



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

1 May 2017

Dear Sir or Madam

Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into establishing a Modern Slavery Act

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to provide a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into establishing a Modern Slavery Act.

The co-operative business structure is internationally recognised for its role in sustainable development and reducing modern slavery. The BCCM is of the view that the development of an Australian Modern Slavery Act (as well as any related policy or regulatory developments), should therefore factor in the role co-operatives are playing, and could potentially play, in reducing modern slavery in Australia and globally.

Response to Terms of Reference

This submission primarily responds to the following term of reference: *Identifying international best practice employed by governments, companies, businesses and organisations to prevent modern slavery in domestic and global supply chains, with a view to strengthening Australian legislation.*

The achievements and potential of co-operatives to reduce modern slavery are recognised by international organisations. The United Nations, in its report at the conclusion of the International Year of Co-operatives in 2012, stated “[c]ooperative activities secure the livelihoods of as many as 3 billion people and contribute significantly to national economies.”¹

The 2012 United Nations Conference on Sustainable Development acknowledged the role of co-operatives in contributing to social inclusion and poverty reduction, particularly in developing countries.²

For many vulnerable groups, such as young people, women, indigenous people and persons with disability, co-operatives represent a pathway to social inclusion, enabling members to build and own enterprises, sustain viable livelihoods and address social discrimination.

Co-operatives empower women through their support to the informal sector. In India, 94 per cent of people working in the informal sector are women.

¹ See <http://undocs.org/en/A/68/168>, 4.

² See http://www.icriforum.org/sites/default/files/UNGA_the_future_we_want.pdf, 13.

The International Labor Organisation (ILO) has argued that co-operatives contribute to a reduction in modern slavery globally by, among other things:

- Increasing the bargaining power and income of agricultural producers and their communities;³ and
- Contributing to improved working conditions, creating and sustaining employment.⁴

In the next section we provide three short case studies that demonstrate the role of co-operatives in reducing exploitation of agricultural producers and workers in informal or precarious working conditions in line with the views of the ILO.

Case studies

Brazil

“In Brazil I met a former slave named Jose Barros who had previously worked down the mines. He turned his life around in 2005 when he was granted access – but not ownership – to 100 acres of Amazonian forest. This was assisted by a local cooperative of small farmers organised by the Pastoral Land Commission – an offshoot of the catholic church in Brazil. As part of their project to tackle both slavery and climate change they provided Barros with cocoa seedlings that he planted beneath the big canopy trees. In return he had to leave 60% of the forest intact.

When the cocoa pods began to grow, “that’s when our lives began to change”. He told me how he sold about 1,000 kilos of cocoa and for the first time ever was able to buy more than just the food his family needed. His children went to school and their lives improved dramatically. The forest is now preserved and guarded. Barros plants new trees and harvests other cash crops like Brazil nuts that grow naturally.”⁵

New Zealand

Seasonal Solutions Cooperative Limited was formed over 10 years ago to hire agricultural labour. It has 67 producer-members.⁶

The formation of the co-operative has eased labour shortages for producers, while ensuring that the approximately 1400 migrant workers from Vanuatu benefit from formalised, ongoing seasonal work opportunities through an ethical and transparent labour hire system. The system allows the workers to send more money back to Vanuatu, helping their families and community.

Australia

The Labour Co-operative Group (LabourCo) was formed in 1986 in Newcastle to assist unemployed workers on the back of the closure of the State Dockyard.⁷ Its members are workers seeking employment.

³ See http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_437203.pdf

⁴ See <http://www.ilo.org/global/topics/cooperatives/lang--en/index.htm> and http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_094047.pdf

⁵ <https://theconversation.com/modern-slavery-is-destroying-the-environment-to-meet-demand-for-shrimps-and-pet-food-59015>

⁶ <http://www.stuff.co.nz/business/87439742/central-otago-worker-shortage-remedied-by-vanuatu-10year-cooperative>

⁷ <http://labourcooperative.com.au/our-history.html>

It provides ethical labour hire, seeking to ensure fair pay and conditions for workers. For example, it does not charge a commission on transition of its workers to full-time employment, incentivising host enterprises to provide workers with steady employment after three months in a labour hire arrangement. LabourCo currently employs 3000 people annually and transitions approximately 300 people annually to full-time employment with host enterprises.

Recommendations

The BCCM believes co-operatives should be part of any strategy to reduce modern slavery in Australia and around the world. The BCCM therefore recommends that the Commonwealth Government:

1. Ensure the role of co-operative development in reducing modern slavery is a factor in allocating taxpayer funds to international development projects;
2. Ensure there is an enabling environment for the formation of labour co-operatives in Australia in sectors where workers (particularly migrant workers) are vulnerable, such as agriculture;⁸ and
3. Ensure any Modern Slavery Act is consistent with the above recommendations and, on that basis, investigate whether the above recommendations should remain at the level of policy or should be included at a legislative or regulatory level.

We have included an appendix that provides information about the BCCM and about the co-operative and mutual sector.

The BCCM is able to provide further information on any of the points raised in this submission.

Yours faithfully

Melina Morrison
Chief Executive Officer

⁸ An enabling environment can primarily be achieved by implementing all the Recommendations of the Senate Inquiry into cooperative, mutual and member-owned firms:
http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/Report
Secondary to this would be the development of specific policies supporting labour co-operative development in sectors where migrant workers are prevalent.

Appendix: About the BCCM; About Co-operative and Mutual Enterprises

1. About the BCCM

The BCCM is the peak body for Australian co-operatives, mutuals and member-owned businesses. The BCCM represents a diverse range of businesses operating in sectors including agriculture, finance and banking, insurance, motoring services, health services, aged care, disability employment, education, indigenous services, social housing and retail.

The BCCM advocates for recognition of the sector and for measures that create a level playing field between co-operatives and other businesses, including implementation of the recommendations of the Senate Economics References Committee report into Cooperative, mutual and member-owned firms.⁹

2. About Co-operative and Mutual Enterprises

Co-operative and mutual enterprises (CMEs) are a significant contributor to the Australian economy: 8 in 10 Australians are a member of at least one CME and annual turnover of the top 100 CMEs (excluding member-owned superannuation funds) reached \$30.5 billion in FY2014/2015.¹⁰

Co-operatives must subscribe to the seven co-operative principles as set out by the International Co-operative Alliance, including open and voluntary membership and democratic control.¹¹ In Australia, CMEs may operate under a state/territory based co-operative law (the Co-operatives National Law, except in Queensland) or under the Commonwealth Corporations Act. When operating under the Corporations Act, whether or not a CME is a co-operative will depend on whether its constitution includes the co-operative principles.

The distinguishing feature of all CMEs, compared with other corporate entities, is that they are owned by their members and operate for member benefit. Member benefit can mean a wider range of social or non-financial benefits compared with the financial returns enjoyed by a shareholder. Membership is tied to contributing to or making use of the CME; this ensures the CME is made up of people who share its common purpose. CMEs do not provide services to make money, rather they exist and make money to provide services to members and no other stakeholder.

⁹http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/Report

¹⁰ Business Council of Co-operatives and Mutuals, National Mutual Economy Report 2016, 17.
<http://bccm.coop/wp/wp-content/uploads/2016/11/BCCM-NME-Report-2016.pdf>

¹¹ <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>