

BCCM Message Blueprint

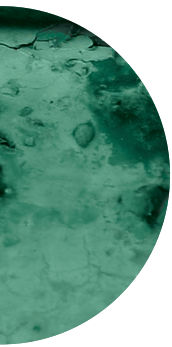
How Australia's co-operative and mutual businesses
contribute to our nation's growth and prosperity

An initiative by

BCCM

*Business Council of
Co-operatives and Mutuals*





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Contents

About the BCCM and Message Blueprint	04
2. Exective summary	08
3. The opportunity to help build a fair economy	14
4. Facts about co-operatives and mutuals	16
5. How co-operatives and mutuals operate across Australian business	22
6. What co-operatives and mutuals deliver for Australia	40
7. What co-operatives and mutuals need from government to help deliver a fair economy and society	42

About the BCCM and Message Blueprint

The Business Council of Co-operatives and Mutuals (BCCM) is the national cross-sector industry body and the recognised voice of Australia's co-operative and mutual businesses. The BCCM was formed in 2013 as a legacy of the United Nations' International Year of Cooperatives to promote the role of co-operatives and mutuals in the Australian economy and unite the sector in pursuit of a world-class operating environment for our businesses to thrive and grow.

Australia's 1,819* co-operatives and mutuals have more than 34.8 million combined active memberships. According to our research, 8 in 10 Australians are a member of a co-op or mutual, but only 3 in 10 know it.

The BCCM is a member-funded and member-driven organisation advocating for co-operatives and mutuals across all industries. The BCCM's 120 members represent more than 11 million memberships, including 60,000 small and medium businesses.

We have achieved many firsts for the co-operative and mutual business movement in Australia including best practice governance principles for co-operatives and mutuals, the world-first Mutual Value Framework© to help co-ops and mutuals measure and communicate their total positive impact on members and the community, and the first longitudinal research program to map the scale and impact of the sector on the Australian economy – the National Mutual Economy Report.

The BCCM spearheaded a campaign that in 2019 resulted in legislation providing for Mutual Capital Instruments (MCIs), a bespoke capital instrument for mutual entities, enabling mutuals to raise investment capital while protecting their mutual ownership structure.

The BCCM has also launched the sector's climate action policy and accompanying education program, Sustainability Strategy for Co-operatives and Mutuals, to support co-operatives and mutuals in developing and implementing sustainability and ESG strategies.

In 2022 the BCCM launched Australia's first co-operative development fund, The Bunya Fund, which was formed to provide grant assistance for the growth of new and developing co-ops.

Our research projects produce evidence for the growth of the sector across many areas of service delivery. These include health and care, support for small business competitiveness, domestically owned agriculture and manufacturing, and the role of co-operatives and mutuals in affordable housing and renewable energy.

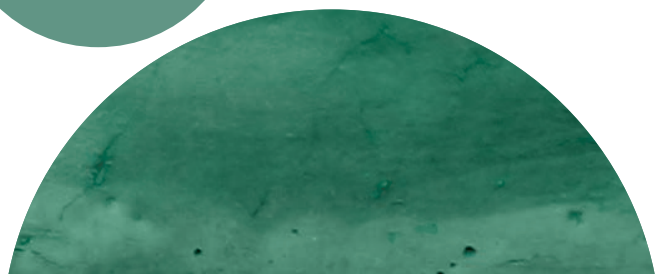
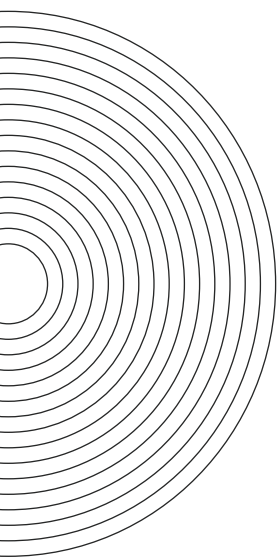
Growth in co-operatives and mutuals can counteract increasing concentration of ownership in markets, which is weakening competition and consumer choice. The BCCM has made the case for growing the sector in submissions to government inquiries including the Agricultural Competitiveness White Paper, National Competition Policy Review, the Aged Care Royal Commission and the Hammond Review.

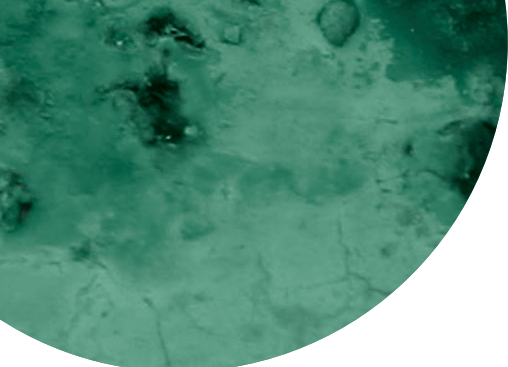
The members of the BCCM believe that an economy with a higher prevalence of co-operative and mutual businesses will help to build a more inclusive, prosperous and sustainable Australia. Our members also recognise the role of co-operative and mutual business in showing leadership and promoting informed national discussion on important issues.

Preface

Co-operatives, mutuals and member-based businesses help to create an economy and society that works in the interests of the widest number of people by sharing ownership and the rewards of business.

They spread wealth and prosperity to many Australians and provide commercial services that work in the interests of consumers and organisations that protect the public interest.





By its actions, the federal government can help to grow this sector, enabling these businesses to fulfil their potential and thereby deliver a wide range of public policy objectives, such as:

- › **Strengthen a home grown, Australian owned business sector**
- › **Spread wealth more broadly and fairly throughout the country**
- › **Provide competition and choice for consumers in a range of markets especially those for essential goods and services**
- › **Create diversity in business, which will act as a counterbalance to mitigate systemic risk to the economy**
- › **Establish business strategies for a healthy, balanced economy with businesses that take a longer term view**
- › **Create business structures for public service providers that keep them accountable to their users and taxpayers, reducing centralisation and bureaucracy**
- › **Provide more than just an economic benefit to local communities by aiding social bonding and stakeholder empowerment**
- › **Rebuild and maintain public trust in business**

Each of Australia's political parties should embrace this agenda as its own – and commit to the actions necessary for co-operative and mutual businesses to make their full contribution to our economy and society.

Executive summary

2

The opportunity to help build a fair economy

Co-operatives and mutuals have played an important part in the development of the Australian economy. Australians have historically co-operated in business by bringing together the natural entrepreneurialism of our nation and the Australian inclination towards self-help, with the common sense to work together for the common good.

Co-operatives and mutuals have been in business for the long term, focused on their core purpose of serving their members and the wider community. They are important. They are homegrown. They deliver competition and choice, and spread the benefits of business far beyond investor shareholders into the wider population.

Co-operatives and mutuals are owned by Australians, pay their taxes in Australia and contribute to our nation's prosperity.

Yet too often their contribution to the Australian economy and society has been overlooked. As a result, the level of appreciation of mutual business by federal and state governments is surprisingly low, which has made doing business harder for these firms.

Australia needs the corporate diversity that these businesses bring, helping to spread risk and build resilience. There is a new opportunity for economic policy to be recast in order to better manage markets and protect consumers.



Fast facts about co-operatives and mutuals



Co-operative and mutual enterprises exist when groups of individuals come together to achieve an objective that they could not achieve alone.

- They are a rational alternative to investor-owned business when the objective is different from maximising return to shareholders.**

Broadly speaking, there are three types of co-ops and mutuals: customer-owned, worker-owned and producer-owned. The purpose of a co-operative or mutual is different from mainstream investor-owned businesses in that it is focused on delivering its mission to its members, rather than maximising returns to investor shareholders through profit distribution and capital growth.

- The members are participants in the business as customers, suppliers or workers.**

Because the co-operative business purpose is different, these firms behave differently, pursuing business plans that aim to secure long-term success for their members. As a result, they positively affect the markets in which they operate, often by restricting the profit-taking of investor-owned firms that must compete with them.

- Eight in 10 Australians are members of at least one of the more than 1,819 co-operative or mutual businesses in Australia.**

The members are participants in the business as customers, suppliers or workers.

It is focused on delivering its mission to its members, rather than maximising return to investor shareholders through profit distribution and capital growth.

How co-operatives and mutuals operate across Australian business

Co-operatives and mutuals operate across much of the Australian economy. From farming to finance, health to housing, and motoring, manufacturing, retail and care, they deliver trusted products and services in some of the most competitive domestic and international markets. Their purpose is to serve their members, who are also their customers, suppliers, employees or a mixture of these. They do not exist to serve external capital investors, which means they can concentrate directly on the products or services they exist

to provide, instead of focusing on delivering an economic reward for shareholders. It is a different way of doing business – and with a different purpose. What's more, it's a way of doing business that we know works well.

With good management, co-operative and mutual models are efficient, with no leakage of value from the business, and provide a systemic advantage over investor-owned firms.

Co-operatives and mutuals can be found in the following sectors of the Australian economy:

- › Agriculture and fishing
- › Banking and financial services
- › Community and human services
- › Purchasing and supply services
- › Healthcare mutuals
- › Housing
- › Industry super funds
- › Energy and utilities
- › Insurance and risk protection
- › Motoring and mobility services
- › Private health insurance
- › Retail and marketing
- › Sports and recreation
- › First Nations community services

What co-operatives and mutuals deliver for Australia

Co-operatives and mutuals help to create an economy and society that works in the interests of the greatest number of people by sharing ownership and the rewards of business. They have the potential to help generate growth and promote fairness through enterprises that spread wealth and prosperity.

As part of a mixed economy, co-operatives and mutuals:

- { ■ Help to build an economy with a diversity of business types
- { ■ Provide competition and choice for consumers in a wide range of markets
- { ■ Are businesses that plan for the long term rather than short term
- { ■ Are businesses that treat customers fairly and honestly
- { ■ Share the benefits of business and wealth throughout the country
- { ■ Provide quality local employment opportunities for Australians
- { ■ Provide services to communities that are valued and needed



What co-operatives and mutuals need from government to help deliver a fair economy and society

The federal and state governments set the tone for the Australian business environment through their business policies and related fiscal measures.

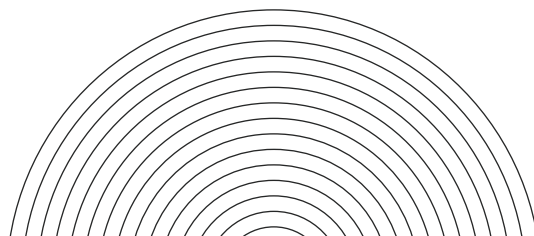
The fundamental starting point when it comes to co-operative and mutual businesses is that they should receive the same attention, encouragement and support from governments as other corporations, so they can compete on a level playing field.

This means that policy, legislation and regulation each need to work for co-operatives and mutuals and not place them at a disadvantage as compared to other types of firms.

The co-operative and mutual sector is united in seeking:

- { ■ **Greater recognition and policy understanding of the sector by federal and state politicians**
- { ■ **An introduction of and commitment to an enabling legislative environment for the sector in Australia**
- { ■ **An understanding of where inappropriate regulation affects the sector and a commitment to address this where it occurs**

In order to achieve this, it is necessary to ensure that politicians from all political parties are not only aware of the contribution made by the sector to Australian society and the economy, but that they are focused on ensuring the sector is able to continue delivering and providing a diversity of business models and opportunities for all Australians.



A photograph of two men in business attire shaking hands. The man on the left has a beard and is smiling broadly. The man on the right is also smiling. The background is blurred, suggesting an indoor setting with warm lighting. The text is overlaid in a large, bold, yellow font.

A fair Australia needs competition between business models, not just competition between businesses.

The opportunity to help build a fair economy

Co-operatives and mutuals have played an important part in the development of the Australian economy. Australians have historically co-operated in business, both out of necessity and from a shared sense of purpose.

By bringing together the natural entrepreneurialism of our nation, the Australian inclination towards self-help, with the common sense to work together for the common good, mutually owned business has formed part of the bedrock of the Australian economy.

These mutuals have been in business for the long term, focused on their core purpose of serving their members and the wider community.

Member-owned businesses exist in every state and territory of the Commonwealth. Australia has over 1,819 active co-operatives and mutuals and a combined membership base of more than 33.3 million.

Co-operatives, mutuals and member-owned firms are successful.

They are important. They are homegrown. They deliver competition and choice, and they spread the benefits of business far beyond investor shareholders into the wider population.

Through the model of resilience, self-help, autonomy and agency, co-operatives and mutuals have succeeded independently.

Too often their contribution to the Australian economy and society has been overlooked. As a result, the level of appreciation of mutual business by federal and state governments is surprisingly low, which has made doing business harder for these firms.

Demutualisation has completely changed the face of the sector since the 1980s. It carved a hole

through financial services mutuals by slicing off many of the largest firms as they converted to listed companies. In 1985, five mutuals owned nearly 60 per cent of the industry's assets; by 1998, this had fallen to under one per cent. This inclination towards shareholder-owned business as the "norm" has had a damaging effect on the member-owned sector and the way it is perceived.

Though Australia was better protected than many countries by its regulatory system, the global financial crisis of 2008 exposed the risk to leading economies of having markets dominated by similarly structured businesses that were essentially focused on the same short- to medium-term economic outcomes.

The lesson is that there is a real need to address the risk that having a single dominant corporate form, dependent on market fluctuations, can pose to the health of our economy and society.

Australia needs the corporate diversity that these businesses bring, helping to spread risk and build resilience. There is a new opportunity for economic policy to be recast in order to better manage markets, protect consumers and taxpayers as well as to promote sustainable wealth creation.

In politics, this bias is seen in the binary debate which has divided people between public ownership and privatisation. The opportunity now is to choose a real alternative – mutual ownership that is independent

of government but committed to a public purpose.

For partnerships with government and community, all parties should now consider how best to maintain government owned business in the public interest whilst freeing it to act commercially within the revitalised co-operative and mutual sector.

This is the opportunity in which co-operatives and mutuals can play a vital role in financial services, business growth and partnerships with government and community.

Facts about co-operatives and mutuals

4

What is a co-operative or mutual?

Co-operatives or mutuals form when groups of individuals come together to achieve an objective that they could not achieve alone. They are a rational alternative to investor-owned business when the objective is different from maximising return to shareholders.

Co-operatives often come about as a response to the failure of a market to adequately serve the interests of groups of customers, workers or producers, such as where services and products are unavailable or otherwise not accessible to groups of people.

Once established, these types of businesses have proven to be highly successful and long-lived, with many having existed for over 150 years.

Broadly speaking, there are three types of co-operatives or mutuals: customer-owned, worker-owned and producer-owned.



1

Customer-owned

The objective is service quality and price, rather than profit maximisation. Examples of these businesses exist in banking, insurance and food retail.

2

Worker-owned

The objective is high-quality employment that properly rewards employees, provides workplace democracy and shares wealth. Such co-operatives exist in most industrial sectors.

3

Producer-owned

The objective is to enable smaller groups of businesses to work together to operate in markets that would otherwise be dominated by large investor-owned firms. Many such co-operatives exist in agricultural production, where co-ops enable small producers to combine their efforts to effectively compete.

Eight in 10 Australian are a member of at least one of the more than 1,819 co-operative or mutual businesses in Australia.

What is the purpose of co-operatives and mutuals, and why are they different?

Section 5 provides more information on how this works in different industry sectors.

The contribution of the co-operative and mutual sector to the Australian economy

Co-operatives and mutuals play a vital and quantifiable role locally and internationally. The data shows:

There are more than
1,819

active co-operatives and mutuals in Australia

Co-operatives and mutuals have combined active memberships of more than

34.8M

Australia's co-ops and mutuals have a combined turnover of more than

\$163.3 billion

(including superannuation funds)

Australia's largest co-operative by turnover is an

Agribusiness

Australia's largest mutual by membership is an

Industry super fund

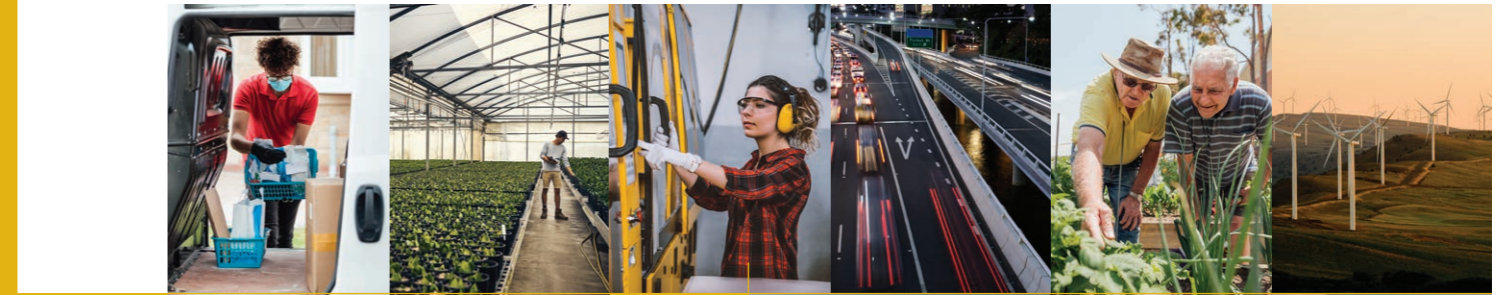
Co-operatives and mutuals directly employ at least

89,000

people in Australia

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

Bank



Australia's co-ops and mutuals combined have more than

\$1.64 trillion

in gross assets (including superannuation funds)



Total gross revenue of the Top 100 co-operatives and mutuals is

\$43.23 billion

(excluding superannuation funds)



The top 300 co-operatives and mutuals globally have a total turnover of almost

US\$2.41 trillion¹

More than **12% of humanity** are members of at least one the world's

3 million²

co-operatives

¹ International Co-operative Alliance and Euricse, World Cooperative Monitor: Exploring the cooperative economy report 2023. https://monitor.coop/sites/default/files/2024-01/wcm_2023_3101.pdf. Accessed 2 May 2024.

² International Co-operative Alliance, Facts and figures. <https://www.ica.coop/en/cooperatives/facts-and-figures>. Accessed 2 May 2024.

Economic impact by State and Territory

Australia's Top 100 co-operatives and mutuals in FY2022-23 by State and Territory (excluding superannuation funds)

% Share of turnover in Top 100 by State and Territory

\$43.23 billion

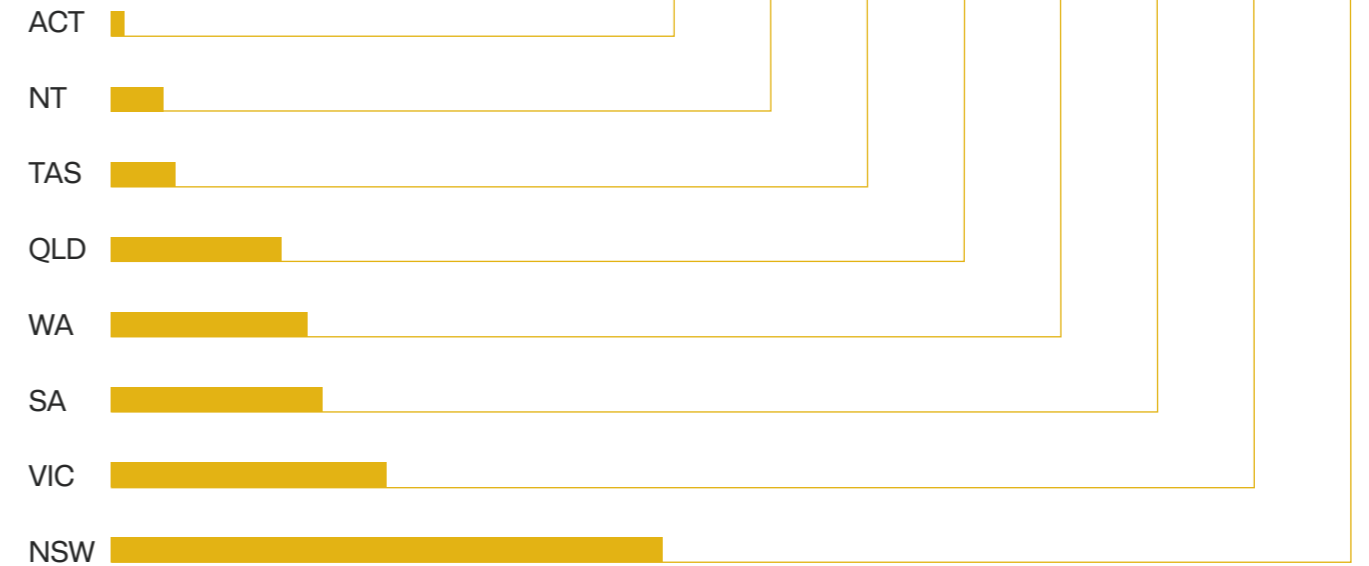


Top 10 co-operatives and mutuals by turnover in FY2022-23

1	CBH Group	WA	Agribusiness	\$6.19B	6	Australian Unity	VIC	Financial Services	\$1.86B
2	HCF	NSW	Health Insurance	\$3.9B	7	RAC	WA	Mobility Services	\$1.40B
3	Capricorn Society	WA	Purchasing Services	\$3.4B	8	Teachers Health	NSW	Health Insurance	\$939M
4	RACQ	QLD	Mobility Services	\$2.39B	9	NRMA	NSW	Mobility Services	\$826M
5	HBF Health	WA	Health Insurance	\$2.06B	10	RACV	VIC	Mobility Services	\$825M

Number of firms in Top 100 by State and Territory

States and Territories



Top 10 co-operatives and mutuals by assets in FY2022-23

1	Newcastle Greater Mutual Group	NSW	Financial Services	\$23.71B
2	People First Bank	QLD	Financial Services	\$23.31B
3	Great Southern Bank	QLD	Financial Services	\$19.39B
4	Teachers Mutual Bank	NSW	Financial Services	\$10.75B
5	Bank Australia	VIC	Financial Services	\$10.52B
6	Beyond Bank Australia	SA	Financial Services	\$8.94B
7	P&N Bank	WA	Financial Services	\$8.23B
8	Australian Unity	VIC	Financial Services	\$7.86B
9	IMB Bank	NSW	Financial Services	\$7.53B
10	RACQ	QLD	Mobility Services	\$6.76B

Top 10 co-operatives and mutuals by membership in FY2022-23

1	Australian Super	VIC	Member-owned Super Fund	3.26M
2	NRMA	NSW	Mobility Services	2.90M
3	RACV	VIC	Mobility Services	2.22M
4	Australian Retirement Trust	QLD	Member-owned Super Fund	1.96M
5	Retail Employee's Superannuation Trust	QLD	Member-owned Super Fund	1.96M
6	HCF	NSW	Health Insurance	1.94M
7	HOSTPLUS	VIC	Member-owned Super Fund	1.76M
8	RACQ	QLD	Mobility Services	1.75M
9	RAC	WA	Mobility Services	1.20M
10	Aware Super	NSW	Member-owned Super Fund	1.19M

How co-operatives and mutuals operate across Australian business



The purpose and value of co-operatives and mutuals in different business sectors

Co-operatives and mutuals operate across much of the Australian economy. From farming to finance, health to housing, and motoring, manufacturing, retail and care, they deliver trusted products and services in some of the most competitive domestic and international markets.

Co-operatives and mutuals are important to the prosperity of Australia. They help to create an economy and society that works in the interests of the greatest number of people by sharing ownership and the rewards of business.

Each type of co-operative and mutual is defined by its own history, legal framework and market experience. Each has responded differently to changes in the size and impact of the sector, but many share common challenges.

Their purpose is to serve their members, who are also their customers, suppliers, employees or a mixture of these. They do not exist

to serve external capital investors, which means they can concentrate directly on the products or services they exist to provide, instead of focusing on delivering an economic reward for shareholders. It is a different way of doing business – and with a different purpose.

Where there is a proper alignment between the products and services and the interests of the member-owners of the co-operative or mutual, this way of doing business works well. With good management, it is efficient, with no leakage of value from the business, and provides a systemic advantage over investor-owned firms.

Co-operatives and mutuals are owned by Australians, pay their taxes in Australia and contribute to our nation's prosperity.



Agriculture and fishing

CO-OPERATIVES OF FARMS AND FISHING PRODUCERS:

1

Help to maintain the domestic ownership of strategic food assets, thus increasing food security for Australians

Australian co-operatives are domestically owned, unlike their listed competitors which may be bought by overseas investors. Co-operative ownership ensures that the production of strategic food assets remain in the control of Australians.



2

Help to generate significant export earnings

Agriculture and fishery co-operatives are net exporters, making a positive contribution to Australia's balance of trade.



3

Employ locally

Individual farms employ locally, for both seasonal and long-term work. This is important in rural and regional areas where jobs are scarce.

4

Facilitate independent Australian farmers to compete by providing access to markets

Agricultural co-operatives are groups of independent small businesses, who are working together to provide logistics, marketing and infrastructure in order to access markets in ways that they cannot alone.

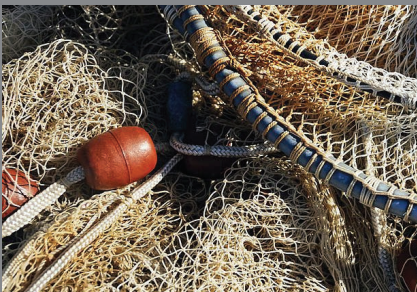


Co-operative ownership ensures that the production of strategic

5

Facilitate economies of scale by enabling individual businesses to jointly own and control their supply chain

Family owned farms invest in road, rail and sea transportation operated through their co-operative, to ensure that their produce gets to market in as cost effective way as possible.



6

Enable smaller farmers and fishers to stay in business and remain independent

When independent businesses co-operate in this way, they can meet global competition from large corporates head on.

7

Spread wealth back to farmers through produce rebates and profit sharing

Co-operatives are not set up to maximise profits – instead, they share wealth equitably among their farmer and fisher members in proportion to their contribution to the co-op.

8

Maintain a traditional way of life whilst providing economic growth to strengthen Australia's regions

Individual farm businesses all contribute to the regional way of life, maintaining business presence and contributing taxes through the success they generate from their co-operative membership.

food assets remains in the control of Australians.

Banking and financial services

CUSTOMER-OWNED BANKS:

1

Offer better-value financial services products

Over time, mutuals consistently provide better-value products to their customers because their businesses are focused on long-term plans rather than short-term market disruption.

3

Share a higher percentage of their profits with their community

Customer-owned banks are smaller than shareholder-owned banks but still manage to return a higher proportion of their profits to communities, charities and member-supported activities.

5

Operate different business strategies, helping to mitigate against the overall risk of the sector to the economy

In economies hit hard by the global financial crisis, customer-owned banks acted as a bulwark against large banks operating the same business strategy. The fact that they were less damaged by the crisis helped to mitigate risk in those economies and, ultimately, costs to the taxpayer.

2

Provide price competition against profit-maximising competitors

The existence of customer-owned banks in a market dominated by large profit-maximising banks means that they are able to provide the only meaningful competition on the basis of service proposition and price.

4

Remunerate their executives reasonably

Spiralling executive remuneration in listed banks has become a problem in Australia, with the added agency risk of short-term performance being linked to pay. This has driven behaviours that are not present in customer-owned banks, where salaries are cash based rather than incentivised by shareholding.



6

Are more ethical and demonstrably honest businesses

In a market where trust is generally low, customer-owned banks provide an alternative to the profit-maximising banks by consistently focusing on the needs of customers rather than shareholders. In Roy Morgan's *Customer Owned Banking Association – Trust and Distrust Scores Report 2023*, customer-owned banks collectively led the table for consumer trust in banking, recording a higher Net Trust Score than any individual bank in Australia.



In economies hit hard by the global financial crisis, customer-owned banks acted as a bulwark against large banks operating the same business strategy.

Community and human services

MUTUAL SOCIAL CARE PROVIDERS:

1

Are a new expression of public interest ownership

Mutuals are focused on the services they exist to deliver, affording a direct relationship between service providers and users, rather than through public authority bureaucracies or private sector operators.



2

Build trust and confidence in service providers through participative ownership

By engaging staff and service users directly, mutuals provide a voice for all stakeholders, ensuring that services are co-produced and trusted by all.

3

Enable staff to reach their full potential

Employee-owned mutuals deliver superior business performance because employees tend to be more entrepreneurial and committed to the company and its success.



By engaging staff and service users directly, mutuals provide a voice for all stakeholders, ensuring that services are co-produced and trusted by all.

Purchasing and supply services

PURCHASING AND SUPPLY SERVICE CO-OPERATIVES:

1

Facilitate independent business owners to benefit from economies of scale

Purchasing and supply service co-operatives are able to benefit from economies of scale in procurement and throughout their supply chain which enables them to operate in sophisticated, crowded markets while simultaneously maintaining their focus on their locality.

2

Pass on better value to consumers through lower production costs

Economies of scale enable co-operative enterprise consortia to help lower the costs of production which helps drive value for the consumer.

3

Support and encourage entrepreneurship

The existence of co-operative business consortia enables 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.

4

Improve business productivity and efficiency through lower input costs

Shared procurement and operating costs help to improve the productivity and efficiency of businesses which benefit regional Australians without creating a monolithic enterprise which can leave people overcharged and underserved.

5

Provide access to finance for small business through consortia

The co-operative enterprise consortia model is extremely successful at providing access to finance for smaller, regional businesses who would otherwise struggle to compete in developed markets.

6

Spread the benefits of business and distribute wealth more widely through profit sharing

Co-operative business consortia facilitate profit sharing, which means that wealth is more widely spread amongst Australians. In a co-operative, ownership and the ensuing benefits are spread more widely than is typically the case for listed businesses.

Healthcare mutuals

CO-OPERATIVE PRIMARY HEALTHCARE PROVIDERS:

1

Provide affordable medical and healthcare services

Because their focus is their members and they are not profit-maximising, primary healthcare co-operatives are able to deliver medical services that are often more affordable than those provided by their counterparts.



2

Provide a wide range of healthcare services at no or low cost

Primary healthcare co-operatives are able to provide services at low cost because they place a focus on member value ahead of short-term profit.

3

Open new primary care facilities in underserved areas

Employee owned mutuals deliver superior business performance because employees tend to be more entrepreneurial and committed to the company and its success.

4

Are owned by patients and operate to serve the community's interests

Primary healthcare co-operatives are differently owned. Because they are owned by their members they can focus on the local interests of particular communities, which can be informed through dialogue with their members.

Because they are owned by their members they can focus on the local interests of particular communities which can be informed through dialogue with their members.

Housing

CO-OPERATIVE HOUSING:

1

Provides affordable housing

In Australia and overseas, housing co-operatives have been effective financial managers of housing for decades because tenants have a sense of ownership and control in their management.

2

Provides decent homes for key workers and first-time buyers

Housing co-operatives develop affordable housing to deliver new dwellings for key workers and other moderate-income earners.



3

Is a model of housing that pools people's resources and builds strong communities

The long-term involvement of tenants with their homes and their community is beneficial to people, providing a sense of place and commitment. In addition, the skills developed in operating their own enterprise assist with confidence building that often leads to employment and a more varied income stream.

4

Puts tenants in control of their homes

In addition to social benefits, housing co-operatives can deliver services effectively and efficiently while increasing consumer choice and control.

The co-operative housing model is extremely diverse, but is first and foremost an ownership structure which can complement varying degrees of resident self-management, co-housing, co-design, et cetera.

Insurance and risk protection

MUTUAL INSURERS:

1

Increase customer trust and accountability

Because of their different purpose, mutual insurers help to increase customer trust and drive greater accountability. Their members are their owners, and they have a degree of influence over the way in which the insurer operates.

2

Give consumers more choice and increase competition in insurance markets

Mutual insurers provide additional choice in the marketplace. They do not pursue short-term goals and are able to provide stability and consistency in a highly developed market. They focus on delivering high-quality products, often designed with – and for – their customers or members.

3

Contribute to corporate plurality and diversity

Mutual insurers' different business purpose permits them to pursue different business objectives, which helps them contribute to corporate plurality and diversity. This contrasts with listed firms that require shareholder-led short- and medium-term business strategies.

4

Promote economic resilience and sustainability

The evidence of the economic downturn is that co-operatives and mutuals have generally been more resilient than listed firms. Mutual insurers play an essential role in the global economy, especially in times of crisis, by combining profitability with solidarity; creating high-quality jobs; strengthening social, economic and regional cohesion; and generating social capital.



Motoring and mobility services

ROADSIDE ASSISTANCE MUTUALS:

1

Focus on providing a diverse range of affinity services to their members

Motoring and mobility services are the largest member organisations in Australia. They exist to protect and enhance the lifestyle of their members by providing a wide range of services and products.

2

Provide motorists with emergency services

Motoring and mobility services are like an additional emergency service, providing security for their members wherever they travel in Australia.

3

Advocate for the interests of motorists and promote road safety

Mutuals advocate for the interests of their members – more government funding for better roads, fairer licensing for older drivers, fairer petrol prices, greener motoring, standing up for young motorists and safer cars.

They exist to protect and enhance the lifestyle of their members.

Private health insurers

MUTUAL HEALTH INSURERS:

1

Are completely focused on the customers rather than the needs of investors

Put simply, this means the profit they make goes back into the fund instead of being divided among shareholders.

2

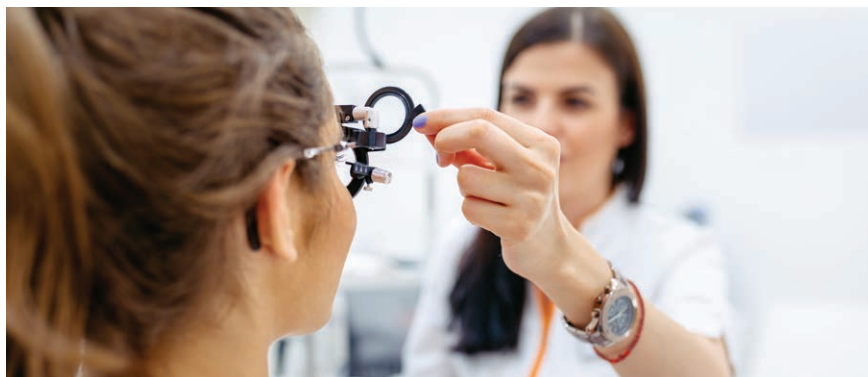
Offer lower-premium healthcare that creates competition in the market

On average, mutual health insurers return a higher percentage of premiums as benefits to members than for-profit insurers.

3

Offer better-quality products

Customer-owned enterprises like mutual health insurers can drive price and quality competition for the benefit of consumers, whether they are members or non-members.



Customer-owned enterprises like mutual health insurers can drive price and quality competition for the benefit of consumers.

Retail and marketing

CO-OPERATIVELY OWNED SHOPS:

1

Provide lower prices to customer members

Consumer co-operative shops are driven to provide the best possible products at the lowest price to customers, rather than to maximise profits to investor shareholders.

2

Provide competition and choice in the wider market

The different business focus compared to their competitors means that co-operatives are often pioneering in providing different choices to customers, such as local sourcing, fair-trade products or environmentally friendly packaging. These can have a profound effect on the general market by changing consumer behaviours.

4

Share wealth with their customers by sharing profits through dividends

The original Rochdale co-operative model led the way with profit sharing by returning money to customers in proportion to their purchases, and this is continued today through cash dividend payments that share the success of the business with customers who have made it happen.

These can have a profound effect on the general market by changing consumer behaviours.

3

Support a range of community activities

As community-owned businesses, co-operatives will focus on helping the people that the businesses belong to, by providing additional services to local people.



Sports and recreation

MEMBERS-OWNED SPORTS CLUBS:



1

Are at the heart of Australian communities

Community is at the heart of Australian sport and it is no surprise that millions of Australians participate in mutually organised sport and recreation activities every week. For example, our most popular sport counts one in 25 Australians as members of one of the 18 AFL clubs across the country. Most AFL clubs are part of the broad range of member-owned organisations in Australia.

2

Harness the enthusiasm of supporters for the benefit of all

Membership is a reciprocal relationship between clubs and their supporters. The entertainment and sense of community provided to the fans is balanced by the financial support and community involvement that the supporters provide to the club.

3

Add to the sporting and cultural life of Australia

Members play a vital role in sustaining their club. Members are the guaranteed vocal supporters in their sports and give life to club activities. This is financial, directly via payments and indirectly via drawing in sponsor attention, and it is non-financial, through important voluntary activities and contributions. In this way, the vast range of sporting activities are maintained in Australia.

Industry super funds

PROFIT TO MEMBER SUPER FUNDS:

1

Are run only to benefit members

All industry super funds are run in the best interests of members with a common goal of providing the best possible retirement outcome for them.

2

Charge low fees

Industry super funds do not pay sales commissions to financial planners, which enables them to keep their fees to customers low.

3

Have a strong investment performance history

The impressive and competitive performance of industry super funds over the long term is consistently reported by superannuation industry ratings agencies.

4

Are run by members, for members

Industry super funds are governed by trustee boards specifically representing the interests of employees and employers – typically these trustees are appointed by both the ACTU or unions who are affiliated with the particular fund, and employer associations. A two-thirds majority is necessary for all decisions.

Industry super funds do not pay sales commissions to financial planners, which enables them to keep their fees to customers low.

Energy and utilities

MUTUALLY OWNED UTILITIES:

1

Create collective purchasing power which can lower costs

The collective purchasing power created by individuals coming together through an energy co-operative returns control back to people and can help to drive down costs.

2

Put customers at the centre of the business

Customers are placed at the centre of the business and help make decisions about how energy is provided in their town or locality. For example, groups of individuals can decide to collectively own and control a solar array or wind turbine.

3

Reinvest locally and benefit rural Australia

Any surplus is made locally and can be retained locally; this surplus can be redirected back to the community that owns it. There is a rational economic reason to join the co-operative, and this can help give people a stake in the renewable energy transition.

4

Focus on the long-term

Like other types of co-operatives, energy and utility co-operatives can concentrate on the long-term without the need to focus on short-term results. This is particularly important in a sector such as energy where a consistent energy supply and a sustainable approach to the provision of electricity is essential.

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First nations co-operatives

COMMUNITY CONTROLLED CO-OPERATIVES:

1

Deliver a wide range of services holistically

First Nations co-operatives variously provide services across health, community needs, housing, arts and culture, child care, aged care, education and financial assistance. By integrating services, these co-ops are able to adopt an all-encompassing approach to serve community needs.

2

Help to address unique challenges

First Nations co-operatives are particularly well placed to address specific local challenges such as capability building and self-determination. They are uniquely well placed to do so because of their co-operative structure.

3

Operate in the interests of the wider community

First Nations co-operatives are motivated to achieve income and opportunity not only for themselves, but for their whole community. Beyond serving their members, they generate significant social capital.

Beyond serving their members, they generate significant social capital.



What co-operatives and mutuals deliver for Australia



Helping to deliver a fair economy

Co-operatives and mutuals help to create an economy and society that works in the interests of the greatest number of people by sharing ownership and the rewards of business.

They have the potential to help generate growth and promote fairness through enterprises that spread wealth and prosperity.

Co-operatives and mutuals:

- › Help to build an economy with a diversity of business types
- › Provide competition and choice for consumers in a wide range of markets
- › Are businesses that plan for the long term rather than short term
- › Are businesses that treat customers fairly and honestly
- › Share the benefits of business and wealth throughout the country
- › Provide quality local employment for Australians
- › Provide services to communities that are valued and needed



Help to build an economy with a diversity of business types, that is not dominated by corporations that only act in their own interests, creating systemic risks to the economic system in Australia

All advanced economies benefit from a range of corporate forms. Co-operatives and mutuals have a different purpose to their competitors – they are focused on service and price rather than extracting the most profit.

This safeguards Australian business from over-reliance on short-term profit-maximising firms by ensuring that no business sector is entirely prone to dramatic changes in the stock market.

Provide competition and choice for consumers in a wide range of markets

Co-operatives and mutuals are good for the markets that they operate in. Their presence means that there is a permanent competitive pressure on profit-maximising firms, keeping prices lower for consumers. In financial services in particular, co-operatives and mutuals promote competition to the big banks, through a range of diverse business options and products.

Businesses that plan for the long term rather than short term

Without the need to respond to short-term stock market pressures, co-operatives and mutuals are able to adopt longer term business strategies. They are stable, reliable businesses that behave well in a mixed economy.

Their success is clearly shown by the longevity of mutual businesses, many of which have traded continuously for over 150 years.

Businesses that treat customers fairly and honestly

Research consistently shows that the public trusts co-operatives and mutuals more than other types of business. This is because they have been established to serve their customers or members, rather than investing shareholders.

This means that not only do they have an in-built advantage in not having to pay dividends to outside shareholders, but they can concentrate on running the business in a way that best meets the needs of their customers, whether through lower costs or better and more-diverse service offerings.

Share the benefits of business and wealth throughout the country

Co-operatives and mutuals are successful businesses that share their profits through lower prices to customers and dividends to members, so that more Australians can benefit from our natural resources and ingenuity. They reward loyalty and hard work for their members' contributions in making their businesses a success. They provide employment opportunities across regional and metropolitan Australia and are good for agriculture, bringing back fairness and equity to market supply chains.

Provide quality local employment opportunities for Australians

Member-owned businesses offer significant benefits for employees, consumers and small businesses across the nation. Increasingly, sole traders and micro enterprises are turning to collaborative strategies to maximise the efficiencies of their office functions to compete with larger entities. To safeguard working conditions, freelance workers are turning to jointly owned online businesses as a viable alternative to standard internet business platforms.

Provide services to communities that are valued and needed

Co-operatives and mutuals are very well suited to providing human services where trust is paramount. The inclusive way that they are managed and operate ensures that they reflect the needs of the people they are serving as well as those who work for them.

What co-operatives and mutuals need from government to help deliver a fair economy and society

A world-leading business environment for co-operatives and mutuals.

Australia should be a world-leading business environment for co-operatives and mutuals that reflects the best of the history and culture of Australian co-operative business.



Australian co-operatives and mutuals need:

- A facilitating business environment that enables them to reach their full potential
- Practical support that helps to grow existing successful co-operative businesses
- Support for new co-operative ventures that directly address some of our nation's most pressing issues

The policy, legislative, regulatory and business services environments 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 co-operative and mutual sectors in each country.

Maintain legacy assets for the purpose they were intended

Over generations, people have invested and built assets for the benefit of their communities.

Voluntary legislation can ensure that these legacy assets are preserved for the purpose for which they were intended and not subject to asset raids. It would empower members to decide what should happen to assets on a solvent dissolution and prohibit capital distribution beyond what members have contributed.

Legislation



Policy

1

Secure a positive policy environment

Australia should offer a world-leading business environment for co-operatives and mutuals that reflects the best of the history and culture of Australian co-operative business.

2

Appoint a Federal Minister for co-operatives and mutuals

A Minister should be formally responsible for policy affecting co-operatives and mutuals across Australia. As Minister for co-operative and mutual enterprises, this would be an important cross-cutting responsibility and signal the significance that the Commonwealth places on the contribution of the co-operative and mutual sector and the fair treatment of collaborative enterprise.

3

Create a National Centre for Co-operative Business Growth

A National Centre for Co-operative Business Growth would build and 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 in order to increase their productivity, profitability and capacity to add value and export.

Regulation

1

Recognise that co-operatives facilitate small business competition

Competition policy should understand and support co-operatives, as they are often the mechanism relied on by small businesses to compete with larger operations. The Australian Competition and Consumer Commission (ACCC) should formally recognise the benefits that co-operatives bring to markets and how they facilitate the economic participation of small businesses.

2

Give ASIC and APRA a statutory duty to promote corporate diversity

The history of Australian business shows that co-operatives and mutuals have been the true "challenger" institutions to the largest corporate businesses. By delivering their purpose to provide affordable goods and services to consumers in insurance and banking and commodities markets, co-operatives and mutuals provide real price competition. Regulators should be responsible for ensuring that a wide range of corporate providers are available to consumers. Legislation should introduce a statutory obligation on regulators to measure and promote corporate diversity in financial services and other industry sectors.

3

Establish a single national regulator for co-operatives

Now that Co-operatives National Law has been consistently adopted across all states and territories, a single national regulator for co-operatives should be instituted to ensure national consistency and access to full information about co-operatives. Because of under-resourcing at state registrar offices, co-operative businesses face a range of barriers including slow registration times and a lack of responsiveness from the registry offices. This process should be managed under a principle of "no disadvantage" – adopting best practice from different jurisdictions and ensuring all types of co-ops are treated equally and fairly.

BOOM