



Members of the Boomalli Aboriginal Artists Cooperative, Australia. Image credit: Boomalli Aboriginal Artists Cooperative

### Contribution of CMEs\* to Australia's economy

- 2,032 active CMEs in Australia of which 1,658 are cooperatives.
- Over 31.3 million members in 198 CMEs.
- Over 50% members are women in 198 CMEs.
- 61,255 number of employees in 271 CMEs.
- 43% of the board of directors in cooperatives are women.
- US\$ 629.6 billion (AU\$ 923.7 billion) – combined gross assets of 471 CMEs.
- US\$ 71.16 billion (AU\$ 104.4 billion) – annual turnover of 471 CMEs.
- US\$ 101.3 billion (AU\$ 132 billion, 2018) – estimate of GDP contribution of CMEs.

(All figures as of 2019)

\*Cooperatives are consistent with the ICA Principles and categorised as 'distributing' (distribute surplus to members) and 'non-distributing' (don't distribute surplus to members).

Mutual enterprises are owned by or on behalf of their members, who are generally its customers. They are common in insurance and other financial services sectors.

### Did you know?

- In Australia, cooperatives are generally incorporated and regulated under state and territory laws. Mutuals are regulated under the federal Corporations Act.
- A CME needs to have five or more active members and one or more economic or social purpose.
- In 2018, the CBH Group was the largest Australian CME by turnover with over US\$ 2.58 billion (AU\$ 3.79 billion), and in terms of membership, it was the National Roads and Motorists' Association (NRMA) with 2.6 million members.
- The 2019 Ibis World Index ranked CBH (3rd place) and Hospital Contribution Fund (5th place) among Australia's top 500 private companies by revenue.
- Mr. Gregory Wall, who led the formation of the BCCM, was honoured as a Member of the Order of Australia in 2019 to recognise his contribution to business and community.
- The Boomalli Aboriginal Artists Cooperative from Australia was covered in a documentary by the Around the World.coop project in 2019.
- ICA has three members from Australia. The members with their year of affiliation are Capricorn Society Ltd. (2006); Cooperative Bulk Handling (CBH Group, 2011); Business Council of Cooperatives and Mutuals (BCCM, 2016).

CMEs have been present in Australia since the 1840s when it was a British colony. In the modern day, they contribute to the national economy, distribute wealth, bring diversity, and present an alternative model of business. CMEs are broadly classified as consumer cooperatives, producer cooperatives, worker cooperatives and financial cooperatives (includes mutual banks, credit unions, friendly societies). The largest CMEs by turnover are in the financial services, agribusiness and health insurance sectors.

### Types of CMEs in Australia

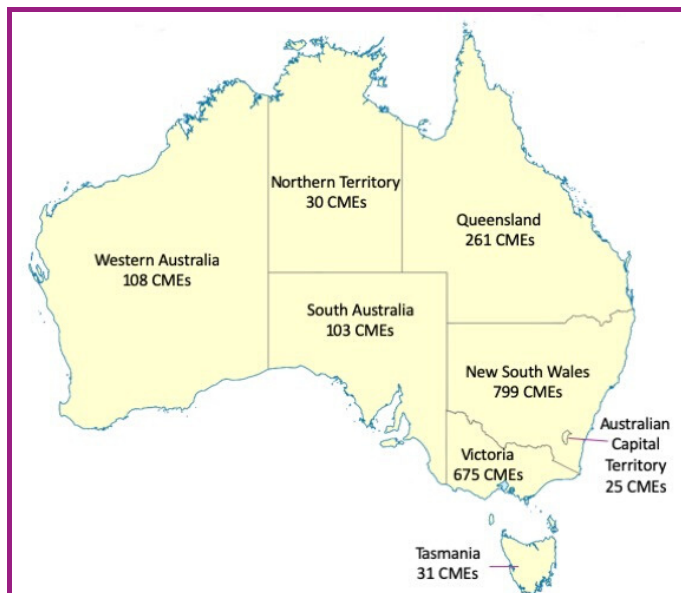
CMEs in Australia are present in the following sectors:

Sector	Percentage
Housing	13.9
Sports and recreation	12.9
Community services	9.2
Medical services	8.2
Education, training, childcare	7.9
Agribusiness	7.6
Retailing	7.1
Banking and financial services	6.3
Arts and culture	4.6
Others*	22.3

\*Others include transport, utilities and energy, superannuation funds etc.

### Geographical presence of CMEs in Australia

CMEs are present in all territories in the country.



## Evolution of the CME movement

### → Cooperatives

- By the 1850s, the Rochdale Principles had been popularised by the British colonists in Australia. The first registered consumer cooperative, the Brisbane Cooperative Society, was established in 1859. At the same time, agricultural cooperatives were set up to remove the middlemen and assist primary producers. Post World War I, consumer cooperatives and agricultural cooperatives rapidly expanded while responding to economic volatility.
- During the 1890s, unions in coal mining areas were experimenting with different formats of worker cooperatives. The Great Depression of 1930s saw employees forming worker cooperatives and buying their employers' struggling businesses.
- Among the Aboriginal and Torres Strait Islander Communities, the first cooperative was the Tranby Aboriginal Cooperative College founded in 1958. Graduates of its training programs set up several distributing cooperatives in other regions. Cooperatives providing the community with housing, health, employment and training services soon followed.
- From the 1970 to 1990s, a series of major social and economic upheavals saw consumer and agricultural cooperatives decline due to increasing competition, poor governance and government regulations.

### → Mutual enterprises

- Friendly societies were established in the 1830s to pool community funds to provide financial benefits to the blue-collar members. By the 1920s, around half of Australians were members of such societies. Post the Great Depression, many friendly societies converted into mutual health insurance and investment funds. The federal government introduced tax incentives, from 1997 to 2000, to encourage private health insurance. By 2016, these funds made up 73% of the health insurance funds in Australia.
- Established in 1942, the Bank of Australasia's Officers' Retiring Fund, was the first superannuation fund (organisational pension programme for employees). The introduction of the national retirement benefits scheme in 1908 made these funds popular. When the national system of compulsory superannuation was created in 1987, the industry grew drastically.
- The emergence of motor vehicles in the early 20th century saw drivers forming automobile associations that provided motoring advice, roadside assistance and advocating for better infrastructure. Now they also provide general insurance, travel and financial services.
- After the strict restriction on credit unions were removed in 1941, they flourished along with building societies in the post-war boom which continued till the 1970s. During the 1970 to 1990s, significant economic changes and increasing prudential requirements saw a decline in market share. However, in recent years, the market share of mutual banks and credit unions has been increasing.

### → Recent developments

- In 2012 states and territories became party to the Australian Uniform Cooperative Law Agreement (AUCLA) to harmonise cooperatives legislations known as the Cooperatives National Law (CNL).
- The country's first peak body for CMEs, the Business Council of Co-operatives and Mutuals (BCCM), was formed in 2013.
- From 2015 onwards, BCCM and Mutuo (a U.K.-based think tank) worked together to propose reforms to the CME sector, including provisions for mutuals to raise capital. They succeeded, with the government accepting recommendations to reform mutual capital raising made by the Hammond Review. The government also announced a US\$ 10.9 million (AU\$ 14.9 million) fund to develop farmer organisations as cooperatives.
- In 2017, the bipartisan Parliamentary Friends of Cooperatives and Mutuals was set up to increase awareness about the sector.
- In 2019, nine BCCM members along with Monash Business School released the 'Mutual Value Measurement (MVM) Framework' to measure the holistic impact and value created by CMEs in their community.

## CME Laws

Sector	Legislation	Highlights
Cooperatives	Cooperatives National Law (CNL) Enacted by New South Wales, Victoria, Tasmania, South Australia, Northern Territory, Australian Capital Territory	<ul style="list-style-type: none"> <li>• Multi-territory cooperatives don't have to register in each jurisdiction.</li> <li>• Smaller cooperatives have simplified financial reporting.</li> <li>• Provision for the issue and use of Cooperative Capital Units (CCU) to enable cooperatives to attract equity funding from even non-members.</li> </ul>
	Cooperatives Act 1997: Queensland	<ul style="list-style-type: none"> <li>• Defines cooperatives as trading (distributing) and non-trading (non-distributing).</li> <li>• Does not have provisions for CCU.</li> <li>• No distinction between 'small' and 'large' cooperatives.</li> </ul>
	Cooperatives Act 2009: Western Australia (Consistent with CNL)	<ul style="list-style-type: none"> <li>• Simplifies operations of multi-territory cooperatives.</li> <li>• Redefined 'small cooperative' to simplify their financial reporting.</li> <li>• Has provisions for CCU.</li> </ul>
Mutuals	Corporations Act 2001: Federal	<ul style="list-style-type: none"> <li>• Defines a 'mutual entity' to preserve the democratic structure of one-member-one-vote provision.</li> <li>• Financial services mutual to provide enhanced disclosure to members when considering demutualising.</li> <li>• Creation of Mutual Capital Instrument (MCI) equity to raise investment capital without risking their democratic status.</li> </ul>



## Cooperative landscape of Australia

CMEs in Australia operate in a broad range of industry sectors. Their economic and social contribution to the community is substantial as they are closely linked with all areas of development. CMEs play an important role in furthering the achievement of SDGs in the country.

### Fostering innovation (SDG 9): Co-op Incubator Ltd

Australia's first incubator for cooperatives was crowdfunded into existence in 2017 with 50 initial volunteer members. Since then, the Incubator.coop platform has grown to 100+ members and incubated several successful projects. It provides cooperatives and their founders access to an array of professionals who are already working in the sector. Members who join, can submit their proposals and once approved undergo an eight-week Accelerator Program. Members of Incubator.coop can also support a project in return for payment, deferred payment or some other incentive. They consult and work with the BCCM.



The Incubator.coop team.  
Image credit: Incubator.coop



Image credit: Hepburn Community Wind Park Cooperative

### Providing affordable and clean energy (SDG 7): Hepburn Community Wind Park Cooperative

Established in 2007, Hepburn Wind is Australia's first community-owned wind farm in Leonard Hills, Victoria. The 4.1 MW wind farm hosts two turbines called 'Gale' and 'Gusto' which produce energy for over 2,000 homes. To date, it has generated 80,865 MWh of electricity, offsetting 87,334 tonnes of carbon dioxide production. Like-minded people from the community looking to subvert climate change, formed the association with more than US\$ 1 million (AU\$ 13.5 million) in investment. The cooperative manages the wind farm, provides financial returns to its members, funds community projects and continues to support other solar and wind farms. Hepburn Wind has won many awards, including the 2010 Innovator of the Year Award and the 2012 World Wind Energy Award.

### Promoting economic growth (SDG 8): Traditional Credit Union (TCU)

TCU, established in 1994, is an indigenous-owned, self-funded credit union that provides locally based financial and banking services to the indigenous people living in remote parts of north and central Australia. They now have 13 branches with 9,000 members and assets worth US\$ 10.1 million (AU\$ 14.8 million). They also provide financial and digital literacy to their members and provide employment and training opportunities within the community. More than 80% of the TCU staff are indigenous people, including all the staff in the remote branches.



Clients using the TCU app on a tablet.  
Image credit: TCU

### Reducing inequalities (SDG 10): Capricorn Society

Capricorn was established in 1975 by 17 service station owners to become more competitive and level the playing field against big multinationals. Today, it has grown to become one of the largest automotive parts buying groups in the southern hemisphere with over 21,000 members purchasing US\$ 1.39 billion (AU\$ 2.04 billion) of parts from preferred suppliers. It provides its members access to suppliers, insurance, credit and financial services. They also have subsidiary divisions that offer motor vehicle and equipment finance, business protection, travel services, training and education.



Image credit: Capricorn.coop



- In 2010, Cooperatives Australia, an apex organisation, produced the first ever 'Top 100' league table of cooperatives by annual turnover.
- In the first edition of the 'World Cooperative Monitor' released in 2012, CBH ranked as the top cooperative in the services sector worldwide.
- To mark the International Year of Cooperatives in 2012, a National Steering Committee was formed to focus on the achievements of CMEs and increase public awareness.
- In 2014, 48 countries participated in the World Credit Union Conference held in Australia, to discuss the challenges, best practices and opportunities faced by the sector.
- Dr. Andrew Crane, chairman of BCCM and CEO of CBH, was the first-ever cooperater, to be appointed to the Business20 (B20) group of business leaders to advise the Australian government ahead of the G20 summit in 2014.
- The first sectoral report, the '2014 National Mutual Economy Report', tracing Australia's CMEs was released.
- BCCM and the independent think tank Per Capita, partnered in 2017 to launch the 'Eliza's Project.' It was the first-ever research and evaluation report looking into gender diversity and inclusion in Australian CMEs.

## Engagement with ICA-AP

- ICA led a Trade Promotion Team to Australia in 1971; this resulted in a rise in cooperative-to-cooperative trade between Japan and Australia.
- Australia was a member of the International Cooperative Trading Organisation (ICTO) that was established in Singapore in 1974 to promote cooperative-to-cooperative trade.
- Australia has hosted several ICA events including the first Cooperative Ministers' Conference in 1990, the Global Board meeting in 2016 and the 14th ICA-AP Conference on Cooperative Research in 2019.
- ICA has been represented by Australian cooperative leaders in its Global Board by Mr. Gregory Wall who is also the director of the Domain.coop, and the Chair of the ICA Audit and Risk Committee.
- Cooperators from Australia have benefitted from international trainings, workshops and conferences organized by ICA-AP. These include the Second Asia-Pacific Cooperative Youth Summit (2016), Asia-Pacific Cooperative Development Conference (2018), the Pacific Forum in Development of Cooperatives (2018), and workshops on women empowerment and e-business, advancing women CEOs in cooperatives, as well as those organised by the various ICA-AP women, research and youth committees.

## What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

## Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

## References

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## About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 108 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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This publication has been co-funded by the European Union. The contents of this publication are the sole responsibility of the ICA-AP and can in no way be taken to reflect the views of the European Union.

Created in January 2020