

REVIEW OF THE *TRADE PRACTICES ACT 1974 (Cth)*

CO-OPERATIVE SECTOR BACKGROUND MATERIAL

Co-operatives in Australia

Co-operatives in Australia are either financial co-operatives or general co-operatives. Financial co-operatives such as Building Societies, Credit Unions and Friendly Societies are administered by the Australian Prudential Regulations Authority. General co-operatives are governed under State legislation and include agricultural marketing and supply co-operatives, consumer, service and worker co-operatives as well as community (non-profit) organisations structured along co-operative lines.

There are nearly 2,400 co-operatives registered under State co-operatives legislation. NSW Co-operatives account for approximately 80% of this figure. Most co-operatives have an annual turnover of less than \$ 1 million. In NSW the figure is 70% of all co-operatives. Around 3.5% of co-operatives have an annual turnover of over \$ 10 million, only 0.5% with a turnover of over \$ 100 million.

Co-operatives in Australia are engaged in a wide range of activities. A significant number are formed by primary producers for processing and manufacturing of rural agricultural products such as meat, sugar, tobacco, etc.; grain milling, cotton ginning, dairy products manufacturing. There are also trading co-operatives for farm and construction machinery wholesaling, farm produce and supplies trading; fish wholesaling co-operatives; water supply and providing other services to agriculture, such as cane harvesting. Co-operatives are also engaged in book and periodical publishing; selling handicrafts; providing taxi services; and some services to business such as advertising; administrative and business management services. In rural areas, there are also co-operatives operating supermarkets and grocery stores. In the area of human services, co-operatives provide aged care and childcare services; housing and holiday accommodation such as ski clubs. Co-operatives are also engaged in creative arts; and operating museums; performing arts venues; radio stations; and sports grounds and facilities. Co-operatives play significant roles in the dairy industry, rice marketing and cotton ginning.

In 1998 14 co-operatives were listed in the top 1,000 companies, of which 7 were co-operatives incorporated under the Corporations Law. All except one of these were agricultural co-operatives, with most being in the dairy industry.

There are approximately 1,300 co-operative type organisations in NSW, of which 800 are general co-operatives with an annual turnover of \$4 billion and with an asset base of \$2.5 billion. Seventy five per cent of the turnover of these 800 co-operatives is generated by those servicing rural and regional areas. There are some 82 agricultural co-operatives

in NSW with an asset base of over \$1 billion generating around \$2.6 billion in revenue.

Co-operatives registered under the Co-operatives Act export commodities to the value of \$750 million to over 50 countries. This includes commodities such as cotton, rice, meat and dairy products.

The number of co-operatives in Australia has remained static over the past 10 years, with the number of new co-operatives equalling the number of co-operatives being deregistered. In NSW nearly 300 new co-operatives were registered under the co-operatives legislation over the past 10 years, mainly in the wholesale/retail trade industry category. Most were handicraft co-operatives and food retail co-operatives, as well as co-operatives formed for wholesale trading in rural produce. The other major industry groups were housing co-operatives and business service co-operatives. Business service co-operatives are mainly network-type co-operatives: members co-operating together to share knowledge, resources and ideas, and through the sharing, gain market advantages. One prominent model was of business firms forming a co-operative to jointly purchase or collectively tender for large contracts.

Co-operatives in United States of America

According to the National Co-operative Business Association of US, more than 48,000 different co-operatives provide more than 120 million Americans with a wide range of goods and services, throughout the US. About thirty percent of farmers' products in the U.S. are marketed through co-operatives, with more than 20 co-operatives having annual sales in excess of \$1 billion.

There are approximately one million co-operative housing units serving households with a range of income levels and housing needs. Rural electric co-operatives operate over 50% of the electricity grid in the US and provide power for 26 million people. Over 50 million people are served by insurance companies owned by or closely affiliated with co-operatives. Consumer-owned and controlled co-operatives pioneered pre-paid, group practice health care. Co-operative health maintenance organizations (HMOs) provide health care services to nearly 1.4 million families. There are a significant number of Food co-operatives and Retailer-owned food and hardware co-operatives.

There are 3,346 agricultural co-operatives in operation. These agricultural co-ops own more than 1,000 brand names. The net business volume of agricultural co-ops in 2000 was \$99.7 billion. Two in every five people in the U.S. belong to a cooperative. That is 40 percent of the U.S. population. Credit unions have over 80 million members and assets in excess of \$100 billion.

Co-operatives in Europe¹

¹ Figures from surveys conducted in 1996 - latest available

Co-operatives are recognised as an important part of the European economy. There are nearly 300,000 co-operative enterprises throughout Europe, which provide 5 million jobs. The total number of members in all European co-operatives is estimated at 140 million.

In terms of employment, there are 9 million full-time jobs in the social economy; nearly 7 per cent of European Union employment. Twenty per cent of these jobs are in co-operatives, 3 per cent in mutual organisations and 71 per cent in associations. In Denmark, Ireland, Belgium and the Netherlands for example, the social economy accounts for 10 per cent and more of the economy. However, in Greece, Luxembourg or Portugal, the social economy accounts for less than 5 per cent.

In the countries within the European Union, there are 132,500 co-operatives, with a membership of 84 million. These co-operative employ 2.3 million persons.

In UK, there are 553 agricultural co-ops with a membership of 271,000. Their aggregated annual turnover is UK£7.4 billion and they provide 11,600 jobs. The worker co-operatives sector in UK has 1,200 co-operatives with a worker membership of 1,500. There are 52 consumer co-operatives with a membership of 9.2 million. They employ 70,000 persons and have an annual turnover of UK£8.0 billion.

Co-operatives in Canada²

In Canada, there are nearly 5,900 non-financial co-operatives representing over 5 million members, a combined business volume of C\$29 billion and C\$16.6 billion in assets. These co-operatives employ nearly 80,000 people, of which 75 per cent were full-time employees.

Of these co-operatives, 974 are agricultural, representing 642,000 producers with a combined business volume of C\$19.8 billion and assets of C\$6.7 billion. Co-operatives play a crucial role in the agricultural sector of the Canadian economy, especially in farm supply and in the processing and marketing of grains and oilseeds, milk and dairy products, poultry, honey, maple products, fruits, vegetables and livestock. The market share of agricultural marketing co-operatives varies from over 64 per cent for dairy products to 4 per cent for egg production. In addition, there are 51 fishery co-operatives having an annual turnover of C\$137.8 million and an assets base of C\$63.5 million.

There are 590 consumer co-operatives in Canada with a member base of 3.7 million. Their annual turnover is C\$ 7.1 billion and they employ nearly 25,000 persons. Consumer co-operatives vary in size and sophistication, from small buying clubs, to large supermarket organizations and wholesalers.

² Figures from surveys conducted in 1998 - latest available

Service co-operatives make up the largest number of co-operatives in Canada - there are 4,201, reporting an annual combined volume of business of C\$1.4 billion. The service sector includes housing co-operatives; child care co-operatives: daycare and nursery school co-operatives; water supplying co-operatives; natural gas and rural electric co-operatives; recreational co-operatives; Health care co-operatives; Community development co-operatives; and Transportation and communication co-operatives.

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