



April 2024

# Australian and New Zealand perspectives on the Cooperative Identity

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International Cooperative Alliance – Coop Identity Consultation

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## Introduction and background

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The International Cooperative Alliance (ICA) is the global steward of the Statement on the Cooperative Identity – which sets out the values and principles of the cooperative movement.

The 33<sup>rd</sup> International Cooperative Alliance World Cooperative Congress held in Seoul in December 2021 began the process of a global consultation to review the Statement on the Cooperative Identity (“The Statement”) to determine whether The Statement is still relevant and is adequately understood and communicated.

The ICA Board established the Cooperative Identity Advisory Group (CIAG) to continue the process of consultation, and to gather up and report on feedback from members from all ICA Regions. CIAG invited national apex bodies and other organisations to host self-guided events on the Coop Identity Consultation.

In response to this invitation, Australia’s Business Council of Co-operative and Mutuals (BCCM) together with Cooperative Business New Zealand (CBNZ) hosted a webinar for its members and interested parties in Australia and New Zealand on 5 December 2023. The webinar attracted around 60 participants and was an opportunity for all participants to contribute to the discussion by posting comments and questions into the Zoom chat.

Invited speakers included apex body leaders, Melina Morrison (CEO, BCCM) and Roz Henry (CEO, CBNZ); ICA, BCCM and CBNZ members, Capricorn Society (represented by Jacqueline Mills, Chief Experience Officer) and Marlborough Grape Growers Cooperative (Mike Brown, Chair, CBNZ); cooperative researchers and academics, Professor Nicola Shadbolt (Massey University, NZ) and Dr Ann Apps (University of Newcastle).

The following provides a high-level summary of the webinar, and the views of participants on the review of The Statement on the Cooperative Identity. The summary uses the four articulations identified by CIAG and considers the contribution of the participants in the context of each of these.

### **1. Articulating the identity (the value of The Statement)**

The content of the ICA’s Statement on the Cooperative Identity (“The Statement”) is reasonably well known by the leaders of the apex bodies and the academic research community. The business leaders in primary cooperatives on the other hand were not so familiar with The Statement or the detailed content of The Statement.

The cooperative business leaders had a clear sense of the advantages of their business model when compared to an investor-owned firm. In terms of the operationalisation of the cooperative principles, the business leaders were able to speak about the significance of member economic participation and member democracy, as they were understandably focused on the needs of their members and the reciprocal relationship between their members and the cooperative, in the business or economic sense. The business leaders also recognised the importance of education, training and information for members, and the significance of their cooperative’s contributions to local communities. However, there was a general lack of awareness of The Statement as a whole and its relevance to primary cooperatives.

This lack of awareness is indicative of a disconnect between cooperatives in Australia and New Zealand and the global cooperative movement (both at regional and global level). The reasons for this disconnect were not explored in depth at the webinar but could be attributed to the relative newness of the formal

organisation of the movement through cross-sectoral apex bodies in these countries. It also suggests that more needs to be done at both the global and regional level to engage with and support cooperative enterprise in smaller (and more remote) countries.

The cooperative leaders of the BCCM and CBNZ were aware of the importance of The Statement as a tool to defend the Cooperative Identity, especially when lobbying governments for recognition and to protect cooperatives from some of the adverse impacts of regulation which is designed to suit the investor-owned company model. The apex body leaders agree that The Statement is not so well known or understood by those in government circles whilst the cooperative principles are themselves enshrined in the legislative instruments governing cooperatives in the region.

Policymakers are aware of concepts like social enterprise (including B-Corp certification), “for-purpose” business and the need for ESG reporting. However, in Australia and New Zealand, the link between cooperative enterprise, social enterprise and the social economy is not well understood, and cooperatives’ role in social development is marginalised, and this makes the task of the apex bodies in promoting and defending the Cooperative Identity publicly a particularly challenging one.

The academic researchers have examined the interaction of the cooperative principles and values in The Statement from different disciplinary perspectives, cooperative governance, and cooperative law. They are aware of the potential role of The Statement in guiding internal governance and in shaping legal identity. One feature of The Statement which may be better understood by the academics than the business leaders is the relationship between the values and principles and the interactions between each of the principles, to produce a holistic representation and conceptualisation of the Cooperative Identity. It was suggested that this aspect of The Statement has not been well communicated by the global movement and, although the interdependence of the principles is elaborated to some extent in the guidance notes, perhaps more could be done in terms of resources (case studies, tips, sample governance codes, etc.). This would give cooperative enterprises a greater understanding of the potential value of The Statement as a guiding resource when setting up new cooperatives, and to support the ongoing operation of existing cooperatives.

## **2. How expression is given (in practice) to the Cooperative Identity**

There are differences in the way that expression is given to the Cooperative Identity in practice in Australia and New Zealand. These differences are partly a consequence of different laws for cooperatives in each country, but also flow from differences in history, culture, geography and demography.

In both countries, the apex bodies (the BCCM and CBNZ) represent both cooperatives and mutuals as members. Both are member-owned businesses, and many mutuals have a strong cooperative heritage; some mutuals have retained cooperative governance models. Both countries recognise that cooperatives may be registered under company law in certain instances. In New Zealand, agricultural cooperatives are registered under the Co-operative Companies Act 1996. In Australia, credit unions and other financial cooperatives are required to register as companies under the Corporations Act. The blurring of the boundaries between cooperatives and mutuals, and legal frameworks that recognise that cooperatives may register as companies under company law, impact on the clear, singular expression of the Cooperative Identity in Australia and New Zealand.

However, the impacts on the sectors are not necessarily negative. In smaller countries like Australia and New Zealand, a combination of memberships from both sectors has contributed to the success of the apex bodies and rapid improvement in the recognition to cooperative model. The cooperative-conscious leadership of the movement through the work of the BCCM and CBNZ in the wider member-based business sector, has provided an opportunity to reaffirm the cooperative heritage of many

mutuals, and for those that did not evolve from a cooperative heritage, to bring them into the movement in an affirming way.

Furthermore, the ICA bylaws state a cooperative is a mutual that adheres to The Statement.

Australia and New Zealand have diverse types of cooperatives and, as is to be expected, these types have variable expressions of the Cooperative Identity. In agricultural producer and marketing cooperatives, membership is more prescribed by active membership tests than in consumer cooperatives. In practical terms this may be a consequence of rural location and the logistics of sending produce to a competitor. Some agricultural cooperatives have adopted a “less-open” membership model on economic grounds.

Generally, the democracy principle is expressed in the default “one-member, one vote” structure, although some larger cooperatives have adopted representational voting models. Agricultural marketing cooperatives have a stronger economic relationship with their members, requiring members to invest considerable amounts of capital.

Consumer cooperatives and community cooperatives require smaller amounts of capital from members, usually payment of a membership fee or subscription payments. There are different interdependencies between principles depending on the type of cooperative. For example, in producer cooperatives, the principles of “autonomy and independence”, “democratic member control” and “member economic participation” are more closely intertwined. When members invest larger amounts of capital, they have “skin in the game” and are more likely to assert their independence and give voice to their membership needs.

In consumer cooperatives and community (social) cooperatives, the economic participation of members is via patronage rather than capital investment. These cooperatives may pay attention to the principles of “education, training, and information” and “concern for community” to enhance their reputation and to attract new members. These types of cooperatives are less likely to be concerned with autonomy and independence because of their capital needs, and they may rely on non-member patronage, or in the case of community cooperatives, financial support from government and other agencies.

It was debated that the cooperative principle that receives the least attention in Australia and New Zealand cooperatives is “cooperation among cooperatives”. There are few industry-based cooperative federations left. In Australia, there are two regional cooperative federations (WA, NSW), one regional alliance (Northern Rivers) and there are industry federations and secondary cooperatives for cooperatives and mutuals in housing, disability housing, banking, health insurance, friendly society financial services and pharmacy. This is arguably a weakness in Australia in terms of articulating, defending and maintaining the principle of cooperation among cooperatives, which the more recent apex body developments have sought to repair and address through building an ethos of cooperation amongst cooperatives.

Prior to the establishment of apex bodies for cooperatives and mutuals in the region, a decline in cooperative cohesion was arguably a consequence of globalisation and free trade initiatives, which were adopted with zeal in Australia and New Zealand in the late 1980s. Where mainstream cooperatives have survived, they have vertically integrated, replacing horizontal networks of smaller cooperative enterprises. Where these older traditional cooperatives have been replaced by new types, including energy cooperatives and community cooperatives, the networks are not yet large enough to support a secondary or tertiary sectoral coordinator.

The apex bodies represented at the webinar are national apex bodies but are not cooperative federations. The idea of supporting networked cooperation between cooperatives is one that requires

further probing by the ICA and its regions. The “elephant in the room” in relation to this identity principle is the anti-trust approach to competition regulation, which has spread globally. Enabling networked cooperation is arguably the international cooperative movement’s best chance for survival and growth. In her presentation, Nicola Shadbolt (Massey University, NZ) made an important reference to the external value of the “concern for community” principle. As she noted, it is this principle that is recognised by externals as the true spirit of cooperatives and is what sets us apart from the corporate world. However, as Melina Morrison (BCCM) explained in her presentation, individual cooperatives and the cooperative movement at all levels needs to better communicate to the external world the value of the cooperative enterprise model. The widescale adoption of a consistent measurement tool like Mutual Value Measurement (MVM) is an example of a means by which cooperatives might be able to better measure and communicate the value of their contributions to the community.

### **3. How the Cooperative Identity is communicated**

There has been a positive response to cooperative branding in Australia and New Zealand, with many enterprises and organisations adopting the “coop” marque and domain name. This “coop” branding initiative has been a global success for the cooperative movement.

In the contemporary digital world, a business webpage is an important tool for communicating with members, customers and the public. Australian and New Zealand cooperatives are becoming increasingly confident about highlighting their cooperative identities in the information pages on their website, to differentiate them from profit-oriented competitors. This has been a positive trend in recent years, and correlates to some extent to the negative press given to large corporations and their negative impacts on the environment and society generally.

The BCCM and CBNZ play a significant role in communicating the Cooperative Identity, both to members and to governments and other parties including the media. They organise industry events to encourage cooperation among cooperatives, they promote positive media stories to demonstrate the cooperative’s concern for community, and they provide resources, education and training to strengthen member democratic participation in the governance of cooperatives.

The academic research community in Australia and New Zealand is small but active with high-quality researchers at major universities. They also have an important role to play in promoting the Cooperative Identity through the conduct of academic research and publishing their research in academic journals and other media. They also help to promote the Cooperative Identity through postgraduate course offerings and academic conferences. However, despite best efforts on the part of the cooperative community, there is a lack of undergraduate course offerings in Australian and New Zealand Universities that include content on the cooperative business model and cooperative law.

### **4. How the Cooperative Identity is protected**

The Cooperative Identity is protected through external and internal regulation. External regulation requires laws that clearly articulate the Cooperative Identity, and the appointment of regulators and adequate resources to the tasks of monitoring, supervising and enforcing cooperative law.

The clearest legal recognition of The Statement is in Australia’s Co-operative National Law (CNL). The CNL sets out the seven cooperative principles and requires that the registrar be satisfied that the enterprise is designed to function in accordance with the principles before granting registration. However, while the CNL empowers the state-based cooperative registrars to be effective gatekeepers, the size of the cooperative sector in most Australian states is too small to warrant the allocation of resources to monitor, supervise and enforce the laws designed to ensure that existing cooperatives continue to respect the Cooperative Identity. The problem with this approach is that the task of meeting

stringent requirements to register a new cooperative may be a deterrent to potential cooperatives, who lack the expertise and resources needed to meet those requirements. At the same time, established cooperatives could theoretically fall into the hands of poor or corrupt managers or boards who bring cooperatives into disrepute, but their behaviour could go unnoticed due to a lack of supervision and enforcement by the regulators.

Roz Henry (CBNZ) noted in her presentation that NZ cooperatives contribute around 18% of GDP by revenue to the NZ economy. This is a significantly higher percentage than Australia (around 1.5% GDP). The strength of the sector is a mechanism that itself protects the Cooperative Identity. When the sector is valued by its people and its government, it has greater visibility and this in turn helps to preserve and protect the business model. If democratic governance is working effectively, the cooperative's own members will also ensure its identity is protected.

## Conclusions and recommendations

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The webinar provided a highly useful forum for cooperative members, business leaders, academics and the leaders of the apex bodies in the region to reflect on the cooperative principles and their role in preserving and advancing the Cooperative Identity in Australia and New Zealand.

The issues and recommendations identified at the webinar and in ongoing discussions included:

- There is a consensus view that the addition of new cooperative principles may be well intended but counterproductive, and that it is preferable to devote resources, at all levels, to the explication and promotion of the existing Statement on the Cooperative identity.
- The existing values and principles are flexible enough to accommodate new interpretations of their content in the context of contemporary concerns, views and standards, such as diversity and inclusion, climate change and peace.
- The current statement has been used as the basis for ILO Recommendation 193 (2002) and the United Nations Guidelines (2001). The addition of new principles may detract from the guidance provided by these documents in relation to existing cooperative law.
- While business leaders of Australian and New Zealand cooperatives are aware of the differences between their cooperative business enterprise and investor-owned corporations, there is a general lack of awareness regarding the content of The Statement on the Cooperative Identity and its potential role in guiding the formation and governance of cooperatives.
- There is a sense of disconnect between the ICA (at global and regional levels) and many primary cooperatives in Australia and New Zealand; this presents an opportunity to show a value proposition for the role of the ICA. Whilst not all mutuals embrace the cooperative principles, educating mutuals on the relevance of Cooperative Identity is an opportunity to grow a connection and affiliation with the ICA.

## Author acknowledgement

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This report was prepared with the assistance of Dr Ann Apps, Honorary Lecturer, School of Law and Justice, University of Newcastle. We wish to express our sincere thanks to Dr Apps for her work.

### Biography:

Dr. Ann Apps is Honorary Lecturer in School of Law and Justice at University of Newcastle Law School and Honorary Fellow in the Laureate Research Program, 'Global Corporations and International Law' at Melbourne University. Ann is a member of the ICA Law Committee. She has represented the ICA (Global) and the ICA Asia-Pacific, including as a sub-regional legal expert for the Legal Framework Analysis for Oceania in the ICA-EU Partnership on Co-operative Development, the UNDESA Workshop on "The Role of Co-operatives in Sustainable Development in Asia-Pacific Countries" in Fiji, and a project to build a regional framework for co-operative law in the South Pacific.

Together with Dr Sidsel Grimstad, Ann was involved in the design and delivery of a co-operative law and governance module in a post graduate program on co-operative management and organisation at University of Newcastle. She has designed co-operative law units to be included in other mainstream courses on business and corporations' law.

Ann has recently been awarded a PhD in Law. Her thesis considered the impact of law and regulation on co-operatives and mutuals in Australia. Her research interests include co-operative law and governance, and the broader fields of corporate governance, corporate social responsibility, and legal models for social enterprise.



## About the BCCM

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The BCCM is the national industry apex body for cooperatives and mutuals, working with governments, regulators and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive cooperative and mutual movement.

Through its member cooperatives and mutuals, the BCCM represents 11 million individual members and 160,000 businesses.

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

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## Appendix

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### Story: Cooperative Identity webinar on-demand

<https://bccm.coop/cooperative-identity-webinar-on-demand/>

### Webinar recording: Australian and New Zealand perspectives on Cooperative Identity

<https://www.youtube.com/watch?v=bbaaXVICt58>

### The scale of the Cooperative and Mutual Enterprises (CMEs) sector

The images on the following pages are from the BCCM's National Mutual Economy Report 2023

# The contribution of the CME sector to the Australian economy

CMEs play a vital part in a prosperous and resilient Australian economy.



The infographic is divided into several sections. The top left features a dark background with white and orange circles of varying sizes, and a large white circle on the right. The top right shows a green and white truck on a road next to a golden-brown hill. The bottom right shows a person working in a greenhouse with rows of plants.

There are more than  
**1,848**  
active CMEs  
in Australia

CMEs have a combined active membership of more than  
**33.3M**

Australia's CMEs have a combined turnover of more than  
**\$40.4B**  
(excluding superannuation funds)

Australia's largest co-operative by turnover is an  
**Agribusiness**



Australia's largest mutual by membership is an

*Industry super fund*

Australia's largest member-owned business by assets is a

*Bank*

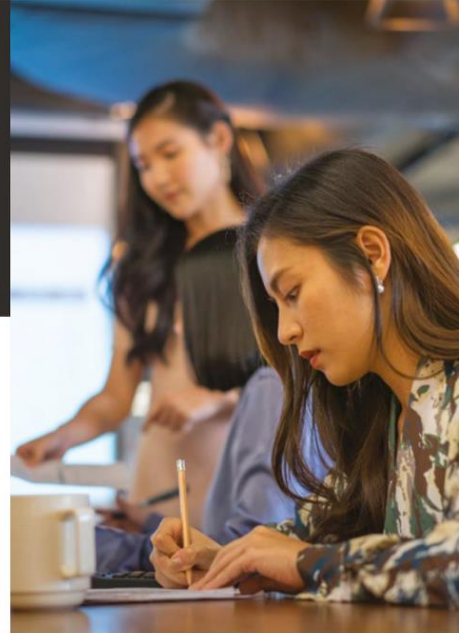


Australia's CMEs combined have more than

*\$1.46 trillion*

in gross assets

(including superannuation funds)



CMEs directly employ at least

*76,000 people*

in Australia

Total gross revenue of the Top 100 CMEs is

*\$37.76 billion*

(excluding superannuation funds)

