

# The Size of Australia's Co-operative and Mutual Sector<sup>1</sup>

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# The Size of Australia's Co-operative and Mutual sector

In this paper, we estimate the size of the co-operative and mutual sector in Australia relative to the Australian Gross Domestic Product (GDP), as well as employment for 2016. To estimate output, we adopt a value added methodology to avoid double-counting. As with all output and employment estimates we adopt specific assumptions to generate our estimates. Using robust assumptions to generate economic estimates is common and not specific to the construction of estimates for the co-operative and mutual sector. Current estimates of the size of Australia's co-operative and mutual sector are based on turnover or total revenue, which greatly exaggerates the size of this sector.

## Some of the key findings of this study are:

- Co-ops and mutuals comprised 8.3 percent of Australia GDP in 2016.
- Supers contributed 94 percent of the co-op and mutual sector's value added.
- The top 10 supers comprised 80 percent of the co-op and mutual sector's value added.
- Co-ops and mutuals comprised 1.4 percent of Australian employment.
- Supers contributed 94 percent of the co-op and mutual value added with only 7 percent of co-operative and mutual employment.
- Supers comprised 2 percent of co-op and mutual firms, but generated 94 percent of co-op value added.
- Ninety-eight percent of co-ops produced 6 percent of co-op output.

Our estimates for the size of Australia's co-operative and mutual sector is lower bound as it does not incorporate the multiplier effect of this sector on the rest of the Australian economy. We also don't evaluate the efficiency effect of this sector on increasing the competitiveness of the Australia economy and the related efficiency effects. Nor do we incorporate the positive distribution and equity effect that this sector tends to have on the broader economy. **At over 8 percent of the Australian economy (GDP), the co-operative and mutual sector is a powerful economic force.**

Some details of our findings are found in the tables and diagrams below.

Some important definitions and assumptions being made are summarized in the appendix below.

Table 1

## GDP Construction for Australia's Co-operative and Mutual sector constant 2016 AUD

Value added for co-ops for which we have data	137,660,614,307
Value added for co-ops for which we have no data (small firms)	2,238,453,751
Total co-op value added (GDP)	139,899,068,058
<b>Total co-op GDP as % of Australia GDP (2016)</b>	<b>8.3%</b>
Value added for co-ops for which we have no data (small firms) as a % of total co-op value added	1.6%
Supers' value added	131,766,880,225
Supers' value added as a % of total co-op value added	94.2%
Non-Super co-ops' value added for which we have data	5,893,734,082
Non-Super co-ops' value added for which we have data as a % of total co-op value added	4.2%

### Australian and Co-op GDP, 2016

### Percentage distribution of Co-op GDP, 2016

Diagram 1

Total co-op value added (GDP) 2016  
8%

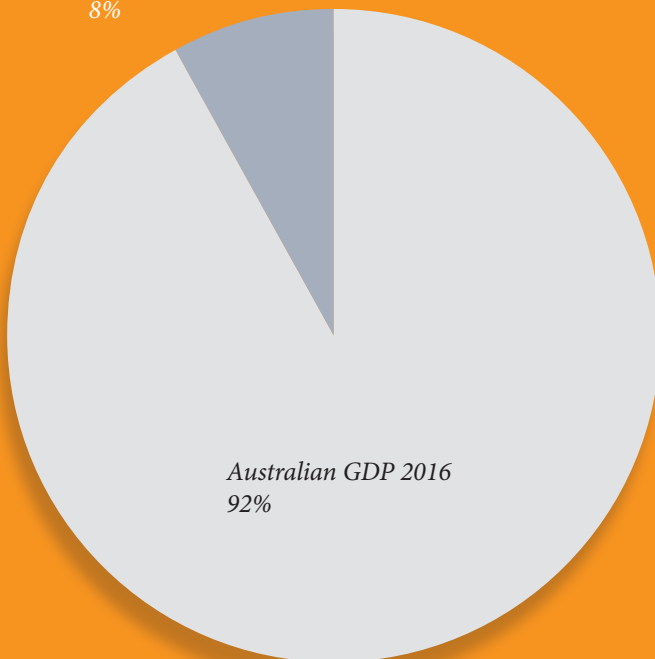
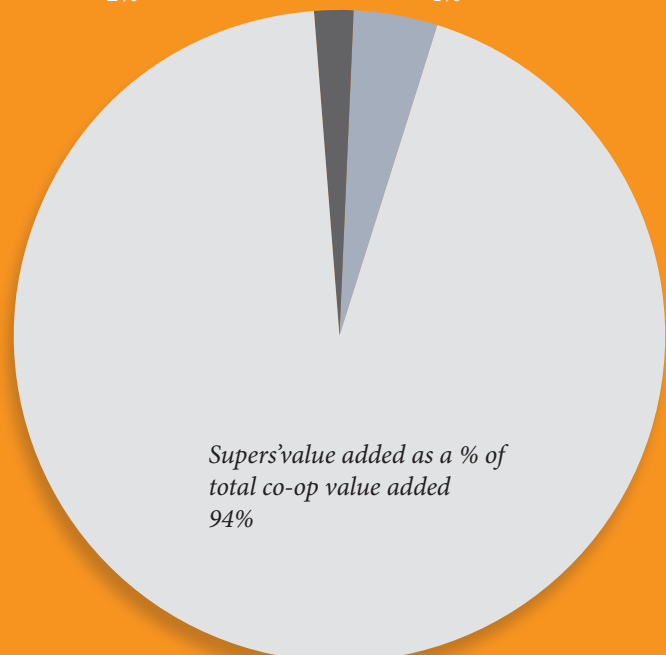


Diagram 2

Value added for co-ops for which we have no data (small firms) as a % of total co-op value added  
2%

Non-Super co-ops' value added for which we have data as a % of total co-op value added  
4%

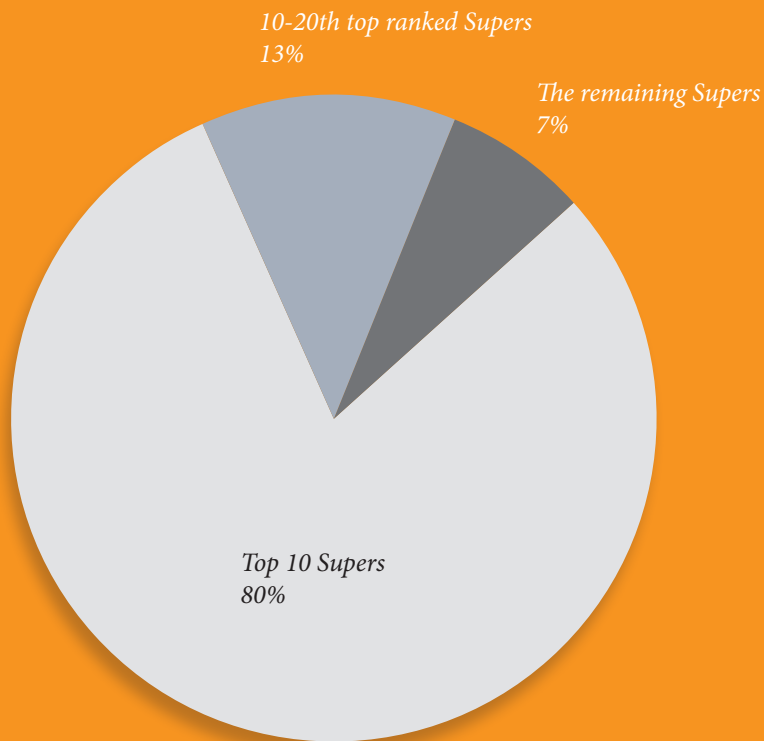


## Top 20 Supers ranked by value added

Name	VALUE ADDED	Ranking
Australian Super	34,445,489,310	1
UniSuper	12,316,500,000	2
Retail Employee's Superannuation Trust (REST)	10,443,617,820	3
Construction & Building Superannuation (CBUS)	10,308,711,780	4
Health Employee's Superannuation Trust Australia (HESTA)	10,205,381,520	5
First State Super Fund	7,338,094,110	6
HOSTPLUS	6,624,777,790	7
Sunsuper	6,526,674,810	8
VicSuper	4,264,251,750	9
CareSuper	3,251,690,550	10
MTAA Superannuation Fund	2,906,106,120	11
Tasplan Ltd	2,498,430,210	12
Catholic Superannuation Fund	1,972,074,477	13
CSF Pty Limited (MyLifeMyMoney Superannuation Fund)	1,972,074,477	14
Local Government Super	1,896,625,080	15
Building Unions Superannuation Scheme (Qld)	1,303,896,531	16
Kinetic Financial Services Pty Ltd	1,090,319,800	17
Equipsuper	1,012,710,240	18
Media Super	942,626,250	19
Statewide Super	933,661,080	20
<b>Top 10 Supers % of Co-op Value Added</b>	<b>80.2%</b>	
<b>Top 20 Supers % of Co-op Value Added</b>	<b>93.3%</b>	

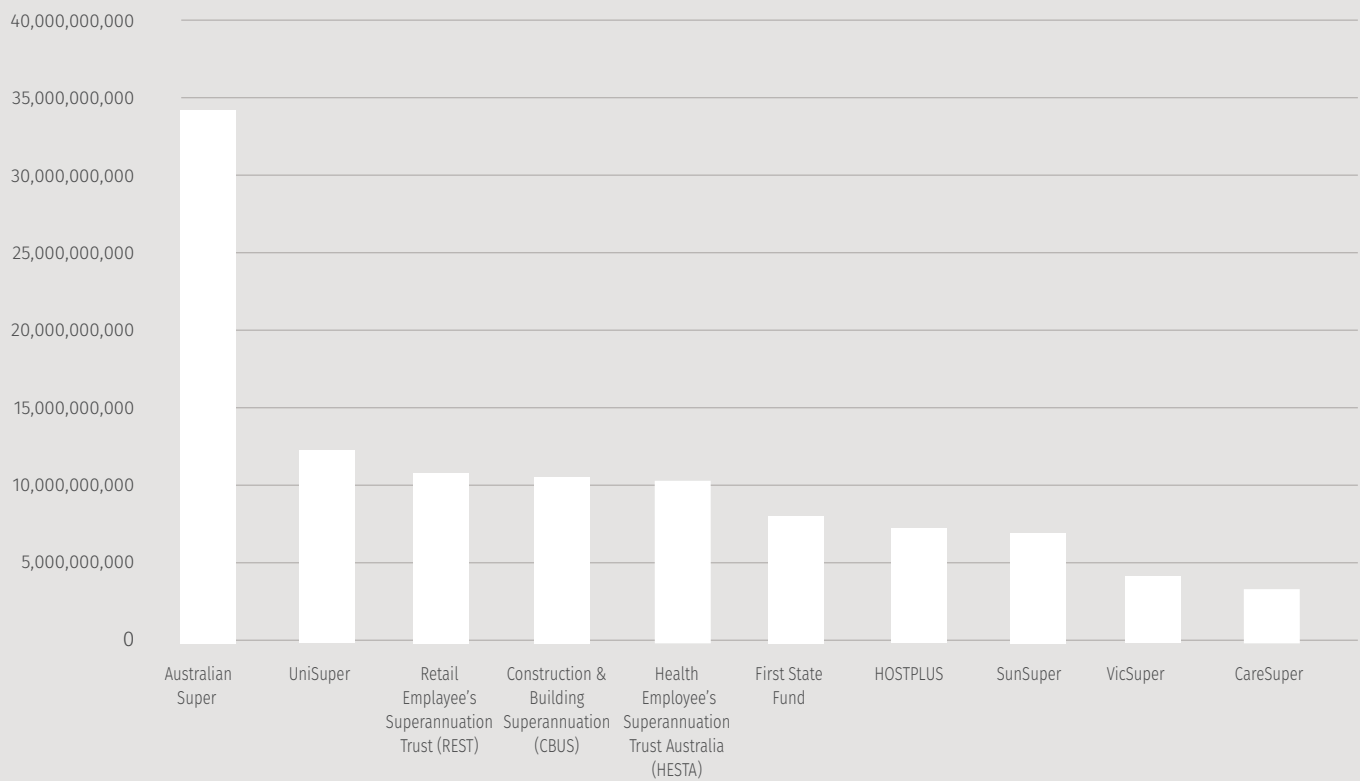
# Percentage distribution of Super value added across Supers, 2016

Diagram 3



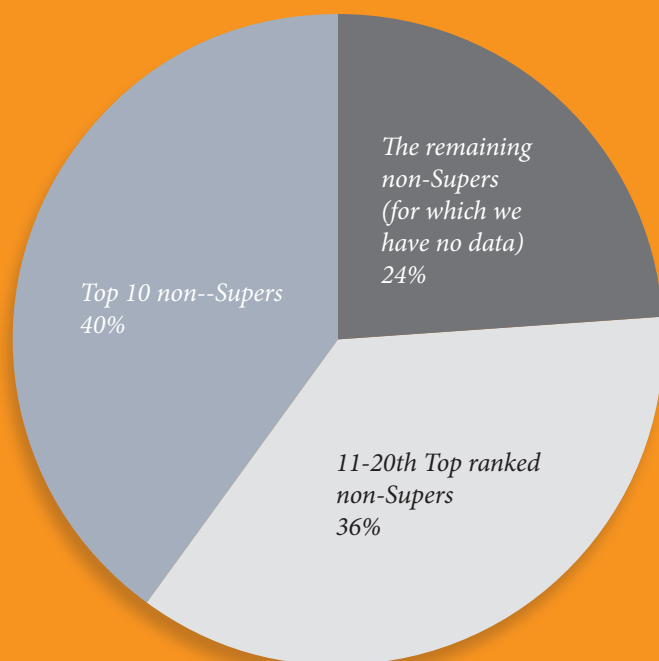
## Top 10 Supers, 2016

Diagram 4



## Percentage distribution of Super value added across Supers, 2016

Diagram 5



## Employees in the Co-operative and Mutual sector in Australia, 2016

Employees Non-Supers (employment data available)	64,077
Super employees (employment data available)	4,566
<b>Total employees for co-ops with some data</b>	<b>68,642</b>
Employees for small firm co-ops	77,798
<b>Total co-op employees</b>	<b>146,440</b>
Total co-op employment as a % of Australia employment	1.2%
Total co-op employment as a % of Australia private sector employment	1.4%
Super employees as a % of co-op employment	6.7%

## Percentage distribution of Co-op and Mutual employment

## Distribution of employees small firms

Diagram 6

*Super employees*  
6%

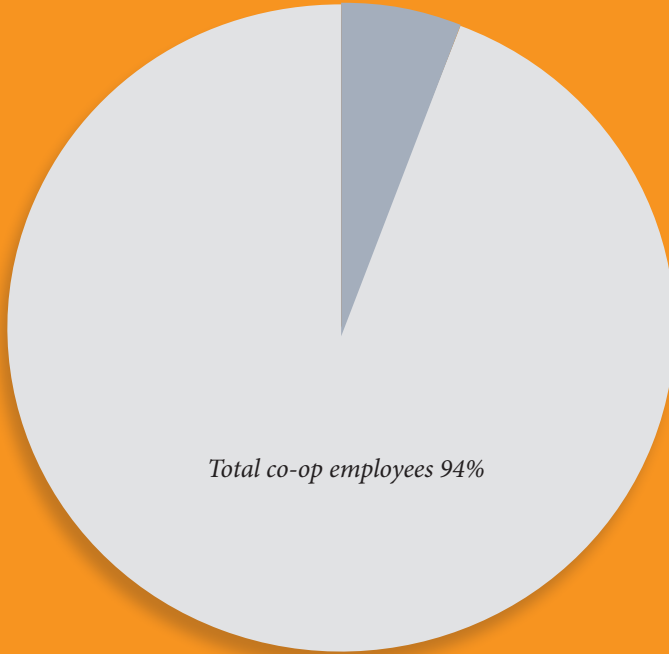
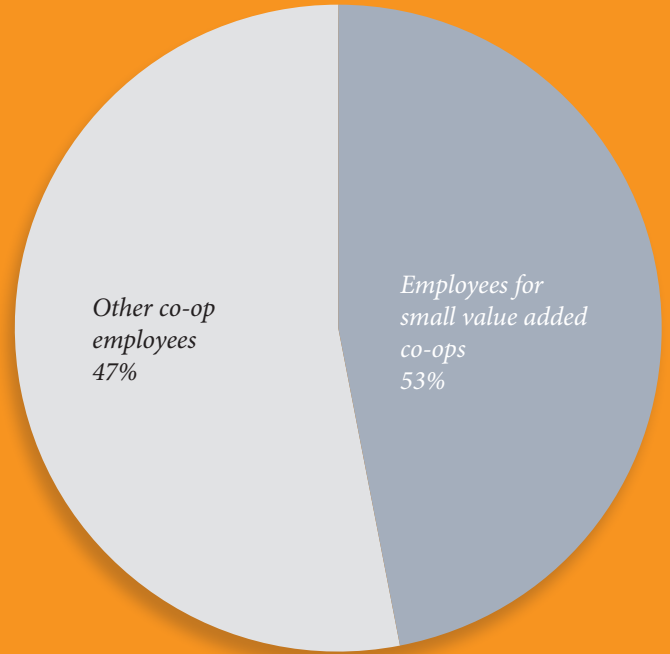


Diagram 7

*Other co-op employees*  
47%

*Employees for small value added co-ops*  
53%



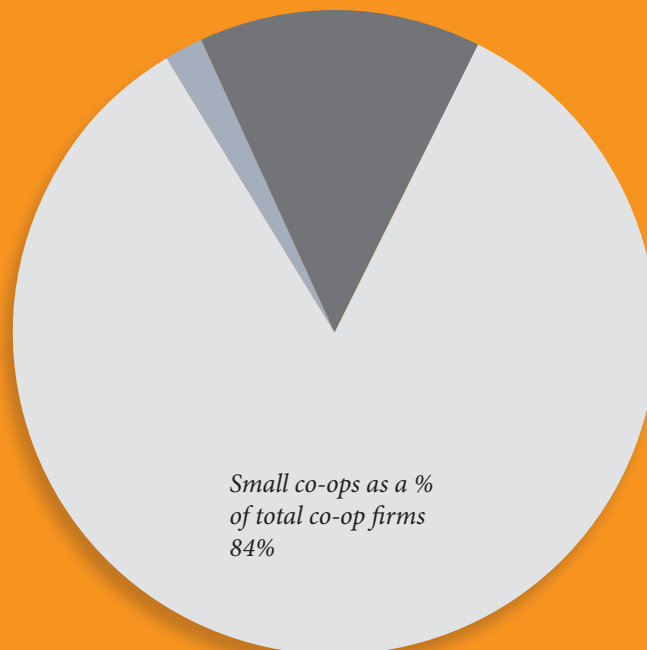
## Distribution of Co-op and Mutuals firms

Diagram 8

*Supers % of total co-op firms*  
2%

*Co-ops with data % of total co-op firms*  
14%

*Small co-ops as a % of total co-op firms*  
84%



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## APPENDIX

### What is a co-operative?

“Co-operatives are businesses owned and run by and for their members. Whether the members are the customers, employees or residents they have an equal say in what the business does and a share in the profits. As businesses driven by values not just profit, co-operatives share internationally agreed principles and act together to build a better world through co-operation.” International Co-operative Alliance. Accessed October 19, 2017 at: <https://ica.coop/en/what-co-operative>.

### What is a mutual?

A mutual (mutual superannuation fund, for example) is a non-profit business owned and run by members for the profit or benefit of members.

### Data

We rely largely on the data set built by the BCCM. This data set construction is an ongoing project. This data set is supplemented by Australian government data, data from the OECD, and data from IBISWorld.

### Value Added

Output is measured using the value added approach to national accounts. Gross Domestic Product (a measure of total output produced in a society) can be derived by adding up the value added produced by all legal economic entities in a society. Value added comprises of profits plus wages (plus related benefits). EBIT is used as a measure of profit. EBIT is earning before interest and taxes. Value added represents the new value produced by legal economic entities. Adding up the value added avoids double counting (see Altman 1988, 1992, 2017).

### Assumptions

Data for EBIT and wages and related benefits are not available for the vast majority of Australian co-operatives and mutuals. But we have data for EBIT for Australia’s largest co-operatives and mutuals. Overall, we have some data for about 360 of Australia’s approximately 2,250 identified co-operatives and mutuals. The residual firms are largely quite small. It is important to note that we are probably missing a number of co-operatives and mutuals, including some larger co-operatives. We have no data on wages and benefits on Australia’s mutual superannuation funds. Hence one has to construct estimates for value added based on assumption about the contribution wages and related benefits to the supers. Our assumptions are based on the value added estimates from IBISWorld, which are fairly reliable and robust. For the firms with no data, we construct value added and employment estimates based on the estimates we construct for the bottom tier of co-operative for which we have data. Using data from the bottom 100 or bottom 200 firms has little effect on the size of our aggregate value added estimates for the co-operative and mutual sector. To be conservative, however, we use data for the bottom 100 firms. For the other co-operatives (other than the supers) where we don’t have data on wages and related benefits we interpolate estimates for the latter based on the contribution of wages and benefits to value added for the firms for which adequate data are available.



