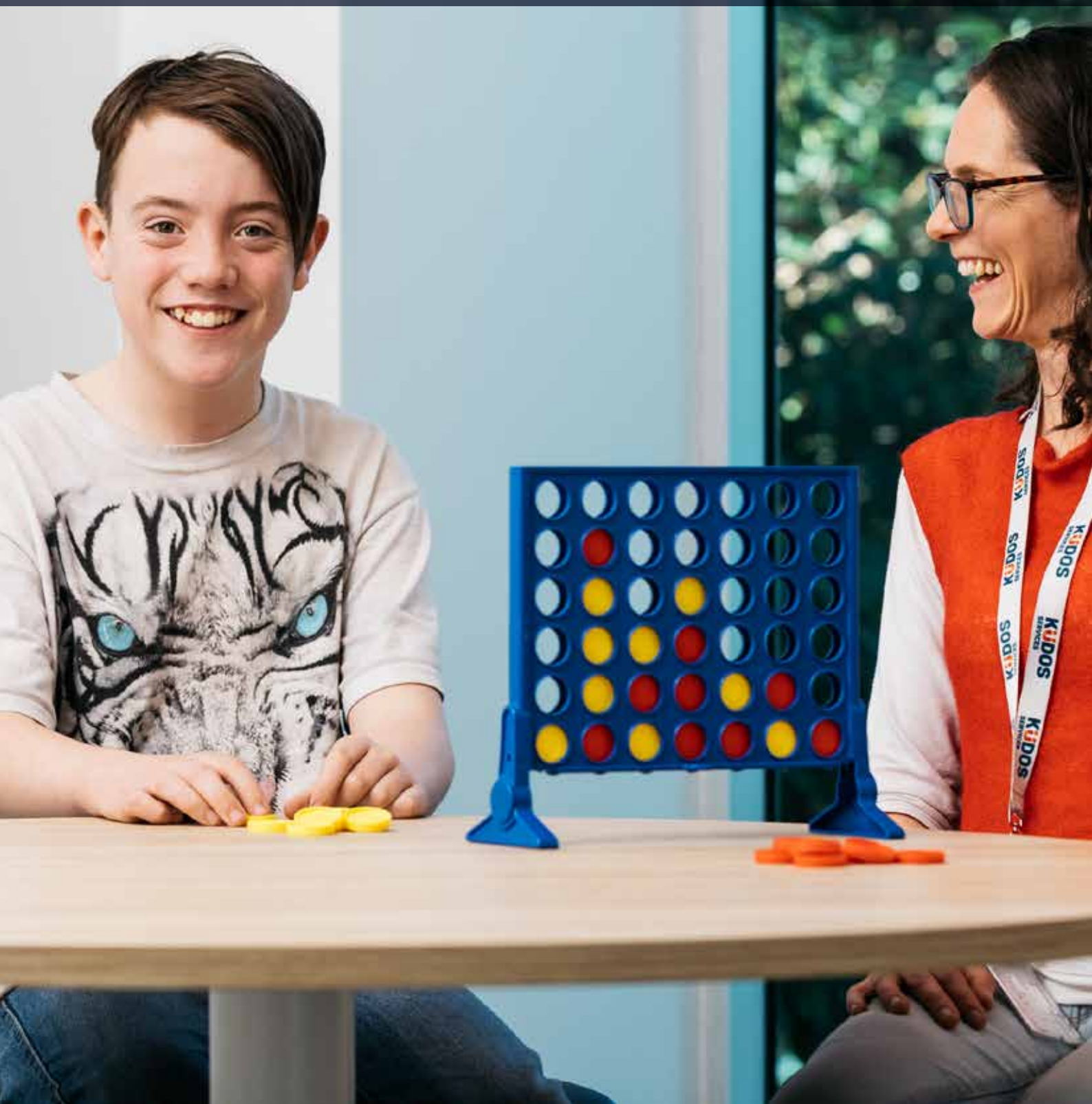


# Discussion Paper:

## Co-operatives and Mutuals as Social Enterprises





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**See also the attached Appendix for ‘Types and examples of social enterprises: recognising their value’**

# Executive Summary

Co-operatives and mutuals are member-owned enterprises that exist to meet the social, economic and cultural needs and aspirations of their members and communities. They are an important part of the Australian social economy, ranging from worker-owned disability employment co-ops with approximately 30 members like Nundah Community Enterprises Co-operative to Australia's largest member-owned organisations including credit unions, mutual insurers and mobility mutuals.

Whether large or small, whether old or new, whether owned by workers, consumers, local communities, or small independent producers such as farmers, they typically form in response to market failures or community aspiration and adapt to meet member needs as times change. They can drive inclusive growth and employment, build local community wealth, develop new ways to deliver public services and build social connectivity. They demonstrate the ability for ordinary people to start and scale democratically governed businesses on commercial principles with an established purpose other than profit maximisation. A slogan of the credit unions that encapsulates the orientation of co-ops and mutuals is "not for profit, not for charity, but for service"

Through the development of social enterprise and social procurement policies, governments at all levels are recognising the potential employment, inclusion and environmental outcomes (among others) that can be garnered through encouragement of businesses with a social purpose.

In this context, the definition and accreditation processes for social enterprise are increasingly important. This paper discusses how co-operatives and mutuals sit alongside contemporary definitions and accreditation processes for social enterprise and the alignment between the objectives of social enterprise policymakers and the purpose of co-operative and mutual enterprises. The case study section, provided as an appendix, includes important examples of co-operative social enterprises owned by workers, consumers, producers and communities.

Our key conclusions are:

- Co-operatives and mutuals should generally be considered social enterprises
- Policymakers should take care to include co-operatives and mutuals when developing social enterprise and social procurement policies
- The pre-existing registration process for co-operatives incorporated under Co-operatives National Law, and the definition of a mutual for companies incorporated under the Corporations Act, should be used by policymakers to streamline co-operative and mutual eligibility in relation to social enterprise and social procurement policies.



# I. Social enterprises

Social enterprises are business entities operating in the social economy. They are a means for communities to correct for market failures themselves, without (or reducing) the need of government support or charitable aid.

Social enterprises are already playing an important role helping to meet government objectives for the economy.<sup>1</sup> They are:

- helping to drive up productivity and competitiveness;
- contributing to socially inclusive wealth creation;
- enabling individuals and communities to work towards regenerating their local neighbourhoods;
- showing new ways to deliver and reform public services; and
- helping to develop an inclusive society and active citizenship.

The 'social economy' is not a well-defined concept, though it is clear it can be distinguished from the economy based on charitable giving and the economy based on private profit.

It can be used to describe part of the social sector that uses market mechanisms to pursue explicit social objectives, or businesses that are socially owned or operated for social outcomes, or both. It is sometimes known as the 'purpose economy' to differentiate between the social services sector and businesses that operate for purposes other than just profit.

From early on, it was recognised that social enterprises come in different forms, which include co-operatives, mutuals, employee owned businesses and private companies limited by guarantee.<sup>2</sup>

## Definition of social enterprise

In Australia, the definition of social enterprise adopted by Social Traders is widely accepted:<sup>3</sup>

Social enterprises are organisations that:

- a) Are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit;
- b) Trade to fulfil their mission;
- c) Derive a substantial portion of their income from trade; and
- d) Reinvest the majority of their profit/surplus in the fulfilment of their mission.

BCCM supports this understanding and is of the view that it generally includes co-operatives and mutuals.

<sup>1</sup> "Social Enterprise: A Strategy for Success", UK Department of Trade and Industry (2002).

<sup>2</sup> See, e.g., UK Department of Trade and Industry definition from 2002: 'Private Action, Public Benefit: Organisational forms for social enterprise', UK Cabinet Office (2002) link. See also Liger et al, 'Social Economy', European Parliament (2016) [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/578969/IPOL\\_STU\(2016\)578969\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/578969/IPOL_STU(2016)578969_EN.pdf).

<sup>3</sup> See discussion of FASES definition in, for example, 'Social Enterprise in Queensland', full report for the Queensland government, KPMG (Sept 2019) <https://jobsqueensland.qld.gov.au/projects/social-enterprise/#research>.

The definition comes from a 2010 'Finding Australia's Social Enterprise Sector' (FASES) report, which was an initiative of Social Traders and Queensland University of Technology.<sup>4</sup> In the report, "community benefit" is defined as including "member benefits where membership is open and voluntary".<sup>5</sup> Co-operatives and mutuals operate under the principle of open and voluntary membership.

This aspect of the FASES definition requires emphasising because it has occasionally been misunderstood. Due to the influence of an American interpretation of social enterprise (see more below, in the section 'History'), the surplus created by a co-operative for the benefit of its members has occasionally been understood as a private, rather than a community, benefit. According to the FASES definition, however, member-benefits in a co-operative can be defined as a "community benefit" insofar as it recognises collective self-help.

The definition given in the FASES report was based on workshops conducted with social enterprise sector stakeholders. Participants discussed whether to adopt a narrower definition of social enterprise, more consistent with an American understanding, or whether to adopt a broader definition, which includes "all co-operatives". There was a minority that favoured the narrower, American understanding, but a "majority of participants favoured a broad definition".<sup>6</sup>

Co-operatives and mutuals are self-help organisations and exceed the standards set under the FASES definition.

- a) Their primary social, cultural, environmental purpose or other public benefit is defined in their constitution to which they are bound to serve; and
- b) They are trading enterprises; and
- c) 100 per cent of their profits are reinvested in the achievement of their purpose, which may include distributions to member-owners as aligned to their purpose.

<sup>4</sup> Jo Barraket et al., 'Finding Australia's Social Enterprise Sector: Final Report', Australian Centre for Philanthropy and Non-profit Studies (June 2010) <https://www.socialtraders.com.au/wp-content/uploads/2018/02/FASES-2010-full-report.pdf> 16.

<sup>5</sup> Regarding subsection (a) of the definition, the report states that a public or community benefit includes "member benefits where membership is open and voluntary" (pg. 16fn1).

<sup>6</sup> Pg. 47.

## Figure 1: Dividends in a co-operative incorporated under Co-operatives National Law

The Co-operatives National Law allows a co-operative incorporated under that Law to distribute dividends to its members out of its profits. This type of a co-operative is called a distributing co-operative. Dividends on member shares are capped by regulation, while distributions rewarding member 'patronage' are not. The latter are sometimes called 'patronage rebates' and reward members equitably, based on their level of contribution to the co-operative's trading activity. (e.g. as a worker supplying labour to the co-op or as a customer purchasing goods and services from the co-op). This form of returning surpluses acts as an incentive to keep the stakeholder community vibrant and active.

Paying dividends and rebates to members is thus recognised as an important means for co-operatives to fulfill their social mission through member self-help.

## II. Social enterprise accreditation

A 2018 report by Social Enterprise UK found that the social enterprise sector had been "significantly underestimated".<sup>7</sup> Numerous studies of the social enterprise sector in the UK, the report found, had overlooked many successful co-operatives and mutuals; and so failed to give a realistic idea of the size of the sector. Social Enterprise UK found, using a new methodology, that the sector was more than double the size of previous estimates.<sup>8</sup>

Including all social enterprises in studies of the sector gives government and civil society a much better idea of the possibilities available in the social economy. There is clearly a need to take care deciding which organisations to include within the social enterprise sector when making policy or undertaking research. Social enterprises tend to self-identify as such. In order to fully capture and represent the sector CMEs need to be willing to self-identify as forms of social enterprise and researchers and policy makers should take care to consider them.

### a. Accreditation of private enterprises with a social mission

As privately-owned businesses increasingly begin to self-identify as social enterprises due to a strong corporate commitment to social and environmental responsibility, a need to set measures to effectively distinguish social enterprises from private enterprise has arisen. This is important for social enterprise community leaders that are keen to maintain integrity in the sector; as well as for policymakers, who increasingly gear grants and incentives to social enterprises as a priority.

<sup>7</sup> Social Enterprise UK, Hidden Revolution: Size and Scale of Social Enterprise in 2018 (Social Enterprise UK, 2018) 3-5. <https://www.socialenterprise.org.uk/policy-and-research-reports/the-hidden-revolution/>

<sup>8</sup> Social Enterprise UK, Hidden Revolution: Size and Scale of Social Enterprise in 2018 (Social Enterprise UK, 2018) 3-5. <https://www.socialenterprise.org.uk/policy-and-research-reports/the-hidden-revolution/>

In the UK, one way of ensuring social enterprises act consistently with their social mission is the use of a special corporate form, the Community Interest Company (CIC). Its main feature is an asset lock, which acts to ensure that private shareholders can only take a certain portion of the profits; the rest to be retained for the social mission of the business. The CICs Commissioner regularly de-registers those CICs that no longer comply with the law.<sup>9</sup>

Without mechanisms like Community Interest Companies, there is a need, in Australia, for accreditation systems – ways to make sure that private businesses who claim to have a social mission are acting consistently with that mission. BCCM supports this.

## **b. Accreditation of co-operatives and mutuals**

Moving away from private enterprises, and having regard to social enterprises whose communities are their members, the co-operative corporate form acts to guarantee the social mission, and so the social nature, of the enterprise.

Co-operatives are the only form of social enterprise in Australia which has a legislated accreditation system.

In previous eras, the same drivers for accreditation which we see today for private social enterprises led to the development of a range of legal protections for the distinct social and economic purpose of co-operatives.<sup>10</sup>

These protections are now well-established and are reflected in the Co-operatives National Law:<sup>11</sup>

- The seven internationally recognised Co-operative Principles (see below section, 'History') are embedded expressly in legislation and also implicitly in many of the parameters for drafting of Rules of a co-operative. The Registrar of Co-operatives must consider whether a new co-operative's proposed Rules are designed to comply with Co-operative Principles in deciding to register the co-operative.<sup>12</sup>
- Only co-operatives registered under co-operatives legislation can use the word "co-op" or equivalents in their legal or business names.<sup>13</sup>
- The board of directors in a co-operative registered under co-operatives legislation are required to make decisions with consideration of the Co-operative Principles.<sup>14</sup>
- The distribution of surplus to members must generally be linked to patronage of the co-operative. That means it must be related to hours worked, goods bought or use made of its services. This helps to keep the enterprise vibrant and active.
- The amount which can be paid out to members as dividends based on their shareholding is limited: a member's right to dividends based on their shareholding cannot exceed the interest on a Commonwealth five year term deposit by more than 10%.<sup>15</sup> This is consistent with the fact a co-operative's members are understood almost as "trustees for the purpose of the society".

<sup>9</sup> For more see 'Setting up a social enterprise', a UK government webpage: <https://www.gov.uk/set-up-a-social-enterprise>.

<sup>10</sup> See discussion of the history of this process in 'Seeking Uniform Co-operatives' Legislation', Gary Lewis, *The Democracy Principle* (2006) 279-306.

<sup>11</sup> The Co-operatives National Law (CNL) is a model law adopted by a number of states and territories under the Australian Uniform Co-operatives Laws Agreement (AUCLA). See, for example, Co-operatives (Adoption of National Law) Act 2012 (NSW).

<sup>12</sup> Co-operatives National Law, ss 10-11; s 27.

<sup>13</sup> Co-operatives National Law, s 225.

<sup>14</sup> Co-operatives National Law, s 192.

<sup>15</sup> Co-operatives National Regulations, r 3.19.



Given the regulatory requirements that all registered co-operatives must meet, and the protection of social mission this affords, it is important co-operatives are recognised as social enterprises without need for additional accreditation or registration.

Not all co-operatives and mutuals are registered under the Co-operatives National Law, however. Some are registered under the Corporations Act. The Corporations Act now provides for a definition of a “Mutual”.<sup>16</sup> Entities that meet the definition of a mutual are democratically governed by their members and should also be recognised as social enterprises without need for additional accreditation or registration.

There are member-based organisations that meet the FASES definition that are neither incorporated under the Co-operatives National Law nor defined as mutuals under the Corporations Act. Examples include employee-owned companies, incorporated associations and community development trusts.<sup>17</sup> It is recommended that accreditation for social enterprises such as these should be done in conjunction with relevant industry peak bodies.<sup>18</sup>

Social enterprise researchers in government and in community organisations need to be cognisant of the above issues. While they need to be wary to protect the integrity of the social enterprise sector, the full range of member-based organisations requires appropriate recognition. Otherwise, there is the distinct danger that the social enterprise sector’s size will continue to be significantly underestimated and the potential contribution of co-operatives and mutuals to government policy objectives will be lessened.

<sup>16</sup> Corporations Act 2001 (Cth), s 51M. See ‘BCCM welcomes landmark changes for mutuals’, BCCM website (2019) <https://bccm.coop/bccm-welcomes-landmark-changes-for-mutuals/>.

<sup>17</sup> See the following Productivity Commission Submission: ‘Not all Social Enterprises are Not-For Profits’, <https://www.pc.gov.au/inquiries/completed/not-for-profit/submissions/sub001.pdf>.

<sup>18</sup> For example with Employee Ownership Australia (EOA), <https://employeeownership.com.au/>; Customer Owned Banking Association (COBA), <http://www.customerownedbanking.asn.au/>; the Business Council of Co-operatives and Mutuals (BCCM), <https://bccm.coop/>.

## Figure 2: Including co-operatives in policymaking: 2015 Cth Senate Inquiry <sup>19</sup>

The 2015 Senate inquiry into co-operatives, mutuals and member-owned firms noted the lack of awareness among policymakers (and other stakeholders) about the important contribution of the co-operative and mutual sector to Australian economic and community life.

The inquiry found that this had led to oversights in policymaking, such as the exclusion of co-operatives from government business support programmes.

The report made a number of recommendations of how policymakers can ensure co-operatives are considered in the development of policy:

- that the co-operative and mutual sector be better represented in government policy discussions, and actively promoted as a possible option for service delivery, particularly where community based initiatives are being considered; and
- that the Commonwealth Government work with all relevant stakeholders to undertake a program of education and training to inform them about the role of co-operatives and mutuals; and
- that the Commonwealth Government review, and where necessary amend, the eligibility criteria for grants and funds, across all government grants and program guidelines, ensuring that co-operative and mutual enterprises are not excluded on the basis of their business structure.

### III. History of social enterprise

The social economy was at the forefront of many people's minds amidst the social conditions of the 1800s. Liberal economist John Stuart Mill, for example, had a famous vision of a social economy, made up of associations of workers. "The form of association", he says,<sup>20</sup>

'... which, if mankind is to continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief, and work-people without a voice in the management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves.'

Co-operative enterprise has a long history. The modern co-operative sector traces its roots to a co-operative set up in Rochdale, England in the 1840s, as a way for impoverished weavers to gain access to affordable, quality consumer goods.<sup>21</sup> The principles they adopted included open membership, democratic control and equitable distribution of trading benefits. These same

<sup>19</sup> See 'Senate recommends level playing field for co-ops and mutuals', BCCM (March 2016) <https://bccm.coop/deadline-for-submissions-to-senate-inquiry-set-for-1-july/>.

<sup>20</sup> John Stuart Mill, *Principles of Political Economy: With Some of Their Applications to Social Philosophy* (Longmans, Green, Reader, and Dyer, first published 1848, 7th ed, 1871) 772-773.

<sup>21</sup> See the Wikipedia article on them: [https://en.wikipedia.org/wiki/Rochdale\\_Society\\_of\\_Equitable\\_Pioneers](https://en.wikipedia.org/wiki/Rochdale_Society_of_Equitable_Pioneers); or the following video resource: 'The Story of the Rochdale Pioneers', <https://www.youtube.com/watch?v=DNVzOsZt6ew>.

principles continue to inform how co-operatives operate today (see below the Seven Co-operative Principles). Another example of an early social enterprise is the Salvation Army, which has been running its Salvos Stores since the 1890s.<sup>22</sup>

Social enterprises spread around the world very quickly, and in 1895 the International Co-operative Alliance was formed. In 1937 they formally adopted the now-famous Seven Co-operative Principles, to which all co-operatives continue to hold themselves:<sup>23</sup>

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training, and information
- Co-operation among co-operatives
- Concern for community

After the Second World War, the public economy, based on government spending, came to the forefront. The social economy continued to thrive, but it received less attention.<sup>24</sup>

This changed again in the 1990s, after governments started spending less on welfare programs. The term “social enterprise” began to be used in both Western Europe and the United States, though with divergent meanings. In the United States, there has been an emphasis on, what has come to be called, “heropreneurship”;<sup>25</sup> an emphasis on “individuals launching new activities dedicated to a social mission while behaving as true entrepreneurs in terms of dynamism, personal involvement, and innovative practices”. In Europe, however, the emphasis has been on the “collective nature of the social enterprise, as well as on its associative or cooperative form”.<sup>26</sup>

As Janelle Kerlin has shown, in her edited volume *Social Enterprise: A Global Comparison*, the rest of the world has tended to follow the European meaning, with its emphasis on social entrepreneurship, rather than the American.

This includes the first social enterprise agency in the UK, which was also one of the first in the world, called Social Enterprise London.<sup>27</sup> Social Enterprise London was set up through the collaboration of several co-operative businesses, development agencies and co-operative industry associations. Its original definition of social enterprise made stakeholder ownership central:

<sup>22</sup> ‘People Have Been Reusing Clothes Forever’, Time, <https://time.com/5364170/thrift-store-history/>

<sup>23</sup> See the International Co-operative Alliance statement on ‘Cooperative identity, values & principles’, <https://www.ica.coop/en/cooperatives/cooperative-identity>.

<sup>24</sup> “The quality and quantity of the discussion on cooperatives is noted to be much greater in books published before World War II than in post-World War II books”: Panu Kalmi, ‘The disappearance of cooperatives from economics textbooks’ (2007) 31(4) Cambridge Journal of Economics 625.

<sup>25</sup> Daniela Papi-Thornton, ‘Tackling Heropreneurship: Why we need to move from “the social entrepreneur” to social impact’, Stanford Social Innovation Review, [https://ssir.org/articles/entry/tackling\\_heropreneurship](https://ssir.org/articles/entry/tackling_heropreneurship). See also: <http://tacklingheropreneurship.com/>.

<sup>26</sup> ‘Forward’ in Janelle A Kerlin, *Social enterprise: A global comparison* (UPNE, 2009).

<sup>27</sup> Established in 1998 (it is now integrated with Social Enterprise UK).

**Social Ownership:** Social enterprises are autonomous organisations with a governance and ownership structure based on participation by stakeholder groups (users or clients, local community groups, etc.) or by trustees. Profits are distributed as profit sharing to stakeholders or used for the benefit of the community.<sup>28</sup>

Further, in the 2002 report titled *Private Action, Public Benefit: Organisational forms for social enterprise*, which was used to inform the Labour Government's social economy strategy, they endorsed John Stuart Mill's vision of the social economy: they defined social enterprises as including "cooperatives, mutuals, [and] employee owned businesses".<sup>29</sup>

In Bronwen Morgan's 2017 analysis of the legal models available for social enterprise development she notes the contestability of defining social enterprises by business model:

'[B]oth companies limited by shares and cooperatives are salient legal forms in the context of social enterprise in Australia. The inclusion of cooperatives as a form of social enterprise is potentially contestable, however, and in different national Legal models beyond corporation settings, cooperatives may be more or less likely to be included in general understandings of social enterprise. The cooperative legal form is an existing hybrid legal form, the principles of which prioritise the democratic power of members within the governance structure in ways that are not directly tied to shareholder wealth. In this respect, cooperatives are "social" in that they internalise social, democratic or non-financial principles, where other forms of social enterprise may pursue their "social" goals through monitored outcomes.'<sup>30</sup>

Barraket et al *Social Enterprise in Australia: Concepts and Classifications* look to the history of the movement.

'With its historical roots in an enterprising non- profit sector and the presence of cooperative and mutual businesses, the practice of social enterprise in Australia is relatively mature. Yet, the language of social enterprise and social entrepreneurship remains marginal and contested within civil society and between civil society and other actors.'<sup>31</sup>

## IV. Co-operatives are an effective form of social enterprise

The social economy is valued by policy-makers because it is a mechanism individuals and communities can use to correct for market failures, without having to rely on government support or charitable giving.

The essential, defining feature of the social economy and of social enterprises is that they are a way for civil society to self-help – to provide, through enterprise - for its own needs.

<sup>28</sup> Full original Social Enterprise London definition:

Social enterprises are businesses that trade in the market in order to fulfill social aims. They bring people together in order to fulfill social gain. Social enterprises have three common characteristics:

**a) Enterprise Orientated:** They are directly involved in the production of goods and the provision of services to the market. They seek to be viable trading concerns, making a surplus from trading.

**b) Social Aims:** They have explicit social aims such as job creation, training and provision of local services. They have ethical values including a commitment to local capacity building. They are accountable to their members and the wider community for their social, environmental and economic impact.

**c) Social Ownership:** They are autonomous organisations with a governance and ownership structure based on participation by stakeholder groups (users or clients, local community groups, etc.) or by trustees. Profits are distributed as profit sharing to stakeholders or used for the benefit of the community.

<sup>29</sup> Private Action, Public Benefit: Organisational forms for social enterprise', UK Cabinet Office (2002) link, 2.

<sup>30</sup> Bronwen Morgan, "Legal models beyond the corporation in Australia: plugging a gap or weaving a tapestry?", Faculty of Law, UNSW Sydney, New South Wales, Australia

<sup>31</sup> Barraket, J., Douglas, H., Eversole, R., Mason, C., McNeill, J. and Morgan, B. "Social Enterprise in Australia: Concepts and Classifications", ICSEM Working Papers, No. 30, Liege: The International Comparative Social Enterprise Models (ICSEM) Project (2016) 16.

This is not a narrow vision, based on individual enterprises; it is a societal vision, based on creating a just, sustainable economy.

In 2018, academics from Harvard Business School and MIT published an article titled *Social Enterprise Is Not Social Change*. They describe social enterprises as based on the idea that “heroic” individuals are the key to broad social change and, based on this understanding, they are critical of social enterprise. They demonstrate that social enterprises based on heroic individual entrepreneurs have not been able to challenge structural social problems in the ways they claim. Structural social change, they argue, can only be achieved through “collective political action by organised constituencies”.<sup>32</sup>

This is based on a misunderstanding of social enterprise and the social economy. Collective entrepreneurship by organised communities is a crucial aspect of large parts of the social economy, particularly of co-operative and mutual enterprises.

The private enterprise form of social enterprise is important and can affect useful social outcomes; but it is in enabling communities to own and control important social assets themselves which is most effective at releasing the nascent social and economic power within them.

Morgan in her 2017 analysis of the legal models available for social enterprise development in Australia, provides evidence of “the rising salience of existing cooperative legal forms”.<sup>33</sup>

There are many examples of impressive membership-based social enterprises. Some are over a century old. For example, Norco Co-operative, which is owned by 300 dairy farmers from regional New South Wales and Queensland, was formed in 1895. As a farmer-owned co-op, Norco has played an important role in ensuring a sustainable milk price is paid to its members. In October 2019, Norco paid a Drought Premium of 5 cents per litre to members and also passed on the full benefit of subsequent retail price increases negotiated with its customers.<sup>34</sup>

Norco’s concern goes beyond its members. It is a leading employer in the Northern Rivers providing secure, unionised jobs.<sup>35</sup> And it was one of the first manufacturing businesses in Australia to negotiate paid Domestic Violence Leave with employees and their union.<sup>36</sup>

See more examples of co-ops and mutuals in the attached appendix (‘Types and Examples of Co-operatives’).

<sup>32</sup> Marshall Ganz et al., ‘Social Enterprise Is Not Social Change’, Stanford Social Innovation Review (Spring 2018) 59.

<sup>33</sup> Bronwen Morgan, ‘Legal models beyond the corporation in Australia: plugging a gap or weaving a tapestry?’, Faculty of Law, UNSW Sydney, New South Wales, Australia

<sup>34</sup> See ‘Surviving the Drought in Norco Country’, NORCO Milk Youtube channel, <https://www.youtube.com/watch?v=JEIDDurCUd8&t=1s>.

<sup>35</sup> See Katherin Gibson et al., ‘Beyond Business as Usual: A 21st Century Culture of Manufacturing in Australia’, Western Sydney University (Dec 2019) [https://www.westernsydney.edu.au/\\_data/assets/pdf\\_file/0011/1635914/beyond-business-as-usual-a-21st-century-culture-of-manufacturing-in-australia.pdf](https://www.westernsydney.edu.au/_data/assets/pdf_file/0011/1635914/beyond-business-as-usual-a-21st-century-culture-of-manufacturing-in-australia.pdf)? 16-18.

<sup>36</sup> ‘Norco’s landmark decision: Paid DV leave for workers’, The Northern Star (Dec 2016) <https://www.northernstar.com.au/news/norcos-landmark-decision-paid-dv-leave-for-workers/3120900/>.



## Figure 3: How CMEs meet the goals of social enterprise policy<sup>37</sup>

### **Helping to drive up productivity and competitiveness**

Stakeholder control has proven productivity benefits. For example, the share price of listed companies with high levels of employee ownership had a 17 per cent share price premium over a five year period compared to their counterparts with no or little employee ownership in the ASX200

### **Contributing to socially inclusive wealth creation and employment**

Co-operatives are an important mechanism for community wealth-building and local job creation. Through co-operative ownership of workplaces, of retail businesses and of value-adding infrastructure, communities are able to retain stakeholder control and keep wealth and employment opportunities local. Profits which once went to financial centres go instead to co-operative members, who are more likely to spend it in their local community. This creates a local community “multiplier effect”.

### **Enabling individuals and communities to work towards regenerating their local neighbourhoods**

Co-operatives create “sticky money”. For example, a 2013 study of the Barossa Community Co-operative in South Australia found that for every dollar spent at one of its supermarkets, an additional 76 cents of total value is created for the Nuriootpa region.

### **Showing new ways to deliver and reform public services**

Public service mutuals and stakeholder ownership can help achieve user choice and control, efficient, productive and innovative service delivery, and social and economic ‘return on investment’ for taxpayers.

### **Helping to develop an inclusive society and active citizenship**

Social isolation is a worrying problem, and co-operatives work to combat this by actively engaging members both as stakeholders and as participants in a democratic process.

<sup>37</sup> “17% share price premium”: ‘The Employee Ownership Index’, Employee Ownership Australia <https://employeeownership.com.au/employee-ownership-index/>; “local community multiplier effect”: Michael Shuman, Local Dollars, Local Sense: How to Shift Your Money from Wall Street to Main Street and Achieve Real Prosperity (Chelsea Green Publishing, 2012); “sticky money”: ‘Sticky Money: Recognising the total value created by Australian Co-operatives and Mutuals’, EY (2013) [https://bccm.coop/wp/wp-content/uploads/2014/12/Sticky-Money-Report\\_EY-2014.pdf](https://bccm.coop/wp/wp-content/uploads/2014/12/Sticky-Money-Report_EY-2014.pdf); “Public Service Mutuals”: ‘Towards a Co-operative State: Securing the Social and Economic Prosperity of South Australia through corporate diversity’.

## Figure 4:<sup>38</sup> The contribution of the co-op and mutual sector to the Australian economy

- Number of co-operatives active in Australia?

**There are around two thousand co-operatives currently active in Australia**

- Number of Australians who are members of a co-operative or mutual?

**Eight in ten Australians are a member of at least one co-operative or mutual. Many Australians have more than one membership – co-operatives and mutuals have a combined active membership of over 31 million!**

- The trading revenue of co-operatives and mutuals?

**While the total trading revenue of co-operatives and mutuals in Australia is unknown, we have accurate figures for the total revenue of the 100 largest co-operatives and mutuals: over \$31 billion.**

- The size of the assets owned co-operatively by communities in Australia?

**Australian communities have developed a strong social economy, with co-operatives and mutuals owning assets worth over \$900 billion.**

- Number of people employed by co-operatives and mutuals?

**Co-operatives and mutuals directly employ at least 88,000 people in Australia.**

- Number of small businesses who rely on co-operatives?

**The number of small businesses who rely on the services of a co-operative for their prosperity is almost 37,000.**

- The revenue and assets of Australia's top ten co-operatives or mutuals by state:

**New South Wales:** Over \$6 billion in turnover; over \$11 billion in assets

**Queensland:** Over \$3 billion in turnover; over \$32 billion in assets

**South Australia:** Over \$2 billion in turnover; over \$15 billion in assets

**Tasmania:** Over \$200 million in turnover; over \$250 million in assets

**Victoria:** Over \$5 billion in turnover; over \$44 billion in assets

**Western Australia:** Over \$9 billion in turnover; over \$25 billion in assets

Don Dunstan Foundation (2018) <https://dunstan.org.au/wp-content/uploads/2018/01/Dr-Guy-Turnbull-Final-Report-.pdf>.

<sup>38</sup> '2019 National Mutual Economy Report', BCCM (2019) <https://bccm.coop/wp/wp-content/uploads/2019/11/BCCM-2019-NME-Report.pdf>.

## V. Considerations to drive growth in social enterprise

*Across the world there is increasing support by governments at national, regional and local levels to support the social enterprise sector. While the rationale for this is not in many cases explicit, the focus of this support is often framed around the sector's success in the employment of long-term disadvantaged job seekers and the social and economic benefits of employment outcomes across the wider population and society.*

- Social Enterprise in Queensland Report.<sup>39</sup>

As the above quote from the Queensland Social Enterprise strategy report shows, governments around the world are acknowledging and supporting social enterprises as instruments of government policy. The same is the case for Australia – in addition to Queensland, Victoria also has a social enterprise strategy which seeks to take advantage of the inclusive growth, improved workforce participation and productivity boost social enterprises can deliver.<sup>40</sup>

BCCM welcomes this. We believe there are two important principles policymakers should consider:

1. Resource allocation should be provided in the most cost-effective way, prioritising the development of self-help and community ownership given it is a proven model for releasing nascent social and economic power
2. Where government or community groups try to grow the sector, they should know how to recognise the social value of co-operatives and mutuals and understand how to support the model, including:
  - a. Co-operatives and mutuals should generally be recognised as social enterprises.
  - b. Policymakers should take care to include co-operatives and mutuals when developing social enterprise and social procurement policies.
  - c. The pre-existing registration process for co-operatives incorporated under Co-operatives National Law, and the definition of a mutual for mutuals incorporated under the Corporations Act, should be used by policymakers to streamline co-operative and mutual eligibility in relation to social enterprise and social procurement policies.

### Low-hanging fruit

Co-operatives and employee ownership have a major role to play in a more robust social enterprise sector in Australia. They make a major contribution towards re-balancing the economy, distributing wealth and ownership more widely, re-invigorating civic society, re-building trust and re-connecting people with their communities and with more satisfying, more productive and happier work.

<sup>39</sup> 'Social Enterprise in Queensland', full report for the Queensland government, KPMG (Sept 2019) <https://jobsqueensland.qld.gov.au/projects/social-enterprise/#research> 92.

<sup>40</sup> 'Victoria's Social Enterprise Strategy', Victorian State Government, <https://djpr.vic.gov.au/about-us/overview/strategies-and-initiatives/social-enterprise>.

Here are two examples of how social enterprise can be scaled:

### **a. Service-sector worker co-operatives: creating decent work for more people**

Service sector worker co-operatives are proven mechanisms for raising the wages and conditions of people who come from disadvantaged backgrounds.

This is recognised in New York, where support for the model is creating 100 new worker-owners per year, allowing low wage workers, often women, to access better wages and conditions.<sup>41</sup>

In Australia, workers are already taking advantage of the model. For example, Harmony Community Cleaning is a worker-owned enterprise in Canberra with over 40 worker members, all Karen refugees from Myanmar. Karen workers had been exploited by their previous employer and decided to set up their own business in order to control their own conditions and wages. Airbnb now recommends Harmony Community Cleaning as its ethical cleaning service.<sup>42</sup>

Redgum Cleaning Co-op was formed in 2018 by five members and has doubled in size to eleven members through organic growth. It was started by workers whose employment had been precarious, and who wanted to make a commitment to eco-friendly practices.<sup>43</sup>

With government business development support and procurement policies, the model could be expanded at scale, allowing low-wage workers to share in business ownership and in the management of their conditions.

See more on worker co-operatives in the attached appendix ('Types and Examples of Co-operatives').

### **b. Community Right to Buy: securing local services and opportunity**

Rural communities are experiencing a tough period, and many of their community assets are closing down. For example, many rural pubs are facing closure.

One important defence that communities have is the co-operative. An article published May 2020 in *The Age* documents this. It is titled 'Hope on the menu at community-owned pubs in a closed pandemic world', and describes various cases of communities buying their local pub when it looked like closing.<sup>44</sup>

They have been a great success – the presence of a working hotel “brought a soul back to the area”, said a member-owner of one of the community owned pubs.

There are many examples of successful community ownership of important local businesses.<sup>45</sup> This shows it is possible to scale community ownership, thus helping to protect community assets and keep communities vibrant.

<sup>41</sup> 'Building a Worker Co-op Ecosystem', NonProfit Quarterly, <https://nonprofitquarterly.org/building-a-worker-co-op-ecosystem-lessons-from-the-big-apple/>.

<sup>42</sup> 'Ripped off refugee cleaners sign deal with Airbnb', SBS, <https://www.sbs.com.au/news/ripped-off-refugee-cleaners-sign-deal-with-airbnb>. And see Harmony Cleaning's website: <https://cleaningharmony.com.au/>.

<sup>43</sup> Redgum Cleaning Co-op website: <http://redgumcleaning.coop/>.

<sup>44</sup> 'Hope on the menu at community-owned pubs in a closed pandemic world', *The Age* (May 2020) <https://www.theage.com.au/national/victoria/hope-on-the-menu-at-community-owned-pubs-in-a-closed-pandemic-world-20200514-p54t39.html>. See also "It's more than a drinking hole: Small community pitch in to buy the only pub in town", ABC News, <https://www.abc.net.au/news/2018-12-21/nandaly-community-pitch-in-to-purchase-pub/10640136>.

<sup>45</sup> See, for example, Birchip Butchers Co-operative; the Sea Lake hardware co-operative; and the Yackandandah community petrol station.

## **b. Community Right to Buy: securing local services and opportunity (*continued*)**

For example, the UK Localism Act 2011 incorporates a Community Right-to-Buy scheme.<sup>46</sup> This means that communities can ‘stop-the clock’ on the sale of valuable local assets and amenities like post offices, village shops or community pubs, giving them time to put in a bid of their own and protect it for the wider benefits of the community.<sup>47</sup>

The Community Right to Buy scheme gives community organisations the opportunity to nominate an asset to be included on a list of ‘Assets of Community Value’. If a successfully listed asset is put up for sale, the sale is paused for six-months, giving communities the opportunity and time to prepare a bid and get a business plan together.

This policy could be supported by business development services, and could be expanded to worker ownership – extending a Community Right to Buy to workers if employers puts their business up for sale.

See more on community co-operatives in the attached appendix (Types and Examples of Co-operatives).

<sup>46</sup> Localism Act 2011 (UK): <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted> ; [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5959/1896534.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf).

<sup>47</sup> Civil society organisations like Locality have been set up to help communities with the process: <https://locality.org.uk/policy-campaigns/save-our-spaces/>.





NRMA Nundah Community Enterprise Co-operative



# **APPENDIX to**

## **Discussion Paper:**

Co-operatives and  
mutuals as social  
enterprises





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# I. Types and examples of social enterprises: recognising their value

Different forms of social enterprise are appropriate for different situations, depending on social need, community preferences and the economic or social goal sought.

It is important that community developers are able to recognise the different forms of social enterprise, their social value and how each enterprise-type can be most effectively utilised.

Co-operatives, mutuals and some others forms of social enterprises are socially-owned, based on values of self-help and participation. Co-operatives are accountable to their members to deliver a range of benefits.

Other forms of social enterprise are privately-owned by entrepreneurs or investors with a strong conviction to deliver social and environmental outcomes through the enterprise they own. This includes charities that invest in trading businesses to provide revenue for their social mission. These individuals or organisations act as “trustees” for the social mission.

Each type of social enterprise is important, and in some contexts one form will be more appropriate than another. Hybrids between these types are also possible. Policymakers need to be able to recognise the most effective model given the community in question and social outcomes the community seeks.

As we have seen, co-operative and mutual enterprises are central to the history and definition of social enterprise, and are the primary example of socially-owned social enterprises. Co-operatives must subscribe to the seven co-operative principles as set out by the International Co-operative Alliance, including open and voluntary membership, democratic control and concern for the community. The directors of a co-operative are required, by legislation, to consider the seven co-operative principles in their decision-making. They are the only type of social enterprise whose social mission is legislatively mandated.

There are around 2000 co-operatives and mutuals in Australia; and the top 100 have a combined turnover of \$31 billion. Eight in ten Australians are a member of at least one CME.<sup>1</sup>

A good way of thinking about co-operatives is in terms of their community, or membership type. A co-operative's members can be its workers (a worker co-op); its customers (a consumer co-op); its suppliers (a producer co-op); or members of a local community or a community of interest (a community co-op).

## a. Worker co-op

As John Stuart Mill held, worker co-operatives allow workers to associate on terms of equality and to share equitably in the benefits of the ownership of business capital.

Worker co-operatives are an effective mechanism for improving the conditions of low-income service workers, who often come from backgrounds that have put them at a disadvantage.

<sup>1</sup> '2019 National Mutual Economy Report', BCCM (2019) <https://bccm.coop/wp/wp-content/uploads/2019/11/BCCM-2019-NME-Report.pdf>.

<sup>2</sup> 'Worker Cooperatives for New York City: A Vision for Addressing Income Inequality', Federation of Protestant Welfare Agencies (2014) <https://community-wealth.org/content/worker-cooperatives-new-york-city-vision-addressing-income-inequality>.

In New York, the success of service industry co-operatives such as Cooperative Home Care Associates and Si Se Puede! was highlighted in a report, "Worker Cooperatives for New York City: A Vision for Addressing Income Inequality".<sup>2</sup> This led to New York City allocating several million dollars to the development of worker co-operatives; a program which has been effective at lifting many people out of poverty by enabling them to cooperatively own their own business and secure decent employment.<sup>3</sup>

In Australia, there are examples of worker co-ops in the service industry which have been equally as successful.

See below for case studies of:

- The Co-operative Life (NSW)
- Harmony Community Cleaning (ACT)
- Nundah Community Enterprises Co-operative (QLD)
- Redgum Cleaning Co-operative (VIC)

## **b. Consumer co-ops**

Consumer co-operatives are an excellent form of social enterprise for enabling a community to collectivise their purchasing power in order to source affordable, quality, ethically-produced goods and services.

An example of this kind of social enterprise is customer-owned financial service providers, such as credit unions and mutual banks. They have been hugely successful at providing accessible, ethical financial services to Australians. Credit unions were formed by groups of workers and church communities as small self-help enterprises from the 1950s onwards. This was a response to market failure: the investor-owned banks were not interested in offering reasonably priced credit to working people. Their motto was "Not for Profit, Not for Charity, But for Service".<sup>4</sup>

As credit unions have grown, some have become mutual banks, who continue to provide affordable products, important regional branch networks and generous community or charitable grant programs.<sup>5</sup>

Another prominent example of consumer co-operatives is customer-owned retailers, like supermarkets. They remain a significant part of the community life of regional Australia. They provide essential retail services, local employment opportunities, generous community donation and sponsorship programs, and keep more wealth in local economies. They are owned by thousands of local customers.<sup>6</sup>

See below for case studies of:

- Beyond Bank (SA)
- Bank Australia (VIC)
- The Barossa Co-op (SA)
- The Cobargo Co-operative Society (NSW)
- National Health Co-op (ACT)

<sup>3</sup> 'BCCM in New York: The Ecosystem Behind Up & Go and the Millions NY City Council Spends on Worker Co-op Development', BCCM (2018) <https://bccm.coop/bccm-new-york-part-2/>.

<sup>4</sup> See Gary Lewis, *People Before Profit: The Credit Union Movement in Australia* (Wakefield Press, 1996).

<sup>5</sup> For resources on the sector see the Customer Owned Banking Association website: <http://www.customerownedbanking.asn.au/>.

<sup>6</sup> Examples include The Barossa Co-op, Emerald and District Co-operative, Cobargo Co-op, Terang and District Co-op, Mount Barker Co-op, Hastings Co-op, Killarney Co-operative, Sea Lake and District Co-op and Kaniva Community Co-operative.

### **c. Producer co-op**

Producer co-ops are made up of independent businesses that work together to buy inputs or share the costs of administration, value-adding activities or marketing.

Agricultural producer co-ops are perhaps the most famous example. The first known farmer-owned co-operative in Australia was a dairy co-operative in New South Wales founded in 1880, called the South Coast and West Camden Co-operative. A problem for farmers at the time were the “middle men” who drove down returns for farmers at no benefit to consumers. The co-operative fixed this problem by eliminating the middle man and returning more of the retail value of the product to the primary producer.<sup>7</sup>

Rural communities have always greatly benefitted from producer co-operatives, which have been used to keep wealth local and communities thriving.

This is recognised by the Fairtrade movement. Under the Fairtrade Standards, a product can only claim to be Fairtrade if it is sourced from a producer co-operative.<sup>8</sup>

As a social enterprise, a producer co-operative is not just important in a development context. It is also important in developed countries for retaining good economic conditions in agricultural communities.

It is a remarkable fact, for example, that 90 per cent of the Western Australian grain harvest is traded through a social enterprise – Co-operative Bulk Handling (CBH). It is a registered charity,<sup>9</sup> and is the biggest social enterprise in Australia.<sup>10</sup> It is responsible for almost a century of community wealth building in rural WA – membership is open and voluntary for the WA grain growing community, who now collectively own more than \$2 billion in assets.<sup>11</sup>

Producer co-operatives are also found in other industries. Independent businesses and self-employed contractors in the arts, in retail, and many other industries also co-operate in order to boost their incomes and maintain their viability as smaller businesses in markets dominated by large firms.

See below for case studies of:

- Norco Co-operative (NSW)
- Co-operative Bulk Handling (WA)
- Boomalli Aboriginal Artists Co-operative (NSW)

### **d. Community co-op**

A community co-op, also known as a multi-stakeholder co-op, draws from multiple stakeholder groups (employees, customers and producers), and can include members who live in the local community or are part of a community of interest.

<sup>7</sup> See Gary Lewis, *The Democracy Principle* (2006) 3-26.

<sup>8</sup> 'The Fairtrade Standard', FairTrade International, <https://www.fairtrade.net/standard/spo>. The members of the co-operative must all be small-scale producers; and the organisation must be legitimately democratic. See also Oxfam's study, 'Does business structure influence social impact? Early insights and practical implications for donor agencies', Oxfam briefing note (2016) <https://www.enterprise-development.org/wp-content/uploads/Does-business-structure-influence-social-impact-OxfamDCED-Briefing-Note.pdf>.

<sup>9</sup> ACNC website profile of CBH: <https://www.acnc.gov.au/charity/e176f895777280d28621c1671fdf797f#overview>.

<sup>10</sup> '2019 National Mutual Economy Report', BCCM (2019) <https://bccm.coop/wp/wp-content/uploads/2019/11/BCCM-2019-NME-Report.pdf> 45.

<sup>11</sup> CBH website, 'About': <https://www.cbh.com.au/about-cbh>.

The community co-op is being used in the renewable energy industry; and is being used increasingly by rural communities in order to retain essential community services, like a pub, post office, petrol station or hardware store.<sup>12</sup>

It has also been used very effectively by the Aboriginal community, particularly in the case of health-care but also in a range of other industries including housing, care services, tourism and art. The first Aboriginal community controlled health service in Australia was a co-operative in Redfern, set up in 1971, called the Aboriginal Medical Service Redfern.<sup>13</sup> The idea of community controlled health quickly spread, and one of the most impressive social enterprise networks in Australia came into being – the National Aboriginal Community Controlled Health Organisation (NACCHO).<sup>14</sup> The network has 143 member organisations (all initiated and operated by the local community), which operate over 300 clinics across Australia, delivering holistic, comprehensive and culturally competent primary healthcare services. The sector is the largest employer of Aboriginal and Torres Strait Islander people across Australia, with well over half of its 6,000 staff being Aboriginal and Torres Strait Islander.<sup>15</sup>

See below for case studies of:

- Hepburn Wind Co-operative (VIC)
- Worn Gundidj Aboriginal Co-operative (WG Enterprises) (VIC)
- Victorian Aboriginal Health Service Co-operative (VIC)



<sup>12</sup> See, for example, Birchip Butchers Co-operative; the Sea Lake hardware co-operative; and the Yackandandah community petrol station.

<sup>13</sup> The service is still in operation: <https://amsredfern.org.au/>.

<sup>14</sup> See their 'Aboriginal Health History': <https://www.naccho.org.au/about/aboriginal-health-history/>.

<sup>15</sup> See their 'About': <https://www.naccho.org.au/about/>.

## II. Case Studies

### Worker co-operatives:

#### The Co-operative Life (NSW)

The Co-operative Life is a worker-owned co-operative providing disability and aged care services. It now has over 75 worker-members. The Co-operative Life motivation is based on the fundamental premise that engaged employee-owners deliver a higher quality of care and support than traditional forms of home care service provider.

The vision for The Co-operative Life arose from founder and co-owner Robyn Kaczmarek's experience working in the home care service sector and seeing the challenges of low wages, poor working conditions, isolation and poor training affecting staff morale and the quality and continuity of care provided to older people and people with disability. This vision also led to them recently stepping in to save a struggling rural New South Wales disability service provider:

"An organisation was going to close with 26 people losing their jobs and 40 participants losing their services – we realised the effects were going to be devastating, so we decided to help."

**Website:** [lifecoop.com.au](http://lifecoop.com.au)

#### Harmony Community Cleaning (ACT)

Harmony Community Cleaning is a worker-owned enterprise in Canberra with over 40 worker members, who are all Karen refugees from Myanmar. Karen workers had been exploited by their previous employer and decided to set up their own business in order to control their own conditions and wages. Airbnb now recommends Harmony Community Cleaning as its recommended ethical cleaning service.

"All Karen cleaners had had the same experience... stolen wages, not being paid proper entitlements... We were thinking 'why do we have to suffer this kind of cheating system?' So when somebody said, 'why don't you form a company for yourselves?' it just went 'bling!' in our minds. Most of our community has been working in the cleaning industry, some for more than ten years, so we have a lot of experience, so why not come together to work as a co-operative?"

**Website:** [cleaningharmony.com.au](http://cleaningharmony.com.au)





Nundah Community Enterprise Co-operative

## Nundah Community Enterprises Co-operative (QLD)

Nundah Community Enterprises Co-operative (NCEC) is a worker-owned co-op for people with a disability in Brisbane. NCEC successfully generates most of its income from trade, not from government subsidies or grants, creating more than 30 jobs. NCEC was initiated by a local community organisation, the Community Living Association (CLA), forming in 1998. CLA first identified the need for a new approach to providing employment opportunities for people with learning difficulties in the north-east Brisbane region. In particular, CLA constituents wanted to find work that could provide a sense of purpose, identity, and dignity through employment, whilst also providing increased financial independence through bringing people with a disability into the ownership structure of the business. A worker co-operative was a natural decision for CLA and the founders of NCEC.

The co-operative has provided members with stable work - often for the first time in their lives. On top of that, most participants acknowledge that they have an increased sense of belonging, happiness, and confidence in comparison to past experiences of work. The co-operative culture economically empowers people with a disability, encourages members to have a say, values workers for who they are and supports their autonomy.

Website: [www.ncec.com.au](http://www.ncec.com.au)

## Redgum Cleaning Co-operative (VIC)

Redgum Cleaning Co-op is a worker co-operative in Melbourne. Members, driven by their past experiences working in precarious and exploitative industries such as cleaning and retail sectors, came together wanting to create something better for themselves and others in the community. They currently have eleven worker-members, invest in trainee training, support advocacy around worker rights and contribute donations to community groups.

"Redgum Cleaning Cooperative is committed to providing high quality eco-friendly home and office cleaning services. We are building communities resilient to economic insecurity and climate crisis. We do this through worker-controlled direct democracy and dignified jobs grounded in an economics of care."

Since formation by five members in 2018, the co-op has grown organically to ten members. During the COVID-19 pandemic, as the owners of the enterprise, staff have democratically decided to scale back domestic cleaning while continuing to deliver commercial cleaning.

**Website:** [redgumcleaning.coop](https://redgumcleaning.coop)



# Consumer co-operatives:

## Beyond Bank (SA)

Based in Adelaide, Beyond Bank Australia is a mutual organisation that is 100% owned by their customers. All customer owners receive one share and one vote. The company's Corporate and Social Responsibility program is not run concurrently on the edges, but is built into the culture and day-to-day running of the business. Beyond Bank has been able to invest over nine per cent of the bank's net profit after tax back to the community through charitable programs, community sponsorships and grants – well beyond the industry average. The bank does not invest in the fossil fuel industry, nor many other industries with questionable ethics. The bank practices responsible lending to ensure they are not placing their customers in a situation that may cause them hardship in the future.

"It's not about how much money you make as an organisation, it is what you do with it that counts"  
– Robert Keogh, CEO of Beyond Bank.

Beyond Bank achieved certification as B-Corp in 2015 and are recognised as "Best for the World" by scoring in the top 10% of all B Corps globally. Not only do they meet the highest standards of transparency and accountability, but their values of customer owners first, mutuality, community, integrity, and sustainability are deeply embedded into the DNA of the organisation.

Website: [beyondbank.com.au](http://beyondbank.com.au)

And see 'B Lab & Beyond Bank Case Study' (2018)

Beyond Bank





## Bank Australia (VIC)

Bank Australia is a credit union – it is a bank, owned by its customers. Its history goes back to 1957, but it has more recently experienced steady growth and is now one of Australia's most recognisable social enterprises. It is committed to customer ownership and to operating in accordance with the international principles for cooperative financial institutions, which means investing their members' money ethically.

"We are owned by our customers, which means we don't answer to shareholders. Our profits are returned to customers through better rates and fees and our investments are used to create positive social and environmental change."

**Website:** [bankaust.com.au](http://bankaust.com.au)



## The Barossa Co-op (SA)

At the end of the Second World War, the Nuriootpa community faced the closure of their local retail store. They formed a co-operative and, 74 years on, the Barossa Co-op has grown into one of Australia's top 20 co-operatives. From one general store the Co-op now manages nine retailers including a Foodland, Mitre 10, Betta Home Living, Toy World and Sports Power. It has an annual turnover of \$60-70 million, paying wages upward of \$10million and employing over 370 people. It is the largest employer of people under 25 in the region.

All members, who account for 90 per cent of sales, get discounts at the stores, dividends and maintain an equal vote in guiding business operations.

The Co-op works toward providing services to the community, supporting the local economy and the health and sustainability of the community. It retails the goods of a variety of over 300 local suppliers, small and large, wherever possible to support jobs and business growth in the area.

**Website:** [barossa.coop](http://barossa.coop)

## The Cobargo Co-operative Society (NSW)

The Cobargo Co-operative Society is a rural supply store that was established in 1901. Originally a butter factory, the Co-op has diversified to supply the local community with a vast range of products.

The store re-opened two days after the 2019/2020 bushfires decimated the small community. Operating without power, the co-op took orders and supplied goods to local farmers, businesses and community members. The co-operative offered two hundred \$200 credits to impacted members to purchase building supplies. The co-op also acts as focal point in the community to talk about trauma.

**Website:** [cobargocoop.com.au](http://cobargocoop.com.au)

## National Health Co-op (ACT)

The National Health Co-op is the fastest growing social enterprise in Australia. It started in 2010 (as the West Belconnen Health Service Coop), forming from a group of local residents (including the local chemist and the chair of the local school's P&C Association) who in 2006 identified the shortage of GPs in their area and the need to do something about it. The NHC now covers 10 per cent of the population of Canberra and offers primary health services in low income suburbs which were almost entirely uncovered by such services previously, through the ten GP clinics it has opened in that time. NHC has expanded also into rural areas bordering the ACT, with the service now employing over 90 staff.

"The National Health Co-op is a not-for-profit, member owned co-operative that provides affordable medical and healthcare services to the communities where it operates. Our overarching goal is to provide access to affordable healthcare for all Australians, significantly reducing instances of preventable diseases and to lessen the personal and societal impact of chronic conditions."

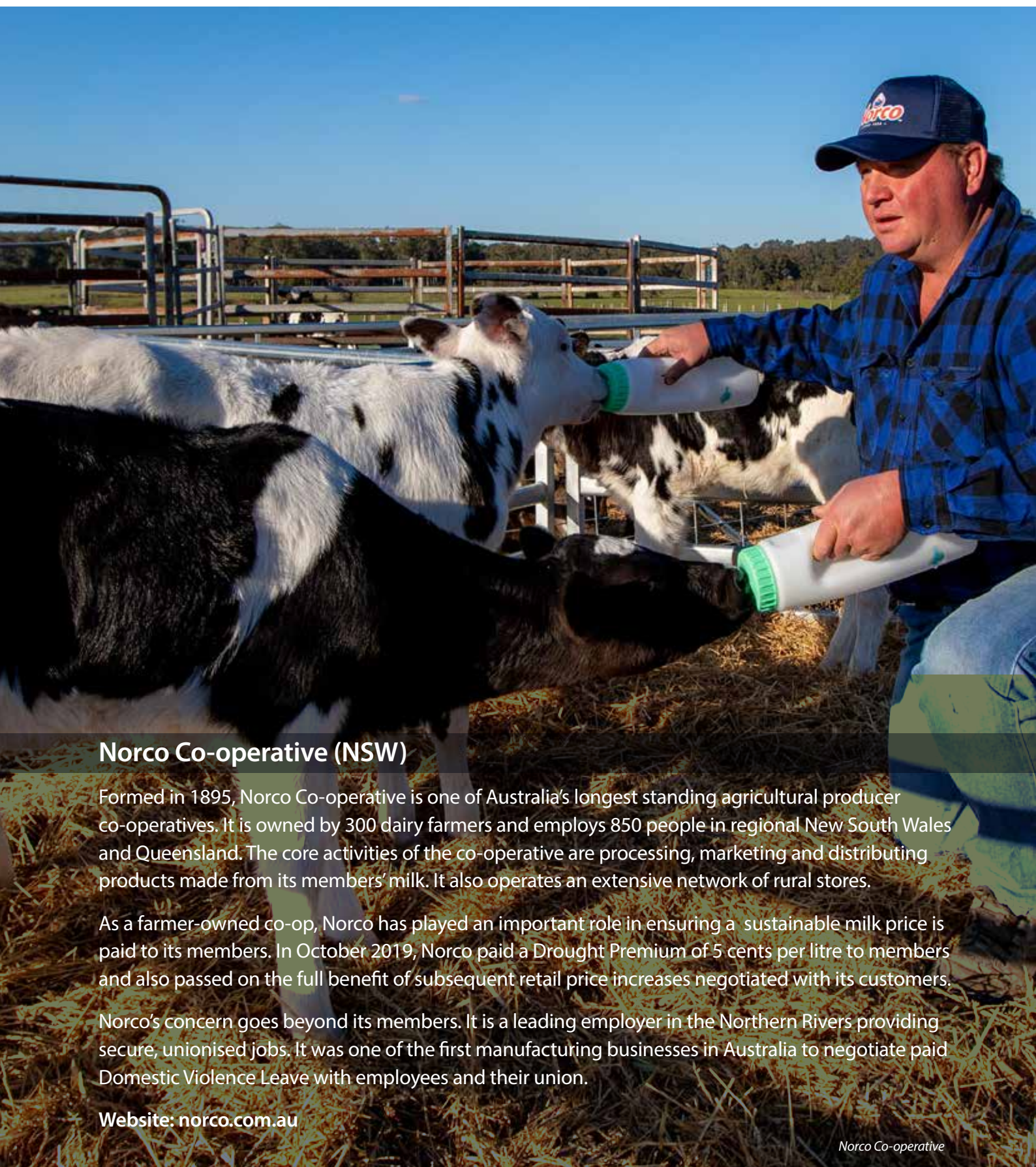
**Website:** [nhc.coop](http://nhc.coop)



*National Health Co-op*



## Producer co-operatives:



### Norco Co-operative (NSW)

Formed in 1895, Norco Co-operative is one of Australia's longest standing agricultural producer co-operatives. It is owned by 300 dairy farmers and employs 850 people in regional New South Wales and Queensland. The core activities of the co-operative are processing, marketing and distributing products made from its members' milk. It also operates an extensive network of rural stores.

As a farmer-owned co-op, Norco has played an important role in ensuring a sustainable milk price is paid to its members. In October 2019, Norco paid a Drought Premium of 5 cents per litre to members and also passed on the full benefit of subsequent retail price increases negotiated with its customers.

Norco's concern goes beyond its members. It is a leading employer in the Northern Rivers providing secure, unionised jobs. It was one of the first manufacturing businesses in Australia to negotiate paid Domestic Violence Leave with employees and their union.

Website: [norco.com.au](http://norco.com.au)

Norco Co-operative



## Co-operative Bulk Handling (WA)

Co-operative Bulk Handling, also known as CBH Group, is one of Australia's most important social enterprises. It is Australia's largest co-operative, owned and controlled by approximately 4,200 Western Australian grain growing businesses. Through CBH, grain growers in WA co-operatively own assets worth more than \$2 billion. Established in 1933, its storage and handling system currently receives and exports around 90 per cent of the Western Australian grain harvest and is regarded as one of the best in the world.

It is a registered charity, recognised for its underlying purpose – that is, helping people in rural, regional and remote communities prosper economically, socially and culturally.

"The CBH Group is committed to ensuring planning, design and decisions take into account the present and future needs of all of our stakeholders. As such, safety, financial, environmental, ethical and social outcomes are considered in every thing we do.

Our people – Grower Members and employees – rely on an economy which relies on the environment."

**Website: [cbh.com.au](http://cbh.com.au)**

*CBH Group*

## Boomalli Aboriginal Artists Co-operative (NSW)

Boomalli Aboriginal Artists Co-operative was formed in 1987 by ten Aboriginal artists. 'Boomalli' means to fight back. The co-operative negotiates better prices with buyers, finds commissioned work opportunities for members and operates an exhibition space in Sydney. It has around 50 members, including many emerging and regionally-based artists.

"The Co-operative's existence and continued longevity has been an enabler for hundreds of Aboriginal Artists. The ripple effect of their art has been profound, with many of our past members and present members having enduring and successful careers."

**Website: [www.boomalli.com.au](http://www.boomalli.com.au)**



## Community co-operatives:

### Hepburn Wind Co-operative (VIC)

Hepburn Wind is the owner and operator of Australia's first community-owned wind farm, at Leonards Hill, about 100km northwest of Melbourne. The 4.1 MW wind farm hosts two turbines called Gale and Gusto, who produce enough clean energy for over 2000 homes.

The wind farm is owned by the local community, and the co-operative manages the wind farm, provides financial returns to its members and funds community projects through a community fund. The co-operative structure allows for wide-scale community involvement.

Almost 2000 co-operative members have contributed \$9.8 million to the construction of the wind farm.

"Raising such a large sum has been a significant achievement, particularly for a project that has never been attempted before in Australia. It shows other communities a new way of funding and developing wind energy resources, through direct investment from small investors and local communities who want to support local renewable energy."

**Website:** [hepburnwind.com.au](http://hepburnwind.com.au)

*Hepburn Wind*

## **Victorian Aboriginal Health Service Co-operative (VIC)**

The Victorian Aboriginal Health Service (VAHS) was established in 1973 to address the specific medical needs of Victorian Aboriginal communities. The organisation has expanded steadily over the past 40 years to provide a comprehensive range of medical, dental and social services for its community.

“As well as providing a variety of medical services, VAHS is committed to supporting the well-being of the community through contributions to community events and activities. VAHS is also committed to assisting research into the ongoing needs of the community.”

**Website: [www.vahs.org.au](http://www.vahs.org.au)**

## **Worn Gundidj Aboriginal Co-operative (WG Enterprises) (VIC)**

Worn Gundidj Aboriginal Co-operative was formed in 1992 to generate economic opportunity for the Aboriginal community in Warrnambool, particularly through the development of commercial enterprises.

The co-operative operates tourism and environmental services (for example, land rehabilitation) enterprises, along with the provision of employment services and community services.

It has 17 employees.

“We have a foundational mission of providing economic opportunities to Indigenous people through assisting individuals into employment and creating sustainable, Indigenous operated commercial enterprises. At Worn Gundidj, we empower people to become active agents in their own future; and deliver on their own aspirations.”

**Website: [worn Gundidj.org.au](http://worn Gundidj.org.au)**

**And see a video profile by Social Traders**









B U S I N E S S  
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