



Business Council of
Co-operatives and Mutuels



Submission to the 2022 NSW Flood Inquiry

20 May 2022



The Business Council of Co-operatives and Mutuals (BCCM) and the Northern Rivers Co-operatives Alliance (CA) welcome the opportunity to make this joint submission to the 2022 NSW Flood Inquiry.

The BCCM is the national peak body for Australian co-operatives and mutuals. The BCCM is a member-funded and member-driven organisation and represents businesses serving more than 11 million individuals and businesses across sectors including agriculture, banking, insurance, mobility, health, retail, wholesale and housing.

The CA is an alliance of seven leading co-operatives and mutuals headquartered in the Northern Rivers region of New South Wales. CA members have a combined turnover of more than \$1.5bn, directly employ 3,000 people and support more than 30,000 individual and primary production business members.

Our submission is focused on providing information on the role co-ops and mutuals played in the flood response, contextualising this response in light of the broader track record of co-ops and mutuals in disaster mitigation, response and recovery, and making recommendations for how the NSW Government (and others) could work more closely with the co-operative and mutual movement in disaster preparation, response and recovery. In doing so, our submission responds primarily to inquiry Terms of Reference 1(c), (d), (e) and 2(b), (e), (f), (h), (i).

The key point that this Inquiry should note is that **the overall effectiveness of responses to future disasters, will be enhanced when the Government empowers community-led responses, including through locally-owned and controlled co-operative and mutual businesses. For this reason, we recommend that the Government work with the BCCM and CA to form a National Co-operative Disaster Recovery Centre of Excellence based in Lismore, the epicentre of the eastern Australian flood event.** We also recommend that local agencies such as the Northern Rivers Reconstruction Corporation work with the BCCM and the CA on co-operative workforce and housing solutions that CA members have identified as medium-term challenges for recovery.



1. Background: What are co-operatives and mutuals?

Co-operatives and mutuals are corporations that are registered and regulated under Australian law; Co-operatives National Law, in the case of State and Territory regulated co-operatives, and unlisted public companies that meet the definition of a Mutual Entity under the Corporations Act in the case of federally regulated co-ops and mutuals.

This corporate model is distinguished by its ownership structure and the business purpose. Co-ops and mutuals are businesses that are democratically owned and controlled by their members. Members form and participate in co-operatives and mutuals to meet common economic, social and cultural needs. Members are typically:

- Consumers (e.g. in a credit union like Summerland Credit Union)
- Producers (e.g. in an agricultural co-op like Norco or a buying group like ILG)
- Workers (e.g. in a worker-owned care services co-op like The Co-operative Life)
- Community (e.g. in an energy generator owned by local residents like Hepburn Wind)

Co-operatives and mutuals are founded on values of self-help, self-responsibility, democracy, solidarity, and equality. They are guided by seven internationally-agreed principles for delivering value to members and their communities over the long-term:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training, and information
6. Co-operation among co-operatives
7. Concern for Community

There are 2,000 co-ops and mutuals in Australia. They have a combined turnover of more than \$35 billion and 8 in 10 Australians are a member of at least one co-operative or mutual (National Mutual Economy Report 2021). Globally, there are an estimated three million co-operatives with one billion members.



2. Co-operative and mutual responses to the 2022 floods

Co-operatives and mutuals are embedded in the NSW communities that were impacted by the floods.

In the Northern Rivers there are more than 30 co-ops and mutuals operating across agriculture, fisheries, banking, housing, health, retail, media and community services.

In Western Sydney, important locally-headquartered co-ops and mutuals include the council risk protection organisation, CivicRisk Mutual and co-operative buying groups such as Rapid Group, ILG and Go Vita.

Despite the devastating impacts of the floods on the co-op and mutual businesses themselves they have demonstrated remarkable resilience and responded on behalf of members and wider community. The BCCM has collated information from co-ops and mutuals about their responses to assist members, staff and the wider community. Below are a selection of case studies, with further examples available on the [BCCM website](#). The BCCM has also supported efforts by the Australian Mutuals Foundation to raise funds from the co-operative community to support flood-impacted communities. Northern Rivers co-operatives like Norco have also acted as trusted intermediaries to collect and distribute relief funds on behalf of their community and members.

While the immediate focus has been on serving members and staff, co-ops and mutuals now also need to respond to the damage to their own businesses. Alongside this, CA members have identified workforce and housing as two key regional challenges for longer-term recovery and resilience in the Northern Rivers.

Case study: The Casino Food Co-operative

The Casino Food Co-op is Australia's largest meat processing co-operative. It is 100 percent producer owned, with approximately 900 farmer and operator members and employs more than 900 people across at Casino and Booyong in NSW.

The Casino Food Co-operative was a centre point in the immediate response as a food distribution hub. The co-operative utilised its hard and soft assets in the emergency effort including refrigeration plant and equipment, forklifts to operate food and emergency distribution, and chopper pad, fuel tanks, mobile generators, earth moving equipment.

Staff, including plant workers and cleaning teams, volunteered for the relief effort by cleaning homes and assisting with food distribution. Production was shut down for a number of days to focus the co-op's resources on the disaster response.

Fortuitously, the co-operative also agreed to take in the entire fresh produce of a Lismore fruit and veg shop after it was evacuated. Those 20 pallets of fresh fruit and vegetables became vital for keeping locals in evacuation centres alive.



The co-operative served as the centre for air drops to the isolated and cut-off communities.

This disaster highlights how important it is for industry and emergency services to come together for the good of the community. The co-operative delivered 90 pallets of food, using 20 helicopters and 11 trucks to 14 communities. It is estimated the co-operative helped feed around 4,000 people during the crisis.

Case study: Summerland Credit Union

Summerland Credit Union is provider of ethical banking options and trusted advice to over 25,000 members in the Northern Rivers Region of NSW.

In response to the flooding, Summerland developed a Disaster Relief Package to help members who faced difficulty in meeting loan repayments and needed access to additional funds. Relief options included:

- Payment relief on home loans
- Free redraw (staff assisted) on all home loans
- Free replacement cards and cheque books
- Waiving fees for restructuring business loans
- Waiving fees for accessing term deposits early

Summerland was also instrumental in establishing the Community Banking Hub that opened at Southern Cross University in Lismore to provide banking services to the community in the immediate aftermath of the flooding. Six mutual banks and credit unions that operate in the region participated in the Hub: Summerland, bcu, Greater Bank, Newcastle Permanent, G&C Mutual Bank and Southern Cross Credit Union.

Summerland was focused firstly on serving its members despite suffering significant flood damage to its head office at Lismore and also to a second multi-story commercial building in the CBD it owned and leases to a welfare organisation.

Case study: CivicRisk Mutual

CivicRisk Mutual is a mutual of NSW councils headquartered in Penrith. It is self-managed, self-funded and owned and operated entirely by members for risk management regarding public liability losses.

CivicRisk Mutual has supported member councils impacted by floods including at Richmond Valley, Hawkesbury, Penrith, Blue Mountains, Wollondilly, Blacktown and Parramatta.

Members were provided prompt assistance and damage assessments to determine potential claim costs and, where appropriate, members were offered up-front initial claim payments to enable quick repair, replacement and reinstatement of their community services and facilities.



From experience CivicRisk Mutual has found this approach significantly reduces the pressure on Councils and their cash flows during stressful times and has provided positive outcomes for members' communities.

Case study: Australian Mutuals Foundation

Australian Mutuals Foundation (AMF) is a registered charity with its primary purpose to provide a vehicle for mutual banks and other co-operative organisations to assist needy children in Australia and to alleviate poverty in some of the poorest communities in the Asia Pacific region by supporting international co-operative enterprise development efforts. In addition, AMF has a focus on supporting community disaster recovery efforts within Australia.

Responding to the flood crisis, the Australia Mutuals Foundation quickly activated its emergency/disaster relief donations portal to accept donations from the Australian co-operative and mutual community for the flood disaster relief effort to help communities impacted by the devastating floods in New South Wales and Southern Queensland. At the time of submission, the portal is still open for donations.

In response to the bushfires, the AMF previously raised more than \$300,000 from the local and international co-operative community. These funds were distributed to local co-operatives and community organisations for a range of recovery activities.



3. Contextualising the response: how the structure of co-ops and mutuals contributes to their response to natural disasters

Globally, there has been recognition that effective disaster preparedness and recovery is achieved by “putting affected people at the centre” and ensuring risks are understood and managed locally and the recovery is community-led and locally informed. Sociable communities (places where members are willing to help one another) are more resilient and ride out disasters more easily than socially impoverished communities.

As people-centred businesses, co-operatives can contribute to more effective disaster preparedness, response and recovery. Co-operatives help communities develop deep ties and trust networks that are advantageous in a disaster event.

To evidence this in the Australian context, following the 2019–20 bushfires the BCCM commissioned Primary producer co-operatives: The beating heart of community resilience and recovery, a research report detailing how co-operatives have facilitated effective community responses and recovery from natural disasters and other localised challenges. The case studies in that report demonstrate that co-operatives are important entities within a thriving community because they foster social connection and establish social bonds which can mobilise quickly after a disaster.

“I would like to encourage government, farmers, and communities to consider how the co-operative model may be used to transfer risk from the farmgate to collective risk pooling models and shared infrastructure, marketing and buying power. I see the role of co-operatives in rural communities being a major catalyst for the retrofitting of our vulnerable regional communities as they adapt to face bushfires, floods, storms and other disaster.”
(**Professor Mary O’Kane**, quoted from *Primary producer resilience: The beating heart of community resilience and recovery*)

The co-operative structure provides skills and familiarity with communal self-help, and a platform for the effective long-term recovery of impacted communities.

Co-operatives are key community institutions, able to adapt to solve a range of challenges:

- Are member owned – putting members and the community first
- Are able to pool risk
- Work together to increase buying power
- Share marketing and work together to increase their customer base
- Create social connections and build high levels of trust
- Are at the centre of the community in disaster zones and deliver personal and ongoing recovery support
- Provide training and education to support recovery and improved resilience
- Are a physical place to meet for social and emotional support
- Have efficient communication avenues with members
- Support the sustainability of local production, land, markets and communities



4. Recommendations: Learning from and responding to the flood experience

As the NSW Government looks for ways to increase the resilience and preparedness of communities to respond to threats and disasters, the BCCM and the CA recommend:

1. That the NSW Government work with the BCCM and the CA to form a National Co-operative Disaster Recovery Centre of Excellence based in Lismore.

As a partnership between Government and the co-operative movement, the Centre would deliver:

- Better prepared Councils and communities (development of research, good practice guidelines and training resources for Councils and communities on community governance)
 - A stronger co-operative movement in disaster prone areas, equipped to respond to disasters (development of resources and delivery of support for establishment of new co-ops in disaster prone areas)
 - National and international connections (a database of co-ops with experience in disaster preparedness, response and recovery, increased networking and information sharing among community-led disaster recovery experts, especially in the Pacific region)
- 2. That relevant government agencies and bodies at all levels including the Northern Rivers Reconstruction Corporation work with the BCCM and the CA on co-operative workforce and housing solutions.**
- A co-operative labour pool model to attract and retain the workforce needed in the region's key industries. This could build on the successful NZ example of the Seasonal Solutions Co-op.
 - A shared equity or Community Land Trust solution for efficient construction and affordable and secure tenure of new housing in non-flood prone areas. Entire suburbs can be built and managed as co-operatives such as the New York City examples of Co-op City or Rochdale Village.

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