



Employment White Paper Submission

November 2022

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1. Introduction

Co-operative and mutual enterprises (CMEs) help to build an economy that is as strong, resilient and inclusive as the people of Australia. They do this by mobilising the sense of collaboration and the common purpose that exists between businesses and communities across the country, a mutualism of shared purpose.

Co-operatives and mutuals strengthen competitiveness and diversity in markets and improve social and economic well-being by generating decent employment and contributing to sustainable development. They spread wealth by focusing on delivering value rather than capital accumulation. They are always domestically owned, employ local people in high quality jobs and pay Australian taxes.

With a supportive business environment, CMEs can contribute even more to economic growth and high-quality employment, by boosting advanced manufacturing, food processing, agriculture and fishing and continuing to play a key role in supporting the growing care economy, as well as through their strong performance across a range of well-established industry sectors.

BCCM would like to engage directly with the Federal government to explore how CMEs can help to deliver progress in priority policy areas, particularly focusing on improving productivity and quality work.

In this submission, we have responded to the following headings:

- **Future of work and the implications of structural change:**
 - **Care economy** – co-operatives are increasingly providing social care services both in Australian homes and in purpose-built facilities.
 - **Energy transition and tackling climate change** – As Australia moves towards a greener economy and climate resilience, energy co-operatives can help to embed local ownership and engagement in the future of energy security and motorist mutuals in rolling out the electric vehicle charging network.
- **Building resilient supply chains** – co-operatives are key Australian assets, creating food security and self-reliance and significant export earnings.
- **Pay equity and equal opportunities for women** – co-operatives and mutuals have a business-leading track record in empowering women.
- **Job security, fair pay and conditions** – Co-operatives and mutuals align secure work and fair compensation with business purpose.
- **Collaborative partnerships and place-based approaches**

Our proposals will enable co-operatives and mutuals to establish enterprise clusters that will deliver on the Government's objectives of increasing domestic capacity to create long term quality employment and prosperity across all regions of Australia:

- **Business growth:** CMEs create more capacity in the domestic economy by boosting productivity and investing more in skills, training and the digital economy.
- **Advanced manufacturing:** co-ops help small and medium businesses to reach competitive scale through collaboration to create world leading industry businesses such as advanced manufacturing hub, [HunterNet](#).
- **Value added food processing:** Co-operatives are well established in value added food processing for a whole range of products, securing regional employment across Australia.

Building on Labor's election commitment to be inclusive of co-operatives and mutuals, the sector can bring real value to this national mutual effort.

2. Future of work and the implications of structural change

2.1 Care economy

Social care co-ops and mutuals deliver quality care through member-owned structures. This means that members of the organisations, who can be the consumers, their families, the care workers, the community or any combination of these, are involved in decision-making and benefit from the enterprise activities, including through the reinvestment of trading surplus.

Co-operatives and mutuals operate in aged care and disability services, primary and allied health, community health, mental health, veterans' health, First Nations services and social and affordable housing.

Co-operative and mutual structures can increase diversity and choice in health, community and social services with positive outcomes for accountability, innovation, quality and productivity.

Benefits of social care co-ops and mutuals

Co-operatives and mutuals generate benefits through their autonomy and independence, decision-making by members, member economic participation, reinvestment of profits, and co-operation.

They can:

- Increase organisational diversity in social service markets: Co-ops and mutuals can assist smaller service providers to come together in a secondary co-op or mutual to collaborate and operate more efficiently in a market, as well as reach into more difficult to reach regions where services are lacking.
- Harness the professionalism of care workers and unleash their entrepreneurialism: Employee-led organisations are an alternative to privatising or outsourcing services. Government can sponsor innovation like [Kudos Services](#), Australia's employee-led disability services mutual.
- Increase consumer choice and control by helping individuals and communities to formulate their own responses to problems in client directed care markets: Co-operatives and mutuals develop empowerment through community and consumer-owned co-operatives.

There is evidence that when care workers and consumers are empowered through democratic governance, productivity and workplace satisfaction increases dramatically.

When is a social care co-op or mutual the right model?

Co-operatives and mutuals are enterprises that deliver consumer choice and control and efficient and innovative service delivery. Social care co-ops and mutuals are well placed to support community resilience where services cannot be delivered due to market or other service provision failure.

Co-operatives and mutuals have advantages in delivering services in areas that are not well serviced because they are small scale, remote or complex. They have proven particularly useful when:

- Services are too expensive for government or market forces to provide
- There are low or variable profits
- Specialised service is needed
- User input is required in service design and delivery.

Types of social care co-ops and mutuals

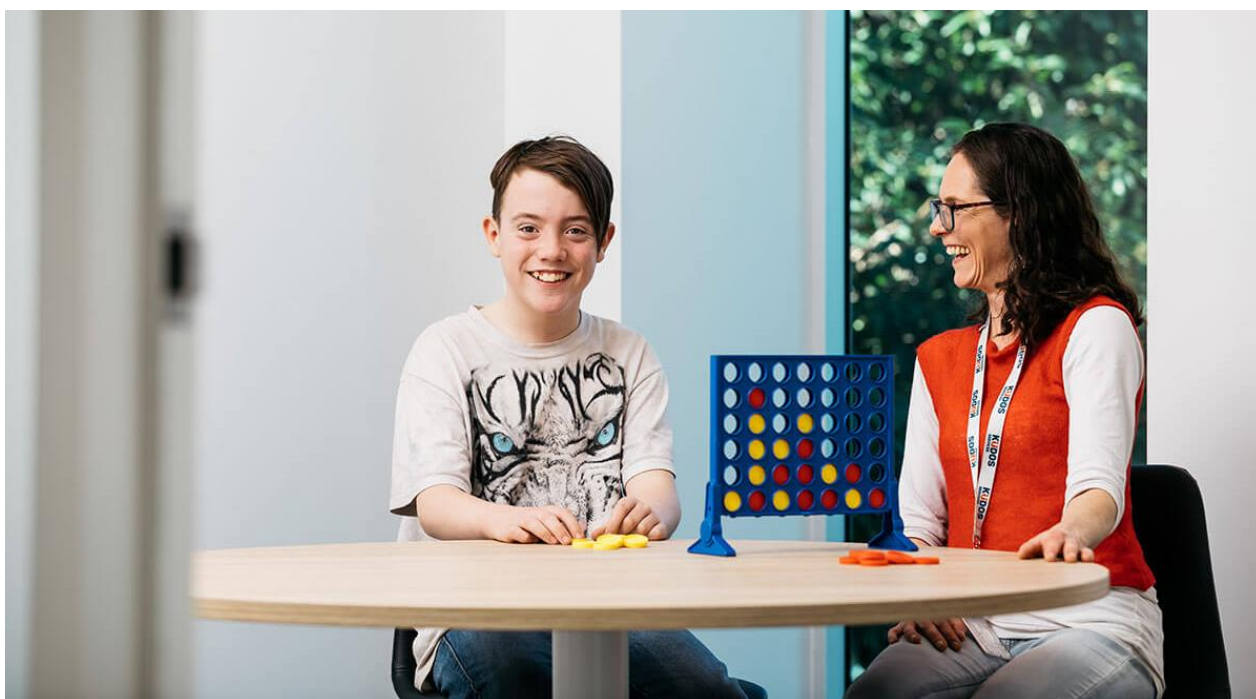
Social care co-ops mutuals can have different structures, depending on who their members are.

Consumer co-operatives

Consumer or community-owned co-operatives like [Supporting Independent Living Co-operative \(SILC\)](#) can be an ideal approach for disadvantaged groups where there is the energy, commitment and expertise in the community to tackle problems together.

Co-operatives can be a method of developing members' capacity to participate in the broader community by providing enhanced networks, increased confidence and skills.

Consumer co-operatives have demonstrated success and have enormous further potential with some of Australia's most disadvantaged groups including Indigenous groups, rural communities, people from culturally and linguistically diverse backgrounds, people with disabilities and older Australians in need of care.



[Kudos Services](#)

Employee co-operatives

Worker-owned co-operatives provide employees with autonomy and the ability to make judgements as to how to provide the best service at the local level. They free employees to be entrepreneurial and to innovate.

Employee-governed businesses can be effective for those working with people with complex needs, where consistency of personnel is required, and where services are focused on empowerment-based approaches. Staff-based co-operatives can be particularly effective in areas where staff attraction and retention has proven problematic.

Enterprise co-operatives

Governments throughout Australia are seeking larger, more efficient service organisations with a single point of entry for a wide range of complex social problems. Many smaller, yet highly effective social support organisations may not survive competing against these larger organisations with their economies of scale. This can mean larger organisations replacing smaller local groups that have built relationships with their local community, have local knowledge and specialist experience.

Co-operatives of businesses and not-for-profit organisations, called enterprise co-operatives, can support smaller providers to share corporate and back-office functions including bulk purchasing, accounting, human resources, marketing, client software and OH&S services. Enterprise co-operatives assist specialist organisations to increase productivity and market power whilst retaining local input and local jobs. They allow smaller organisations to compete in monopolistic markets dominated by larger, multinationals.

2.2 Energy transition and tackling climate change

As member-owned enterprises, co-operatives are ideal vehicles for financing and managing energy assets for a purpose other than profit maximisation: Developing the social license for new technology, sharing surpluses equitably and building local wealth so that the proceeds of energy businesses are reinvested back into the local economy. Beyond individual communities, co-operatives can also contribute to a diversified energy market with healthy business model competition in the interests of consumers.

BCCM believes in the potential to see more communities following in the footsteps of pioneering local energy co-ops like [Hepburn Wind](#) and [Goulburn Community Energy](#).

The benefits of co-operative ownership of local power projects

BCCM acknowledges the significant benefits that derive from community ownership in energy projects, including:

- **Social license promotes the spread of renewable technologies**

Co-operative ownership creates a social license and has shown to be the ideal vehicle to promote the uptake and spread of renewable energy technologies. Co-operative ownership was instrumental in the wide-spread acceptance of wind-energy throughout Denmark and Germany. Today, wind farm turbines across Denmark, 80% of which are owned by households and communities, supply almost 20% of the country's energy needs.



[Hepburn Energy Co-operative](#)

Competitive and efficient in thin markets

Co-operatives focus on their members' needs, granting members, ownership, control and responsibility. It is these characteristics that allow co-operatives to compete and operate efficiently where the private or public sector cannot. Co-operatives are a significant player, particularly in rural United States where they currently own and maintain 42 per cent or almost 4.2 million km of electricity

distribution lines across the country via the [National Rural Electricity Co-operative Association \(NRECA\)](#).

Co-operatives are a market-based option that contribute to the development of genuinely competitive energy markets and can meet needs that cannot be met otherwise in thin markets. They can focus on balancing long-term security, affordability, reliability and environmental sustainability goals in the interests of their members and communities. Additionally, co-operatives contribute to market diversity and competition between business models to the benefit of all consumers, distributing the benefits of renewable energy to the local economy where the energy assets are located.

Community benefit

Co-operative ownership of renewable technologies has shown to generate an average of **2.5 – 3.5 times more jobs** and 3.1 – 4.5 times more local dollars compared to investor ownership. This is achieved through increased engagement with local labour and businesses and the payment of dividends and servicing of bank loans locally. Co-operative ownership also strengthens local resilience, participation and bonds of reciprocity.

3. Building resilient supply chains

The experience of the pandemic, droughts and a volatile relationship with trading partners have shone a light on the importance of achieving greater Australian national self-reliance. This can be achieved through more Australian ownership and control in the national interest, across a range of sectors.

The interruption to global supply chains caused by the pandemic points to a need for greater Australian domestic manufacturing. The importance of control over domestic production is just as relevant in the value-adding of manufacturing as with primary industries.

Australian-owned food producers and processors are the key to local food security. Agricultural co-operatives are here to stay – owned exclusively by Australian independent family farms, they work together to add value to primary produce, export and return the value to regional communities.

Australia needs more onshore manufacturing and domestically owned food processing

The twin objectives of more Australian-owned and operated value-added manufacturing and the growth of a medium-sized business sector can both be delivered through co-operatives. Co-operatives and mutuals are always domestically owned and controlled. The co-operative cluster of more than 170 independent engineering services firms, working through [HunterNet](#) in NSW, is a great example of how SMEs can collaborate to strengthen their supply chains, increase production, train a skilled workforce and boost exports.

Section 5 describes how co-operatives can be leveraged to deliver more of this growth capacity.



Norco Co-operative milk factory, photo by Paul Harris

4. Pay equity and equal opportunities for women

Co-operatives and mutuals have a business-leading track record in empowering women.

The number of women at the helm of Australia's top co-operatives and mutuals increased five-fold over the past five years, outstripping progress on gender diversity among ASX 200 companies.

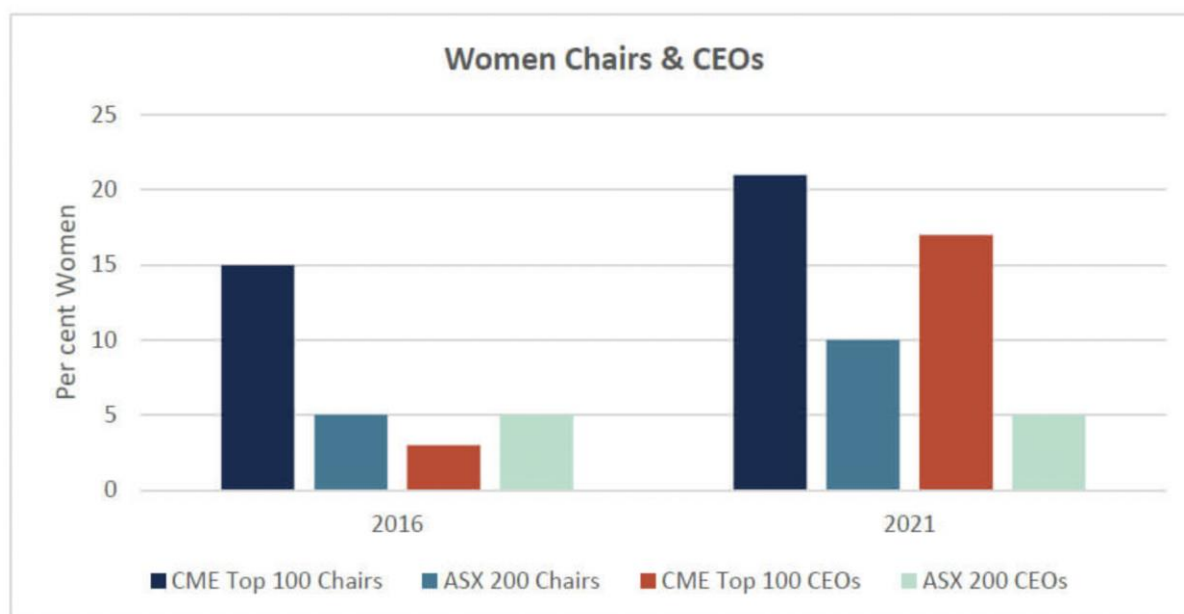
Data released as part of the Business Council of Co-operatives and Mutuals' annual [National Mutual Economy report](#) shows the representation of women Chief executives at the biggest 100 co-ops and mutuals was 17 per cent in 2021, up from 3 per cent in 2016.

The data also shows that the number of top 100 co-ops and mutuals with women chairs grew from 15 per cent to 21 per cent during the same period.

These figures reflect the values such as inclusion and diversity that co-ops and mutuals have at their very heart. They also reflect a shift amongst executives looking for purpose driven businesses to work for.

Co-operatives and mutuals have a unique opportunity to empower women to lead because they have a member-owned governance structure that invites people from different backgrounds to participate in board positions.

Diversity and inclusion in the boardroom – whether it be in relation to gender, disability or race – will ultimately make businesses more successful.



The latest data comes after 2016's [Eliza Project](#), undertaken by the BCCM to address the under-representation of women in senior executive positions within the co-ops and mutuals sector.

The BCCM's most recent data shows that in 2021 the co-ops and mutuals to have appointed women CEOs were predominantly in the areas of private health insurance (5) and general insurance and professional indemnity (5), with banking and financial services (4), health services (2) and education, training and childcare (1) also represented.

The highest-ranking co-op or mutual to have a women CEO in 2021 was the private health insurer HCF, which is the second largest by turnover. HCF has been run by Sheena Jack since August 2017. By comparison, the highest-ranking women-led co-op or mutual in 2016 was the 49th largest.

5. Job security, fair pay and conditions

Co-operatives and mutuals contribute to job security, fair pay and better working conditions through their commitment to long-term, sustainable and purpose-driven service delivery.

Employment security through long-term sustainability

A long-term view of business is innate to co-operatives and mutuals. Not driven by the need to maximise short term profitability in the way that listed firms must, they are able to build a longer-term attitude to employment and growth.

The longevity of co-operatives and mutuals is striking. In 2020, research¹ conducted the BCCM found that in Australia, the average age of an ASX top 50 firm is 65 years. By comparison, the average age of a top 50 Australian co-operative or mutual is 82 years, a full 17 years and 25% longer. This tells us something significant about the importance of co-operatives and mutuals to a successful mixed economy. They are the anchors in an often-turbulent business environment. Their ability to show resilience in such a consistent way helps to de-risk economies and provide employment stability and certainty in a way that profit maximising companies with short term objectives cannot.

Investing in workers to achieve business purpose

Co-operatives and mutuals contribute to fair pay and conditions by committing a higher share of income to wages, investing in skills and training and by ensuring workers keep their jobs through bad times as well as good. This was witnessed during the recent challenges posed by natural disasters and the pandemic, when co-operatives and mutuals increased their workforce, while other companies were laying off or furloughing staff.

[Research](#) commissioned by the BCCM and prepared by SGS Economics & Planning showed that co-ops and mutuals had returned a larger share of their income to labour than other businesses. The top 100 co-operatives and mutuals combined delivered 66 per cent of income to wages in 2020/21. The share was similar across agribusiness and financial service co-operatives and mutuals, with each delivering 68 per cent to employees. This compares with Reserve Bank of Australia figures showing less than 30% of Finance industry incomes, and 60% of other industries' incomes are paid out to workers as wages, with the remainder distributed as profits.

This shows that pay and rewards to staff in co-operatives and mutuals are aligned to delivering the business purpose of service and price for members rather than capital growth for investors as in shareholder firms. It is a difference that underpins behaviours and ultimately outcomes that spread wealth more equitably.

¹ BCCM [Leading the Resilience Report](#). 2020. p 13.

6. Collaborative partnerships and place-based approaches

Co-operative and mutual businesses are the epitome of collaborative partnerships. They are equitable businesses. They share the benefits of business fairly with all stakeholders – employees, customers and other participants. This ensures that wealth remains in Australia and is spread among the communities served by the CMEs, either through lower prices, access to otherwise inaccessible services, or sharing of profits.

Unleashing the co-operative potential

There should be more co-operation between the Australian people, its government and the co-operative and mutual business sector. Working towards the common goal of strengthening the business environment will help to release the full potential of these people-centred businesses to do good for Australia and its people.

The policy, legislative, regulatory and business services environment play an important role in deciding the success or otherwise of businesses. If we look around the world, it is these factors that have the biggest influence on the size and scope of the CME sectors in each country. Australia should have a world leading business environment that enables co-operatives and mutuals to play their full role in the future Australian economy, in a way that reflects the best of the history and culture of Australian co-operative business.

Federal government business policies are fundamental to securing the potential of CMEs to create growth and spread prosperity. They should provide a supportive policy and legal framework for CMEs.

By adopting recognised international best practice (e.g. United Nations International Labour Organisation statement [No. 193: Promotion of co-operatives](#)), CMEs should be considered as one of the pillars of national economic and social development.

- policy should encourage the development of CMEs in areas where they have an important role to play or provide services that are not otherwise provided.
- policies should support capital access and retention in CMEs
- regulations should treat CMEs on terms no less favourable than those accorded to other forms of enterprise
- the registration of co-operatives should be as rapid, simple and affordable as possible

One striking feature of co-operative and mutual businesses is their natural willingness to work together towards a shared objective. It is second nature for these firms to put aside commercial rivalry in place of co-ordinated peer group action.

Co-operative business can provide a significant contribution to enterprise growth, once the right development conditions are in place.

By working towards the creation of a number of **regional co-operative business clusters**, we believe that Australia can benefit from a significant boost to economic growth, harnessing the innate self-help entrepreneurialism of co-operatives and mutuals.

BCCM has 'oven ready' plans for establishing place-base partnerships that will deliver long-term, high-quality employment and prosperity.

The proposal is to facilitate a boost to economic growth by supporting the development of regional business clusters around strong co-operatives and mutuals through a national Centre for Co-operative Business Growth.

It is a 24-month industry-led program to commence immediately and can facilitate co-operatives and mutuals to deliver this program and increase their impact on the Australian economy.

Federal support of \$10 million will allow the sector to create the infrastructure required to deliver a return multiplier estimated at up to six times the value of investments.

Growing employment and prosperity: The Australian Centre for co-operative business growth

A virtual national Centre for Co-operative Business Growth would deliver consistent, world leading business services to support co-operative education and business development nationwide. A partnership between Government and industry, its purpose is to facilitate collaboration between independent SME businesses to increase employment, business productivity, profitability, their capacity to add-value and export.

It would be located with and administered by the Business Council of Co-operatives and Mutuals.

What the Australian Centre will deliver

The BCCM will work with co-operative and mutual businesses across a range of industry sectors in all parts of Australia, with a particular focus on regional development.

The plan will focus on:

- Building regional clusters for economic development around groups of strong co-operatives and mutuals.
- Growing medium and larger-sized co-operative firms, particularly in manufacturing and finance.
- Assisting SMEs to be more profitable and competitive through existing and new co-operatives.

Australian co-operatives can be mobilised to grow medium and larger-sized business

Co-operative business should be a key contributor to the effort to grow a successful, sustainable and domestically owned manufacturing sector. This can be achieved by assisting small co-operative businesses to work together to grow existing medium and larger-sized firms and create new ones in key agricultural and industrial sectors.

Co-operatives and mutuals protect Australian assets and a way of life associated with family business ownership. They vertically integrate the domestic supply chain from inputs to energy infrastructure, labour, plant and equipment and logistics.

Appropriately enabled they can grow to global scale manufacturing businesses. [Ocean Spray](#), [Fonterra](#), [Arla](#) and [Mondragon](#) are examples of global scale co-operative manufacturers that operate without diluting domestic ownership. Foreign currency earned stays local. They provide ethical, traceability for food provenance, guaranteed through the ownership.

However, many of the well-known names and production capacity has been lost over the years, as firms were sold or demutualised – AMP, Wesfarmers, Bega Cheese, Incitec Pivot, and Dairy Farmers, were built as co-operatives before adopting a different corporate structure in the 80s and 90s.

This can be reversed to secure and expand this significant Australian asset.

Co-operative producer-owned manufacturers are successful at:

- Employing locally through quality long term employment
- Maintaining a traditional way of life whilst providing economic growth to strengthen Australia's regions
- Helping to maintain the domestic ownership of strategic food assets, thus increasing food security for Australians
- Enabling the production of high-quality Australian food produce
- Generating significant export earnings
- Facilitating independent Australian businesses to compete by providing access to domestic and international markets
- Facilitating economies of scale by enabling individual businesses to jointly own and control their supply chain
- Enabling smaller owners to stay in business and remain independent
- Spread wealth back to owners through produce rebates and profit sharing
-



[Lockyer Fruit and Veggie Co-operative](#) (Lockyer Valley Foods)

6.1 Building regional clusters for economic development around groups of strong co-operatives and mutuals

International experience shows that co-operatives can be major contributors to regional economic development, through the establishment of enterprise clusters, where co-ops and mutuals work together to share expertise, financing capacity and human resources development. This kind of investment in co-operatives has been shown to provide a return in excess of six times the value of new capital.²

We should establish regional development clusters in two or three locations in Australia, around existing strong co-ops and mutuals.

The Northern Rivers region of NSW is one such area. A cluster of co-operatives, predominately in agriculture, contribute [over \\$1 billion to the local economy](#) and provide more than 2,000 local jobs. As a network, they are currently exploring a shared workforce that would maintain skills and decent jobs in the region.

The establishment of legal, financial and professional support capabilities are proven to act as an accelerator for co-operative business development. Australia has the foundation of successful co-operative businesses upon which to build such a system, and in turn, benefit from the exponential business growth that the co-operative sector can deliver.

Access to business expertise is critical to supporting the success of clusters. Alongside the availability of investment finance, a business ecosystem exists to provide support to small businesses that wish to come together through their co-operatives.

Co-operatives can work together in a variety of ways that other types of business find difficult. They can do this both on a regional basis and through industry groups. The BCCM is adept at bringing these firms together towards shared objectives. The potential for collaboration ranges from peer support to the encouragement of joint ventures and the shared responsibility for innovation and training. In each case, the winner is the local economy.

Access to investment finance is critical for co-operatives to succeed. Efforts should be made to ease the market for co-operative investment in Australia.

Australia can emulate this successful practice by building co-operative clusters out of its existing successful co-operative businesses. There are significant concentrations of large co-operatives in Perth, WA and in northern NSW, which we would immediately scope for establishing such co-operative clusters.³

² In Italy, CFI estimates that investment in co-operatives as part of such clusters has generated an economic return of 6.8 times the capital invested

³³ The footprint of the Northern Rivers Co-operatives Alliance is represented in an infographic in the Appendix.

6.2 Growing medium and larger-sized co-operative firms, particularly in manufacturing and finance

Mid-sized co-operative and mutual firms are key to economic recovery. They are often significant employers in regional towns and major players in regional economies.

We should assist in the expansion of existing co-operatives and mutuals through diversification, acquisition and new product development. In this way, high quality jobs will be maintained and expanded, particularly in regional Australia.

Co-operative business should be a key contributor to the effort to grow a successful, sustainable and domestically owned manufacturing sector. This can be achieved by assisting small co-operative businesses to work together to grow existing medium sized firms and create new ones in key agricultural and industrial sectors.

Whilst maintaining the essential nature and benefits of private ownership, co-operatives are able to build businesses of scale by harnessing their shared interest and knowledge of their markets.

Co-operatives operate in food manufacturing but also in defence manufacturing ([HunterNet](#)), general engineering and machining ([Emicol](#)) and recycling of organic waste ([Master Butchers Co-op](#)). Co-operatives, such as [Norco](#), not only have extensive manufacturing facilities, that serve domestic and overseas markets, but also bring employment to local communities by owning stores that provide agricultural supplies.

Mutual banks and credit unions act as major players in regional economies, and by growing through the acquisition and diversification of their products, they can provide greater competition to the large banks and better choices for consumers.

6.3 Assisting SMEs to be more profitable and competitive through existing and new co-operatives

Australia has a high proportion of small enterprises. Co-operatives of small and medium sized businesses help these firms to compete with larger businesses, supporting competition and choice in a range of markets by sharing costs and logistics.

We should leverage existing sector experience to help grow existing co-ops and mutuals and establish new ones.

Purchasing and supply service co-operatives of independent business owners enable small firms to benefit from economies of scale in procurement and throughout their supply chain so they can operate in sophisticated, crowded markets whilst simultaneously maintaining their focus on their locality.

These co-operative business consortia enable independent business owners to run and operate businesses in competitive marketplaces where they would otherwise be squeezed out by pressure from large, listed firms. They help to foster a spirit of entrepreneurship in a marketplace where such zeal could otherwise be pushed out.

Lower input costs to members of the co-operatives improve business productivity and efficiency, which benefits regional Australians.

The co-operative enterprise consortia way of doing business is extremely successful at providing access to finance for smaller, regional businesses that would otherwise struggle to compete in developed markets.

This co-operative approach should be mobilised and supported on a national scale to help small local businesses to grow and compete successfully in their markets. New consortia can be facilitated in a range of industry sectors, to increase the success of small enterprises and grow new medium sized firms to service them.



[The Northern Australia Aboriginal Kakadu Plum Alliance \(NAAKPA\)](#)

7. About the BCCM

The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-op and mutual movement.

Through its member co-ops and mutuals, the BCCM represents 11 million individuals and 160,000 businesses.

The BCCM has supported new co-operatives and mutuals to form in a range of sectors and is a member of the International Co-operative Alliance (ICA) with access to worldwide networks.

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