contracts for 22 parks, and the associated equipment to undertake maintenance works (such as lawn mowing and gardening equipment). NCEC also manages the café premises, library coffee cart, food trailer and associated operational equipment (such as kitchen and dining equipment).

NCEC cross subsidises its operations in order to achieve its social mission.

The parks and maintenance business developed a new Parks crew in 2016 and created employment for graduates of the Skilling Queenslanders program. The successful business, now with two crews, continues to run at a profit. This is due to contracts providing regular and significant income, and the nature of the parks and maintenance work providing a good fit for the capacities of member workers.

The café and catering business is operating at a small loss. This is predominantly due to a higher than standard proportion of labour costs required to run the business. The business case for NCEC is focused on supporting members, indeed, the café's motto is 'we don't employ people to make coffee; we make coffee to employ people'. The Supported Wages System is used to pay worker members according to their level of productivity. Whilst the café does not make a profit, NCEC maintain a separate profit and loss statement for the café in order to track costs and revenue. Grant money and profit from other business arm of the Cooperative are used to cover any losses.

In preparation for the National Disability Insurance Scheme NCEC are investigating how a brokerage payment from CLA can recognise the benefits of the supportive work environment NCEC creates. Under the NDIS this recognition would help maintain the significant gains NCEC has made for its members, as well as advance the co-operatives financial sustainability.

The success of NCEC is thanks to its ability to harness the different resources - financial, human and intellectual, relationship and operational.

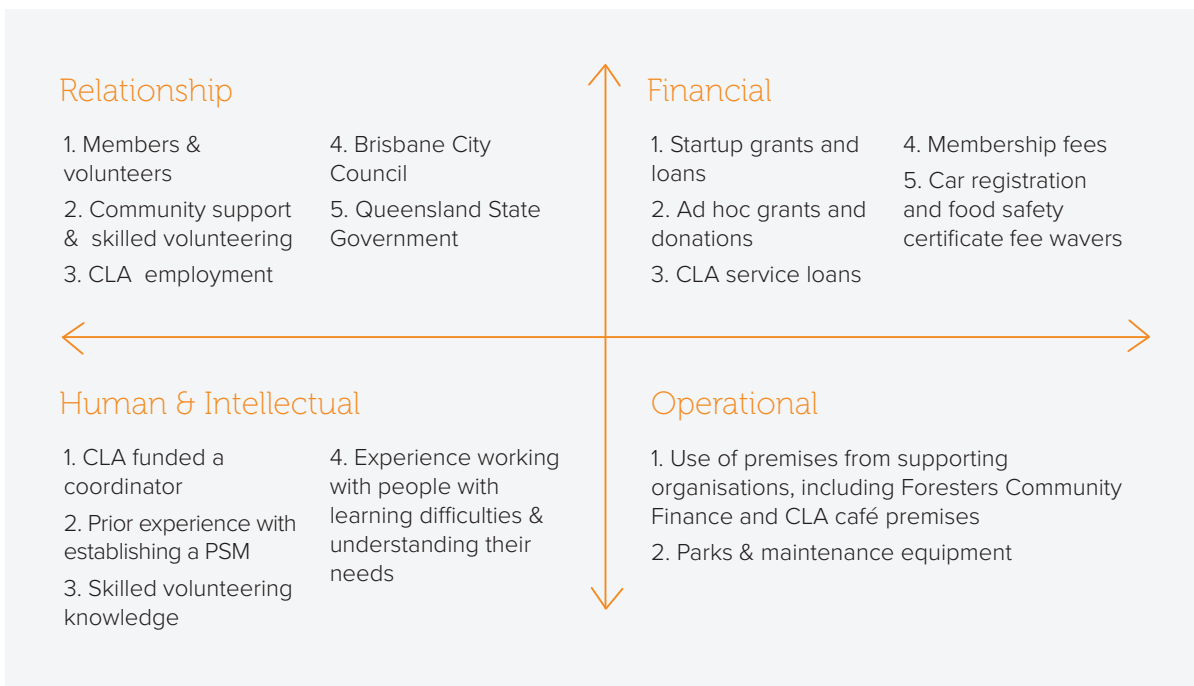


Figure 3: The resources used by NCEC to develop and grow

The success of NCEC

The comparative advantage of a co-operative approach

NCEC provides regular part time employment to 20 worker members previously excluded from the workforce. As an employee owned co-operative, NCEC is able to meet the economic and social needs of its worker members and help them achieve independence and to have a say in how they live their lives. It achieves this through three key mechanisms:

1. Member engagement: Member ownership and involvement in decision making results in high levels of engagement and satisfaction. This is reflected in NCEC's retention rate, with 80 per cent of original members still employed after ten years.

2. Profit reinvestment: NCEC is owned by its members for their benefit. This means that profits are re-invested into the business to improve services, conditions for worker members or to save for future expenses.

3. The Co-operative Principles^P: NCEC abides by the internationally agreed Co-operative Principles such as economic member participation, education and training and democratic member control, providing robust building blocks for establishing and operating NCEC in line with its purpose.

'The level of empowerment [created by the public service mutual model] couldn't have been generated with any of the other available models'

**Morrie O'Connor, NCEC President
(Kernot and McNeill 2011, 202).**

These mechanisms - not found in not-for-profit or for-profit organisations - create a comparative advantage for NCEC over other providers of employment services.

A Social Return on Investment (SROI) analysis of NCEC investigated the social outcomes as a result of NCEC operations¹⁰. The analysis found that for every dollar spent, an additional \$3.31 of value was created for worker members with disabilities and stakeholders. They identified the following outcomes are created for key stakeholders¹⁰.

Benefits to members of the co-operative

1. Ability to provide ongoing support

Supervisors develop strong relationships with the worker members and are able to provide support beyond a typical employment relationship. Members benefit from a monthly lunch where new members are welcomed and fun educational activities teach members about different cooperative principles. NCEC is also able to assist CLA to better understand any challenges the worker members may be facing and in turn support more targeted and timely provision of services for the individuals.

2. Flexibility to change work tasks and time requirements

NCEC is a more supportive work environment than traditional job placement programs. Worker members, in collaboration with their supervisors, are able to choose jobs to match their individual capabilities, interests and pace of work, modifying tasks to meet the situation at hand.

3. Building workers' capability at their own pace

Traditional employment arrangements do not have the time, resources, or flexibility to dedicate to people with learning difficulties, which can be effectively managed through NCEC. Similarly, disability employment agencies increase hours when a person is performing well, without considering if the person can sustain this (Kernot and McNeill 2011). The flexibility described above allows for managing time and task requirements for capacity building. This has been effective, with some members improving productivity from 60 per cent to 80 or 90 per cent as measured under the Supported Wages System⁷.

4. Security of employment

Worker members have job security meaning they do not have an added stress of losing their job if a task is not completed correctly. There are other mechanisms in place to provide structure, including a period of not working if there has been inappropriate behaviour, however this does not impact the worker members' confidence in regular employment.

5. Improved household incomes

By working regularly, worker members earn money that supplements their income from the Disability Support Pension. With this, they are able to purchase goods and services they value, and they become

less dependent on their families. Undertaking regular meaningful work improves their personal wellbeing, making them less likely to use drugs and alcohol and can help to reduce the need for medical and mental health support¹⁰.

"I've been able to start saving. I can now buy presents for family – like bowls shoes for dad." John, member⁶

"This is the longest job I've ever had. The longest other job I had was probably 3 months and that was back in 1986. Being long-term employed, being able to try to put money aside for things. You're not relying on your pension that much. ... It's everyone doing the work and enjoying it." Craig, member⁶

6. Belonging and wellbeing

Prior to working at NCEC, worker members typically have low self-esteem, particularly if they have been unemployed for a long time. Through working at NCEC, employees gain confidence, become happier, and their self-esteem rises¹⁰. They develop increased pride and satisfaction due to what they are achieving, and a sense of giving back to the community. As a result, they experience an increase in their personal wellbeing and a greater sense of identity, stability and belonging as well as developing dreams and hopes for the future¹⁰.

"Because I have a disability I haven't been able to get a job anywhere, and this place is a place for me. ... Being a single mum, it's good to be proud that my daughter can go to school and say 'my mum works!'" Kylie, member⁶

"I found it was really good because we didn't have to get stressed out all the time worrying about bosses on our back. I like working for [NCEC] because I like being part of the community." Danny, member⁶

"I've been working in this job for 12 or 13 years...I'm doing new tasks, I'm not being pushed, I always go at my own pace. The people are very friendly around me." Teresa, member⁶

The shared value created – the co-creation of commercial and social value

Shared value created occurs when the social and commercial value are mutually reinforcing. For NCEC, there are several aspects of the model and services delivered that result in shared value for the local community, member workers, their families, NCEC, government and customers.

1. Reinvesting in the community

NCEC is focused on being financially sustainable and meeting the needs of its worker members. It does not have the pressure of delivering large profits for shareholders. It also tends to be more efficient in its allocation of resources with management costs reduced through the direct application of funding streams to job creation and the payment of job placement resources. This enables NCEC to focus on meeting the needs of its worker members and to support broader community outcomes by providing local supply and purchasing from local suppliers, to 'plug the leaks' of spend occurring outside of the local community.

"Our customers have expressed their satisfaction that, by engaging NCEC, they know who their purchases are benefiting. The NCEC workers then tend to spend their income in the Nundah area. 'Plugging the leaks' means that money doesn't leak out of the community, but circulates within it, to benefit all⁹."

2. Less dependence on families

Working at NCEC means worker members have more money to live on and have higher levels of personal well-being which means they are less dependent on the support of their family¹⁰.

3. Better services for customers

Improved customer service has been identified in both the parks and maintenance, and café and catering

businesses. In the parks and maintenance business this occurs through the sense of pride of the worker members ensuring that the parks under their care are maintained to a high quality, including undertaking or communicating the need for tasks that may be out of the contract scope¹⁰. They have also received fewer community complaints. At the café, customers experience improved satisfaction, resulting in return business, as a result of knowing the money spent at the café is used to support the café worker members with whom they develop strong relationships.

4. Lower costs to the Federal Government

Worker member productivity has demonstrably improved through NCEC. Some of the worker members' wages are supported under the Supported Wages System. Some members, who have been working with NCEC for a number of years, have improved their productivity from 60 to 80 or 90 per cent⁷. This has resulted in a number of NCEC members now earning above the "assessable income" level for the disability support pension as well as relying less on mental health support services¹⁰. This means the government reduces its spend on welfare payments and mental health support services.

5. Financial sustainability

In 2016 NCEC generated an income of more than \$700,000 from products and services, with a net profit of over \$51,803¹³. NCEC relies on financial support from other organisations to continue its operations. This includes CLA providing financial and in-kind support such as the premises for the café and ad hoc grants, which make up approximately 20 per cent of revenue per annum from organisations such as from the Westpac Foundation, Department of Communities, and Department of Employment, Economic Development and Innovation.

Figure 4: Outcomes created for stakeholders as a result of NCEC activities

Worker Members	Families of worker members	CLA	Australian Federal Government	Brisbane City Council
More money to live off	Reduced dependence of worker members on family	More effectively meet the need of clients	Reduced reliance on mental health support	Increased quality of public parks and community satisfaction
Increased personal well-being		Vibrant, supportive community	Reduced welfare dependence	
Reduced payments for mental health support			Increased individual tax payments	
Develop sense of identity, stability & belonging				

Overcoming challenges

The relationship with CLA has been critical in addressing many challenges. The key challenges and how they have been overcome are presented in Table 1.

Theme	Challenge	Mitigation
Governance	The limited capability of worker members to understand and act on important governance decisions.	The key positions on NCEC’s Board of Directors, the Treasurer, President and Secretary, are held by members of the community and are voted in by the members based on their expertise. NCEC is looking to increase the role of worker members in executive roles.
Revenue	Public Service Systems accessibility for small organisations.	Arranging partnerships to unlock opportunities such as the NDIS that support employment generation outside the formal system.
Member Productivity	The employee members have lower productivity than other worker members	<p>The salary costs for the café are approximately double the proportion for wages of a typical café. External sources of funding are required to meet this gap between revenue and costs – approximately 20 per cent is from grants.</p> <p>This is managed through ensuring jobs have worker members with a mix of skill, and a supervisor. Balance is also required between providing challenge and support.</p> <p>New worker members require more supervision which is an additional cost to the organisation - as a result, NCEC is careful not to grow ‘for growths sake’. New worker members are only added when NCEC can absorb the cost and many individuals have to be turned away.</p>

Table 1:
The key challenges faced by NCEC and how they have been overcome

The future: Strategies for growth and replication

NCEC does not currently have plans to expand its business either in size or geography. Their focus is on meeting the needs of worker members in a sustainable way.

However, NCEC is passionate about sharing its learnings and experiences in establishing a majority employee owned co-operative with like-minded individuals or groups who are interested in replicating the model to deliver improved outcomes for people in need. In support of this objective, NCEC has produced a report [Participation and Production: A Resource for Community Enterprise^E](#) which documents their learnings and experiences.

NCEC has identified a range of opportunities for building the capacity of its members and strengthening its financial sustainability. These opportunities include:

1. Enhance culture of member ownership and member responsibility for the co-operative.
2. Enhance and deepen supporters' (i.e. volunteers, family, local community) involvement within NCEC.
3. Build a stronger financial and asset base.

4. Build a sharper business focus at times although it requires balancing with people/participation focus.

NCEC is also considering changes to its governance including:

- Providing support to worker members to perform tasks such as preparing reports.
- Changing classes of membership to differentiate between worker members with a disability (for whom the NCEC was established) and members who support the primary purpose of NCEC as well as organisational members who do not have voting rights.

These practices and planned improvements are about ensuring NCEC increases the involvement of worker members and stays true to its primary purpose; to provide employment and training to members with learning difficulties.



Learnings for establishing an employee owned co-operative

The experience of NCEC in establishing a successful and viable co-operative highlights a number of important lessons in establishing an employee-owned co-operative¹⁴.

1. Match the worker members' needs with the community's needs: "Don't wait, just give it a go... People want work, the community wants to offer work – match the community's need with the people's resource and see what happens¹⁴."

2. Slow beginnings: NCEC grew at a pace that suited its worker members. The slow beginnings enabled NCEC to learn what best supported its worker members and to build capacity and capability at a pace that did not create too much pressure. During the course of operating, it may be necessary to slow things down as resources and money fluctuate over time.

3. From small things, big things grow: Focusing on one job at a time and doing that job well has been key to building a viable pipeline of work. From each successful event or completion of a contract, word of mouth recommendations have led to new work.

"Our stories don't just gain the attention of funders. Most of our jobs have come from an NCEC member or customer talking to an acquaintance about NCEC and that person then offering us some work. This has led on average to 70 – 80 per cent of our annual income being derived from trade⁶."

4. Relationships are fundamental: "Workers flourish through the connections they make at work and the confidence and esteem they bring to existing relationship¹⁴." In addition to the relationships people make working and running the co-op together, NCEC includes opportunities for social activities. They also build in social aspects to the parks they maintain.

5. The importance of social procurement:

Local governments and businesses can play an important role in supporting the financial viability of co-operatives. In the case of NCEC, the contract with Brisbane City Council was key.

6. The importance of balancing participation and production:

Creating a supportive and inclusive working environment for both worker members and support staff is sometimes consciously traded off against productivity. The work can be resource intensive and draining for supervisory staff requiring them to take breaks by doing other work. However, this can impact on the bottom line of the business as this is often non-income generating work. Finding the balance between participation and productivity is a constant challenge.

7. The necessity of ongoing financial support:

Balancing participation and productivity can be challenging, particularly in providing meaningful work for people with learning difficulties. Ongoing financial support may be required to assist co-operatives long-term viability, but at a fraction of the cost to government of traditional employment services organisations.

Bibliography

1. **Nundah Community Enterprise Co-operation.** A Little About Us. NCEC. [Online] 2014. [Cited: December 16, 2014.] http://www.ncec.com.au/index.php?option=com_content&view=article&id=12&Itemid=26.
2. **Business Council of Co-operatives and Mutuals.** Public Service Mutuals: The case for a Third-way for delivering public services in Australia. *Business Council of Co-operatives and Mutuals*. [Online] 2014. [Cited: March 30, 2015.] <http://bccm.coop/policy-agenda/research/public-service-co-operatives-mutuals-white-paper/#.VRyi4a0cS70>.
3. **Community Living Association Inc.** Annual Report 2014. [Online] 2014. [Cited: March 30, 2015.] <http://www.communityliving.org.au/wp-content/uploads/2012/10/2014-Annual-Report.pdf>.
4. *Long-term unemployment in Australia.* **Fowkes, Lisa.** s.l.: Australian Policy online, 2011, Australian Policy Online.
5. **Wilkins, Roger.** Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia. [Online] 2002. [Cited: March 30, 2015.] https://melbourneinstitute.com/downloads/labour/22_Labour-market-outcomes_FinReport.pdf.
6. **Hooper, John and Warner, Richard.** *Participation and Production.* s.l.: Nundah Community Enterprise Co-Operative, 2003, updated 2013.
7. **Kernot, Cheryl and McNeill, Joanne.** *Australian Stories of Social Enterprise.* s.l.: The University of New South Wales, 2011.
8. **Warner, Richard** NCEC, "Unlocking the entrepreneurialism of the excluded: growing ownership is the key". *The Social Market Place.* [Online] UNSW, The Centre for Social Impact. [Cited: March 30, 2015.] <http://thesocialmarketplace.net/richard-warner-ncec-post>.
9. **Hooper, John and Warner, Richard.** *Participation and Production.* s.l.: Nundah Community Enterprise Co-Operative, 2003.
10. **Social Ventures Australia Consulting.** *Nundah Community Enterprise Co-operative.* 2012.
11. **Hooper, John and Warner, Richard.** *Participation and Production.* s.l.: Nundah Community Enterprises Cooperative, 2005.
12. **Nundah Community Enterprises Cooperative Ltd** (NCEC). *My Community Directory.* [Online] [Cited: December 15, 2014.] http://www.mycommunitydirectory.com.au/Queensland/Brisbane/Employment___Training/Disability_Employment___Training_Services/104299/Nundah_Community_Enterprises_Cooperative_Ltd___NCEC_.
13. **Nundah Community Enterprises Co-operative Limited.** *Financial Report for the year ended 31 December 2013.* 2014.
14. **Sutherland, Kate and Beachy, Tim.** *Innovative Co-ops in the Social Services Sector: A research study to benefit people with developmental disabilities and mental illness. Prepared for the Co-operative Secretariat, Government of Canada.* Canada: s.n., 2004.
15. **The Centre for Social Impact, Foresters Community Finance, Social Traders.** *Social Procurement in Australia: A Compendium of Case Studies.* 2010.
16. **Sutherland, Kate and Beachy, Tim.** *Innovative Co-ops in the Social Services Sector: A research study to benefit people with developmental disabilities and mental illness.* s.l.: Co-operative Secretariat, Government of Canada, 2004.
17. **Business Council of Australia.** *Submission to the Department of Education, Employment and Workplace Relations regarding the 'Employment Services: Building on Success' Issues Paper.* Sydney: s.n., 2013.
18. **Brotherhood of St. Laurence.** *Line of sight: better tailored services for highly disadvantaged job seekers. Submission to the Australian Government on future employment services from 2012.* Sydney: s.n., 2011.
19. **Department of Education, Employment and Workplace Relations.** *'Labour Market Assistance Outcomes – year ending December 2007.* s.l.: Australian Government, 2007.
20. **Department of Employment.** *Job Services Australia eligibility and how to register.* [Online] 2013. [Cited: 01 19, 2015.] <https://employment.gov.au/job-services-australia-eligibility-and-how-register>.



Published by

Business Council of Co-operatives and Mutuals

GPO Box 5166, Wynyard 2001

www.bccm.coop

ACN: 148863932



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS



**Building a better
working world**

This communication provides general information which is current at the time of production. The information contained in this communication does not constitute advice and should not be relied on as such. Professional advice should be sought prior to any action being taken in reliance on any of the information. Ernst & Young disclaims all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk. Liability limited by a scheme approved under Professional Standards Legislation.

Funded by the Australian Government
Department of Social Services

GETMUTUAL 

How to set up and run a co-operative

www.getmutual.coop