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COOPERATIVES IN NEW ZEALAND

Contribution of cooperatives to New Zealand's economy

- Around 1.4 million New Zealanders (29% of the population) are members of cooperatives.
- 50,000 people are employed by cooperatives.
- The cooperative sector represents 19% of New Zealand's economy in GDP.
- New Zealand has 10 credit unions with 141,388 members and assets worth US\$ 649,589,011.
- Top 40 cooperatives generate US\$ 28 billion (NZ\$ 47 billion) in revenue.

(All figures as of July 2018)

In New Zealand, a cooperative, also known as a society or mutual organisation, is an enterprise, freely established, that is owned and controlled by its shareholders/members who derive mutual benefits from the activities of the enterprise and not primarily from investment in it.

Did you know?

- The New Zealand Companies Office, a division under the Ministry of Business, Innovation and Employment, is the regulatory body for cooperatives.
- Cooperative Business New Zealand (CBNZ) is the peak industry body of all cooperatives in New Zealand.
- Co-op Money New Zealand (CMNZ) is the industry association for credit unions and building societies.
- Seven cooperatives from New Zealand feature in the list of 'Top 300' cooperatives by turnover in the World Cooperative Monitor 2019. In order of their ranking, these are - Fonterra (35th), Foodstuffs North Island Ltd. (104th), Foodstuffs South Island (181st), Silver Fern Farms (210th), Zespri (221st), Farmlands Trading Society (232nd) and Alliance Group (295th).
- Fonterra (turnover US\$ 13.67 billion) ranked 8th in the list of top agriculture and food industries cooperatives globally, in the World Cooperative Monitor 2019.
- The CBNZ Annual Awards were instituted in 2016 to recognise the contribution of extraordinary cooperative enterprises and entrepreneurs.
- ICA has one member from New Zealand, CBNZ, which became a member in 2006.

In 2014, the UN Department of Economic and Social Affairs named New Zealand the world's most cooperative economy as the sector was contributing 20% to the GDP. New Zealand's history with cooperatives dates back to the 1840s when British settlers, who were influenced by the social advantages of the model, set up the first consumer and dairy cooperatives. The movement spread to agri-producers soon afterwards, followed by electricity, insurance and building societies. Like all other businesses, cooperatives have to abide by the Fair Trading Act 1986 and Commerce Act 1986 to ensure fair competition, consumer protection and product safety.

Types of cooperatives in New Zealand

Cooperatives are classified into six different categories:

- Producer-owned
- Banking
- Consumer-owned
- Purchasing/shared services
- Insurance mutuals
- Worker-owned

Geographical map of New Zealand



Evolution of the cooperative movement

→ 1844-1907

- New Zealand's first dairy cooperative, the Otago Peninsula Cheese Factory, was formed in 1871. Dairy cooperatives were started to reduce production costs, enhance the bargaining power of dairy farmers, and improve the quality of dairy products. By 1900, cooperatives outnumbered other ownership models in the dairy sector.
- Financial mutuals were formed in 1862 with the establishment of the Nelson Building Society. The first registered cooperative in New Zealand was the Southland Building Society in 1869. These were set up to allow members to save money, take out a mortgage and buy a home.
- Farmers' mutual associations came up in 1905 to provide insurance coverage.

→ 1908-1999

- The first cooperative legislations to monitor the sector were enacted in 1908.
- The New Zealand Co-operative Dairy Company, formed in 1919, was the largest cooperative and the first to have an on-site laboratory to help farmers. Within the next 20 years, 85% of the dairy factories were cooperatives.
- In 1920, the consumer cooperatives' conference in Wellington, led to the formation of Co-operative Union and Wholesale Society. However, it was not supported by everyone and was liquidated in 1924.
- The first Women's Co-operative Guild was established in Ranunga in 1928.
- High per-capita income in the 1950s weakened the financial motivation for the cooperative movement. New taxation measures also hurt cooperative stores and this climate of economic uncertainty continued in the 1970s.
- The New Zealand Credit Union League (now CMNZ) was formed in 1961 as the industry federation for credit cooperatives.
- In 1984, the New Zealand Agricultural Cooperatives Association was established (now CBNZ) as the industry body for supporting and representing nationwide agricultural cooperatives.

→ 2000-Present

- The Dairy Industry Restructuring Act 2001 allowed the amalgamation of two cooperatives, the New Zealand Dairy Group and Kiwi Cooperative Dairies, and the New Zealand Dairy Board to form the Fonterra Cooperative Group Ltd.
- In the 2000s, efficient transport and changing markets gave rise to larger factories and conglomerates while smaller agricultural and dairy cooperatives closed down or merged.
- In 2017, CBNZ and researchers from Massey University and the University of Auckland carried out the first comprehensive mapping of the cooperative sector. The report, 'The New Zealand Cooperative Economy' found that cooperatives were particularly dominant in agri-foods, retail and wholesale.
- In 2018, the Top 30 cooperatives in New Zealand accounted for 90% of its dairy industry, 90% of the export meat market, 50% of livestock, over 90% of the fertiliser market and over 60% of the groceries market.
- In 2019, CBNZ's members included 36 of the Top 40 cooperatives in the country.

Law on cooperatives

Act	Highlights
Industrial and Provident Societies Act 1908	<ul style="list-style-type: none">• Societies to have at least seven members.• Members cannot claim interest in shares exceeding US\$ 2624 (NZ\$ 4,000).• Societies not authorised to carry out any banking activity.• Regulated by the Registrar of Industrial and Provident Societies.
Incorporated Societies Act 1908	<ul style="list-style-type: none">• Minimum 15 people needed to form an incorporated society.• Society's name must end with the word 'Incorporated.'• 'Society's property is held by the society and not its members.• Regulated by the Registrar of Incorporated Societies.
Building Societies Act 1965	<ul style="list-style-type: none">• Building societies are corporate entities.• Societies can be terminating (terminate on a date fixed by their rules or when certain conditions are met) or permanent.• Societies can provide financial services such as mortgage advances for purchasing property.• Regulated by the Registrar of Building Societies.
Friendly Societies and Credit Unions Act 1982	<ul style="list-style-type: none">• Friendly societies need at least seven members to register, credit unions need 21 members.• Friendly societies are not corporate entities.• Credit unions are corporate and do not need trustees.• Regulated by the Registrar of Friendly Societies and Credit Unions.
Cooperative Companies Act 1996	<ul style="list-style-type: none">• Cooperatives to be registered under the Companies Act 1993.• At least 60% of voting rights held by transacting shareholders.• Provisions to issue debentures as a financial instrument.• Only registered cooperatives can add the word 'cooperative' to their name.

Cooperative landscape of New Zealand

Cooperatives in New Zealand operate in different sectors and are closely linked with all areas of development. They play an important role in furthering the achievement of UN Sustainable Development Goals (SDGs) as economic, environmental and social sustainability are at the core of the cooperative business model.

Creating sustainable communities (SDG 11) Ashburton Lyndhurst Irrigation Ltd. (ALIL)

ALIL is a farmer-owned water supply management cooperative that receives and distributes irrigation water to its members in the north branch of the Ashburton River. The water is delivered through a network of pipelines to cover 30,000 hectares of its 244 shareholders. The government developed the Ashburton Lyndhurst Irrigation Scheme in the late 1940s with the target to irrigate only 60% of farmer's property. ALIL was formed in 1989 and acquired the water management rights. The construction of a turbine and piping upgrades means water resources of 12,041.42 litres/second, increasing the coverage to a 100%.



Image credit: ALIL



Image credit: CBNZ

Providing decent work and economic growth (SDG 8) World Travellers Ltd.

The award-winning boutique travel agency, formed in 2010, is owned by well-established travel businesses across New Zealand. Member businesses have a strong local presence with a proven customer service track record ranging from mid to high-end leisure customers. Customers planning a trip, reach out to the cooperative to be connected to an experienced travel advisor/concierge who will plan a customised itinerary for them. The professional travel planners are also available on call 24x7 during the trip in case of emergencies. World Travellers enjoys more than 90% repeat and referral business from people and is the fastest growing travel cooperative in New Zealand.

Promoting good health and well-being (SDG 3) Farmers Mutual Group (FMG)

Established in 1905 by farmers, FMG is an insurance provider, with over 600 employees. They were formed to help farmers protect their livelihood in Otago, Wellington, Taranaki and Hawke's Bay. Soon the movement spread until FMG became a leading rural insurer, getting industry-recognition and awards for providing risk advice and insurance to its nearly 88,000 members, achieving 50% of the rural market share. They also give back to the community via the FMG Agriculture Scholarship to university aspirants and the Farmstrong initiative promoting mental health and well-being in the rural community.



(L-R) Farmstrong ambassador Sam Whitelock and a Waiau farmer.
Image credit: FMG



Image credit: Fonterra

Promoting responsible production (SDG 12) Fonterra Cooperative Group Ltd.

Fonterra is an award-winning dairy cooperative, nutrition company and the world's largest dairy exporter owned by 10,000 farmers. They are not only New Zealand's largest cooperative by turnover and assets, they make up 25% of New Zealand's global exports to more than 130 countries. Their range of brands include Anchor, Anlene and Annum. Fonterra employs 20,685 people in its 48 global manufacturing sites and offices. They set up a Sustainability Advisory Panel in 2018 to monitor their strategy and targets relating to SDGs. They are also involved in community initiatives and projects by establishing funds such as the Fonterra Grass Roots to support volunteers, build sustainable schools, and help smaller communities access online resources.



- In 1992, Fonterra opened the first of its two dairy production facilities in Malaysia. It has over 20,000 retail outlets in Malaysia and provides employment to 680 people in the country.
- The cooperative banking model of New Zealand was presented at the seminar on 'Financial Inclusion through Cooperative Banking' in 2010, in China.
- A recruitment cooperative, Seasonal Solutions, raised over US\$ 21,990 (NZ\$ 31,000) in 2015, for people affected by Cyclone Pam in Vanuatu.
- In 2016, the New Zealand Credit Union Foundation awarded the first-ever Women's Scholarship making it possible for a female leader from the financial cooperative sector to attend the Ninth Pacific Credit Union Technical Congress in Fiji.
- CBNZ organised the first Cooperative Business Leader's Forum in 2017 for university researchers, executives and government officials. The 2019 forum was addressed by Prime Minister Jacinda Ardern who praised the initiatives undertaken by CBNZ to meet the SDGs.
- Fonterra's 'Sustainability Report 2017' - a corporate responsibility (CR) report - was shortlisted in the CR Reporting Awards 2019 in the 'Best Report' and 'Openness and Honesty' categories. It was the only New Zealand organisation at the global annual awards.
- The International Cooperative and Mutual Insurance Federation (ICMIF) Biennial Conference 2019 was hosted by FMG in Auckland.

Engagement with ICA-AP

- Cooperators from New Zealand have participated in many ICA-AP events such as the first Cooperative Ministers Conference (1990), the ICA Global Conference in Malaysia (2017), International Conference on Cooperatives in the Changing World of Work (2018), and the Forum of Development of Cooperatives in Pacific Islands (2018).
- In 2007, New Zealand hosted the Workshop for Senior Executives of Cooperatives on the theme of 'Cooperative advantages in doing business.'
- A delegation headed by then ICA President Monique Leroux travelled to New Zealand in 2016 to discuss ICA's scope of work in New Zealand and the current state of the cooperative sector.
- In 2019, cooperators from New Zealand participated in the 14th ICA-AP Cooperative Research Conference on 'Cooperation among cooperatives and mutual in the Asia-Pacific region' held in Australia.
- Cooperators from New Zealand have benefitted from various international trainings, seminars and workshops organised by ICA-AP. These include the Asia-Pacific Cooperative E-Business Summit in China (2015), the first Asia Pacific Cooperative Youth Summit in Indonesia (2016); and others by the various ICA-AP 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

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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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