

Qld conference endorses need for higher profile

THE LARGEST gathering in the history of the Queensland co-operative movement took place at the Seaworld Nara Resort in April.

One hundred co-operative board members and senior executives from throughout Queensland and northern NSW attended the 1996 annual state conference of the Co-operative Federation of Queensland (CFQ).

Chris Connors, secretary of Proserpine Co-operative Sugar Milling Association Ltd and CFQ president, says the rapidly chang-

ing economic environment in which co-operatives operate has stimulated interest in future developments affecting the sector as a whole.

He says there is a growing recognition in the business community that co-operatives are commercially viable and competitive businesses.

Several of Queensland's largest industries are dominated by large, well-run co-operatives, yet their profile in the general community does not match their market position, he says.

"Co-operatives successfully compete against larger public companies and competitors in the international market, yet the general public and some sections of the business community still view them as 'farming organisations'," he says.

"This is an image we are now trying hard to improve.

"Our collective image was a major discussion topic of the conference."

• *ACCC's Allen Asher addressed the conference, see page 3.*

WA Premier promises consultation

THE ANNUAL conference of the Co-operative Federation of Western Australia, held in April, was opened by the WA Premier, Richard Court.

In his address, Mr Court referred to the important role played by co-operatives, both large and small, in WA's progress and development.

He pointed out that, in Australia's top 500 companies, there are 20 co-operatives, with a combined export revenue of \$1.5 billion. At the same time, there are many smaller co-operatives which make

up the majority of the federation's members.

Both small and large co-operatives needed to be preserved, Mr Court said, as the former contributed to the quality of life in their local communities, while the latter also contributed to the quality of the state as a whole through export earnings.

He noted that changes were taking place in co-operative legislation in other states and there were discussions at Commonwealth level on issues affecting co-operative activities.

He undertook to consult the Co-operative Federation of WA on these issues and keep them informed of important developments.

Highlighting the 'working party' formed by the Standing Committee of Attorneys General to review co-operative legislation, Mr Court said it was important to accommodate the larger co-operatives' desire to trade interstate, while at the same time ensuring that the smaller community-based co-operatives were not disadvantaged.

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Co-operatives 2000 provides leadership on strategic issues

CO-OPERATIVES 2000 has a significant role to play in stimulating change in co-operative policy and development.

It has identified challenges and possible solutions in a number of key strategic issues including:

- capital raising options for co-operatives;
- governance and member relations;
- taxation;
- competition policy;
- legislation; and
- education and training.

Mr Kinnersley says Co-operatives 2000, through the NSW Co-operative Council, can provide advice directly to the Minister responsible for co-operatives in NSW.

As a result, it represents a conduit between the NSW co-operative sector and government organisations on public policy issues affecting the sector.

Co-operatives – key issues conferences

Mr Kinnersley highlights the conference series as one of the most successful initiatives of Co-operatives 2000.

The first conference in November 1993 attracted 150 co-operative members; the second in 1994, 250; and the third, in October last year, was attended by about 400 delegates, including a number from overseas.

He says the conference is acting as a 'clearing house' in Australia

SNAPSHOT

Co-operatives 2000 is a joint initiative of the NSW co-operative movement, in association with government representatives, designed to identify and implement programs for the development of co-operatives between now and the year 2000. At the Co-operative Federation of Western Australia's annual conference, Co-operatives 2000 committee chairman, Don Kinnersley, outlined the committee's progress to date and plans for 1996.

for international co-operative best practice and is a catalyst for change.

A-Z Community Co-operative Program

This program aims to provide specific education and training as well as building supportive networks among NSW community groups.

To date, three A-Z Community Co-operative seminars have been organised, covering the day-to-day 'running' of the organisation, 'managing change' and 'money matters'.

Mr Kinnersley says a similar seminar series has been presented in Victoria.

Education and training

Mr Kinnersley believes the re-

sources devoted by the Australian co-operative movement to education and training are "minuscule" compared with many overseas countries.

However, such educational programs are vital for the continued development of the sector as a whole.

Co-operatives 2000 has supported and co-ordinated several seminars and educational programs since its inception.

It has also been actively involved in a recent study, commissioned by the NSW Registry of Co-operatives, on directors' training and educational needs. The study will help shape future training activities.

Sustainable industry structures

Mr Kinnersley believes the Co-operatives 2000 committee has

played an important, if unacknowledged, role in bridging the gap between the demise of the former peak national body, the Australian Association of Co-operatives (AAC) and the formation of the new state-based Co-operative Federation of NSW.

He says the AAC, one of the original partners in the Co-operatives 2000 process, went into liquidation in March 1993, just before the release of the committee's recommendations.

One of the key recommendations was the need for effective, sustainable industry organisations.

The recent history of representative organisations has not been encouraging for the long-term development of an integrated co-operative movement in the country.

Most structures have failed in the short to medium term. As a result, some continuity of leadership has been lost and, with it, the sector's ability to broaden its community base and profile.

Mr Kinnersley says the consolidation of new replacement industry organisations had been a priority for Co-operatives 2000 in recent years.

Co-operative research

Research has a key role to play in securing the future of co-operatives.

Several research projects have been commissioned and a research forum has been added to the Key Issues Conference as a venue for presenting the latest in Australian and overseas co-operative research. □

CONTACT:

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What's happening in the boardroom?

PRO-NED Australia recently completed a mini-survey of Australian co-operative chairman and non-executive directors.

It makes interesting reading for those wanting to understand more about current thinking at the co-operative board level.

The survey investigates the decision by co-operatives to appoint non-executive directors, and the benefits and problems associated with such appointments.

Board chairmen and non-executive directors respond candidly

(and anonymously) to a series of questions on the success of appointing independent directors to co-operative boards.

The results offer a revealing insight into issues at the heart of corporate governance and the process of developing directors within co-operatives.

Pro-Ned (promotion of non-executive directors) was the brainchild of Guy Pease, who established the company in the late 1980s and has served as chief executive since then.

Pro-Ned's role is to promote the appointment of non-executive directors and, in particular, independent directors to the boards of public, private and government enterprises, including co-operatives.

Through the development of this role, Pro-Ned aims to expose boards to a range of expertise not previously considered. □

A review of the survey's results will appear in the next issue of 'National Co-op Update'.

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Co-operatives not exempt from competition policy

ALLEN ASHER reinforced ACCC chairman Allan Fels' message that co-operatives, though not specifically referred to, are treated under the Trade Practices Act (TPA) in exactly the same way as other businesses.

Co-operatives, as he said he understood them, were normally formed to enhance the bargaining position of members with their customers and suppliers, and to enable members to add value to their product.

Generally, the ACCC is not concerned with such objectives.

In many cases, the creation of co-operatives provides a competitive impetus to the market by giving its members collectively a greater degree of bargaining power. However, Mr Asher placed some provisos on this view.

"The Act places competitive limits on trading practices and businesses go beyond these limits at their own peril," he said.

According to Mr Asher, there are several areas where the activities of co-operatives must be handled carefully to avoid contravening the TPA.

These areas include the agreement to form the co-operative, the rules the co-operative imposes on its members, and mergers between co-operatives.

"A co-operative, by its very nature, represents an agreement between competitors," he said.

"As such, it may have anti-competitive consequences in that the agreement to form a co-operative may lessen competition. In such instances, the agreement is illegal unless authorised on public benefit grounds."

Using the example of the dairy industry, Mr Asher said the number of co-operatives and other producers in the industry meant that the formation of another dairy co-operative would be unlikely to breach the TPA.

However, it may be of concern to the ACCC if all, or most, of the producers of a particular product formed a co-operative.

He said the ACCC would look at

SNAPSHOT

At the Queensland Co-operative Federation's conference, Allen Asher, deputy chairman of the Australian Competition and Consumer Commission, formed last year, discussed the impact of competition policy on co-operatives. He looked at the history of the Trades Practices Act (TPA), its objectives and provisions, and its application to co-operatives. Recent changes to the TPA mean that businesses no longer need to be incorporated to be covered by the Act.

such scenarios on a case-by-case basis, looking closely at the rules of the co-operative, particularly restrictions on the ability of members to supply customers other than via the co-operative.

Mergers and deregulation

Under current provisions, a merger or acquisition is prohibited by the TPA if it "substantially lessens competition in a substantial market" for goods and services.

Mr Asher said the ACCC had noted that there have been mergers between co-operatives in the lead up to the deregulation of particular industries.

While a merger in a regulated market may not affect the level of competition, in a post-regulated market this may not be the case, he said.

In such cases, the ACCC will be concerned to see that the benefits of deregulation flow through to consumers and are not 'captured' by the merged entity.

Mr Asher was aware that some viewed this interpretation of 'competition policy' by the ACCC as 'stifling' international growth by inhibiting domestic mergers. Their argument is that prohibit-

ing domestic mergers will result in organisations too small to effectively compete on international markets.

He was forthright in his response to these criticisms, saying they were "old and tired and ... past their use-by date".

Competition policy was not about competition *per se*, he said, rather it sought to facilitate effective competition, to promote efficiency and economic growth, while recognising and protecting public interest.

"To be internationally competitive, there has to be effective domestic competition and efficiency at all levels of the economy.

"Inefficiencies in any sector because of the complexities of business and inter-relationships of markets, will create unnecessary costs for potential competitive firms and thus reduce international competitiveness."

In the past, he said, many co-operatives have been somewhat protected – either by the nature of their business, a tariff or other form of protection.

He said co-operatives, like any other form of business, were caught by the TPA, but this should not be a cause for alarm.

The ACCC was a very open agency, he said, and it was not its usual practice to settle potential breaches of the TPA by court action.

"Education plays an important part of the ACCC's enforcement strategy and I am encouraged by the willingness of co-operatives to foster discussion in this area." □

An article on the ACCC's role and functions appeared in 'National Co-op Update' in December.

NSW Registry under review

THE NSW government is reviewing the NSW Registry of Co-operatives and its functions.

The review will include consultation with co-operatives, comparison with registries in other states and assessment of the appropriate structure of the registry within the Department of Fair Trading.

Australian co-operative members and administrative bodies may be requested to contribute to the review in coming weeks.

CONTACT

Marie Bonney, (02) 895 9064.

NSW Council appointments

THE NSW Co-operative Council was formed as a result of the NSW Co-operatives Act in 1992.

Besides taking responsibility for the Co-operatives 2000 committee, the council's major functions are to:

- encourage the development and integration of the co-operative sector;
- advise the Minister on actions for promoting co-operative principles; and
- encourage the formation of co-operatives.

New co-operatives' representatives on the council are:

John Sims – Abrasiflex Co-operatives Ltd

Karen McMillan – Association to Resource Co-operative Housing

Ian Langdon – Australian Co-operative Foods Ltd

Col Francis – Yeoval Community Hospital Co-operative Ltd

Other council members are:
Naomi Steer – NSW Labour Council

Narelle Kennedy – Australian Business Ltd

Robyn Hobbs – NSW Chamber of Commerce

Stuart Clegg – University of Western Sydney

Olga Yoldi – Fairfield Community Resource Centre

Clear communication channels needed for long-term success

EDGAR PARNELL believes individual sectors within the co-operative movement must be free to chart their own development and respond to their particular environments.

However, he says, there is also a need to establish dialogue and open channels of communication between the disparate groups within the co-operative movement.

Mr Parnell's comments are particularly relevant to Australia, where co-operatives straddle a large number of industries and sectors.

He points out that communication is especially important when you are trying to get a public policy framework in place, such as a national approach to co-operative legislation.

In the UK, the public policy framework is relatively weak and fragmented and this has had a detrimental affect on the co-operative sector's ability to respond to changes which affect it.

"At certain stages in the UK, the government may have shown in-

SNAPSHOT

Edgar Parnell, director of the Plunkett Foundation in the UK, was in Australia recently to address the WA annual conference and to hold a series of workshops throughout the country. Chris Greenwood spoke to him about his impressions of the Australian co-operative scene.

terest in a particular type of co-operative where they see it as reinforcing their political agenda, but this is a fragmented approach," Mr Parnell says.

This approach lacks long-term commitment and is obviously open to drastic shifts in emphasis when there are changes of government.

National legislation

Mr Parnell believes one of the most important and immediate tasks for Australian co-operatives is to get nationally consistent co-operative legislation up and running.

He stresses that this should be a priority, not so as to 'govern' what goes on in the states, but to introduce the concept of a cross-border

corporate model which allows co-operatives to conduct business in any of the states.

The European co-operative statute (now in draft form) aims to facilitate the establishment, in law, of a European organisation able to freely trade in each member country. Mr Parnell expects the legislation to be ready for consideration within the next 18 months.

Ironically, the process has been slowed by the authorities' determination to get similar legislation for proprietary companies at the same time.

The European co-operative movement reached agreement on how it would work for the co-operative sector.

The European Commission is having greater difficulties reach-

ing the same agreement on what should constitute a 'European company'.

The move towards this legislation is symbolic of the European co-operatives' willingness to work together on certain issues, despite some inherent difficulties.

Mr Parnell says Australian co-operatives could benefit from sharing this European experience.

"To the outsider, Australia is a single country or, at the very least, a nation of states," he says.

"But when you get here, it seems to behave more like a commonwealth of nations. I think national co-operative legislation will play a big part in reducing this perception, in the co-operative sector at least."

Based on discussions with co-operative groups in various states, he believes there is strong support for the implementation of state-based, but nationally consistent, legislation.

But, he says, this support must be turned into reality with strong commitment.

Efficient co-operatives can have 'edge' on investor firms

Edgar Parnell held a number of general seminars and specific workshops during his Australian visit. In Melbourne, he addressed a gathering of predominantly agricultural co-operative representatives.

Drawing on aspects of his book, 'Reinventing the Co-operative', he outlined aspects of the agricultural sector which have special relevance for co-operative activities.

With any agricultural production, you can usually get a price for what you grow, he said. If you want to capture a greater return for that raw material by introducing downstream processing facilities, co-operatives come into their own.

"For all the arguments in favour of investor companies, in

general they will seek to take profits out at each stage in the marketing chain - whereas a co-operative normally is content with single profits out of the total marketing chain," he said.

It is this aspect of co-operative behaviour which Mr Parnell believes gives them the edge.

To maximise the benefits of this edge, co-operatives must be well integrated and rationalised internally so they can go to the market in their own right.

Leading European dairy co-operative, MD Foods, has followed this model and it has worked very successfully, Mr Parnell said.

The dairy industry in Australia is another good example of this process.

With the industry rationalising, a

limited number of fairly large players have emerged, and are developing an integrated and national focus for their products in the market.

While acknowledging that large scale production is necessary, Mr Parnell noted that the development of 'mega-co-operatives' had its own problems.

"Very large co-operatives in an industry with little competition at the producer level carry their own set of dangers," he said.

"Evidence suggests that, faced with this dominance in a market, co-operatives can so easily begin to behave in a rather dictatorial or bureaucratic manner, because in a larger co-operative it is so easy to lose touch with the real needs of members."

He sees one of the strengths of

agricultural co-operatives, particularly in the Australian dairy industry at present, is the fact that there are a number of powerful regional players.

"Perhaps rather than setting the vision to have an even smaller number of mega co-operatives it would be more appropriate to set up joint subsidiaries which can work together," he said.

In fact, this is occurring, with a number of leading co-operative milk processors and marketers forming alliances in particular markets.

Co-operation among co-operatives seems to have offered a partial answer to the need to grow, while maintaining the character of the existing co-operative.

"In the past, there may have been the belief that Australia-wide legislation would 'impose' regulations on states and restrict them in their activities.

"People don't like that and so are very wary about supporting such a proposal, despite the benefits in others areas.

"The current approach – which encompasses elements of the existing NSW Act and the new Victorian Act (due for consideration soon), as well as allowing individual states to customise the Act to their specific needs – offers much more hope of agreement."

At the WA conference, Mr Parnell said the WA Premier had demonstrated an understanding of the need for legislation in this area and had indicated that WA would look at something similar to the Act being considered in Victoria, with appropriate fine tuning for the WA situation.

Future directions

Taxation is among the other areas which Mr Parnell highlights as needing attention from the co-operative movement.

For example, the treatment of bonus shares and the tax payable on the issue of rebates in this form could be reassessed to offer co-operatives more flexibility in their rebate policy.

Another area which has a bearing on the tax agenda is government support for particular activities.

Public policy

"If you look through the whole raft of public policy initiatives put together by governments to provide incentives for people to do certain things, often co-operatives are left out of the net," Mr Parnell says.

He is a strong advocate of co-operation between co-operatives.

A good start, he says, would be co-operating on a tax agenda and sharing common interests so that co-operative members can benefit from public policy measures.

To achieve this, you need good communication links both within, and between, co-operative sectors. □

During his Melbourne seminar/workshop, Mr Parnell asked for suggestions on the major issues participants felt needed to be addressed by co-operatives. The following is a brief summary of some of the issues and Mr Parnell's responses.

On raising the public profile of co-operatives

Generally, the media doesn't understand co-operatives, but is an important aspect of the equation, he said.

"Good Press is often seen as the only sort of coverage desired by the co-operative movement but, in certain circumstances, to have part of the press 'against you' is an indication that you are actually doing something.

"You could be rocking the boat, but it may well need to be rocked. Far worse than this is to be seen as irrelevant."

He said many organisations in the UK used the media to their advantage. For instance, the Mark and Spencers chain store group spends very little money on advertising, preferring to invest in getting close to, and managing, the media. Similarly, the British Co-operative Bank, which is owned by the consumer co-operatives, went to the media with a story of ethical investment and received significant support for their cause – not by advertising dollars but by editorial power. This policy has not only proved popular with the public but has substantially increased the profitability of the Co-operative Bank.

On member and staff relations

It is essential to have a strategic plan which all parties within the co-operative can work towards, Mr Parnell said. Part of that is instilling a culture of accepting change within the organisation.

For example, as a co-operative grows, the demand and rewards for management will change. In the past, one of the things to cause problems for some supplier farmers to agricultural co-operatives was when the manager of the co-operative was seen to be earning a salary far in excess of that earned by the farmer on his farm.

While the emotions of this reaction may be understandable, the co-operative manager may be responsible for hundreds of staff and a multi-million dollar turnover. It is reasonable to expect their salary would be many times that of the co-operative's average supplier.

Another potential problem area is that, co-operatives sometimes introduce incentive schemes in order to develop a staff culture which fosters improvement and motivation, but this may engender a spirit of competition between the staff within the co-operative which can have negative effects. Mr Parnell warned that it was important to clearly define who the competition was.

Small co-operatives may find it easy to define their competition, but divisions or individuals within larger organisations can tend to build up a misguided view of the 'enemy' as, for example, 'the accounts department' or, worse still, the 'suppliers'.

On member communication and expectations

"One of the greatest weaknesses in the co-operative system is thinking that members and directors will tell the co-operative what it has to do," Mr Parnell said.

If proprietary companies need to obtain information about a certain market sector or about their customers, they will commission exhaustive market research. Co-operatives often do not see this need, but Mr Parnell warned that, "you cannot rely on the co-operative's 'democratic structure' to provide this information".

He advocated comprehensive research of member expectations and highlighted what his book 'Re-inventing the Co-operative' called the 'wobbly wheel' approach.

This approach draws parallels with the fact that one of the major complaints from supermarket customers is not the quality or price of groceries, but the failure of shopping trolleys to work properly. Asking co-operative members what they hate most about doing business with the co-operative can raise some similarly revealing 'gripes'.

PEOPLE

Clive Holden and **Ian Davidge** have retired from the board of the Ricegrowers Co-operative Ltd after 35 years each on the board.

Mr Holden's service as a director included 14 years as deputy director, while Mr Davidge spent 21 of his 35 years on the board as chairman.

□ □ □

Marie Bonney has been appointed acting director of co-operatives within the NSW Department of Fair Trading.

□ □ □

Graeme Hancock, commercial manager/company secretary at Norco Co-operative, based at Lismore, NSW, has retired from the co-operative.

Mr Hancock, who recorded nearly 29 years service with the co-operative, will continue to carry out consultancy work for Norco.

□ □ □

John Carstairs has been elected chairman of the Co-operative Federation of Western Australia.

He takes over from **Colin Pearce** who, after 10 years as chairman, did not stand for re-election.

Mr Carstairs, a wheat and sheep farmer, is also vice-chairman of Co-operative Bulk Handling.

Frank O'Connor, general manager of the Capricorn Society and chairman of the Co-operatives Council of Australia was elected vice-president of the WA Federation.

□ □ □

Don Munro has resigned as secretary to the Co-operative Federation of WA, a position he held for 10 years.

Des Gaines, a colleague in Mr Munro's accountancy firm, has been appointed to the position.

□ □ □

The Victorian Office of Fair Trading has appointed **Britt Maxwell** to the new, full-time position of policy officer on co-operatives legislation.

Ms Maxwell has been seconded from the legal firm Corrs Chambers Westgarth.

'National Co-op Update' welcomes contributions to this column.

Contact Chris Greenwood, (03) 9576 1510, fax (03) 9576 1276.

Dairy report explains co-operative challenges

THE DAIRY Research and Development Corporation (DRDC) has released a major report to help the Australian dairy industry deal with issues affecting the structure and management of dairy co-operatives.

'Australian Dairy Co-operatives: Planning for the future' is a detailed examination of major issues facing the future survival and success of dairy co-operatives into the 21st Century.

The report does not aim to provide definitive answers to challenges facing dairy co-operatives, nor promote any particular viewpoint. Rather, it seeks to provide co-operative members with an understanding of the inter-relationships between the many issues affecting the sector.

It explains, in simple terms, complex issues such as capital raising, corporate governance, member relations, revolving funds and price bundling.

While the report is directed at members of the dairy industry,

SNAPSHOT

Co-operative issues have been recognised by a mainstream research and development organisation with the publication of a new report, 'Australian Dairy Co-operatives - Planning for the Future'.

many of the issues and concepts discussed have broad relevance and application to the general co-operative sector.

Dairy co-operatives collect almost 75% of all the milk produced in Australia and are coming under increasing pressure from deregulation, Hilmer competition policy, rapidly changing domestic and export markets, and the effects of scale economies.

DRDC managing director, Dr Paul Donnelly, says the traditional goal of maximising returns to members via milk prices meant co-operatives in the 1990s find they are often operating in direct conflict with their market-driven needs.

"Co-operatives have had a major role in the Australian dairy indus-

try but they are now facing the challenges of changing consumer requirements, declining government support, the need to fund capital investments, and increasing competition from both dairy companies in Australia and overseas," he says.

"Modern co-operatives are having to look closely at issues such as their structure, product diversification, value adding, raising capital, corporate governance, member relations and milk pricing.

"Many of these topics have been the centre of recent industry debate and it is important for farmers and the industry to fully understand the issues."

Dr Donnelly says that, as shareholders, dairy farmers were mak-

ing decisions which directly affected the future role of co-operatives within the Australian dairy industry.

"This report is in no way exhaustive but it does cover many of the major issues and provides examples of how dairy and agricultural co-operatives are changing both in Australia and overseas," he says.

Case studies covered in the report include the US dairy co-operative Land O'Lakes, the Dairy Vale Co-operative in South Australia, the Kerry Group in Ireland, the Norco Co-operative in northern NSW, Bonlac Foods and the Namoi Cotton Co-operative in NSW.

The report also includes the views of Australian Co-operative Foods chairman, Ian Langdon; Michael O'Keefe, from Monash University's Agribusiness Research Unit; chairman of the Australian Dairy Industry Council and Australian Dairy Farmers Federation, Pat Rowley; Bonlac Foods director, Neil Black; and Co-operatives Council of Australia chairman, Frank O'Connor.

Copies of the report are available for \$30 each. □

CONTACT

Carol at the DRDC, (03) 9889 0577.

International day to celebrate co-operatives

THE UNITED Nations has nominated the first Saturday in July as 'International Co-operative Day' in recognition of the role co-operatives play in the development of society.

According to the International Co-operative Alliance (ICA), the organisation representing co-operatives world-wide, the intention is for the day to be celebrated by governments in collaboration with their national co-operative movements.

In a circular marking the occasion, the ICA says that, as the inter-

national community celebrates the 'Year for the Eradication of Poverty', the UN will once again draw the attention of governments to the significant contribution of co-operatives to reducing poverty and to the need to form partnerships with the co-operative movement.

Co-operatives have always had an impact on the communities in which they operate.

Working at the grassroots level they help bring about sustainable development in the community by empowering their members.

Speaking on last year's inaugural

International Co-operatives Day, UN secretary-general Boutros Boutros-Ghali said, "Co-operatives provide the organisational means for a huge number of people to take the task of creating productive employment into their own hands."

The member movements of the International Co-operative Alliance - acting globally through their apex organisation - have won increased recognition at an international level for their valuable contributions to the achievement of the economic, social and environmental goals of the United Nations.

International Co-operative day is Saturday, July 6. □

CONTACT

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New crops conference

ALAN Glogoski, general manager of the Nambour-based Sunshine Coast Fruit Marketing Co-operative (SCFMC), will speak at the first Australian New Crops Conference from July 8 to 11.

The conference theme is 'New Crops, New Products - New opportunities for Australian agriculture'.

Mr Glogoski, who will be speaking about marketing and new crops, has spent more than 25 years in international marketing and established his own repacking operation in Japan to service the supermarket business before joining SCFMC in 1993.

The conference is being held at the University of Queensland Gatton College. □

CONTACT

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Be a part of NATIONAL CO-OP UPDATE!

Your comments and contributions are welcome. Contact:

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Victorian changes open up business opportunities

THE 'CO-OPERATIVE Opportunities Project', led by Vern Hughes under the auspices of the Co-operative Federation of Victoria, has wasted no time in addressing its brief with the release in May of two discussion papers on opportunities for co-operatives in the Victorian economy.

Local government

The first addresses opportunities for co-operatives as a result of local government restructuring.

The Victorian Government's restructuring agenda has led to many of the services traditionally delivered by local government agencies being supplied by external organisations.

The paper suggests that the choice does not boil down simply to 'commercialisation' (through contracting out) or 'community

maintenance' (through in-house delivery).

It argues that the co-operative model of enterprise – member ownership with democratic governance – lends itself well to service provision in local communities and discusses possible business models.

The paper concludes with suggestions of how local governments and communities could go about introducing the co-operative model into their range of options in this area.

Electricity

The second paper, 'Opportunities for co-operatives in electricity industry restructuring', discusses the break up of the Victorian State Electricity Commission monopoly and the emergence of five distribution companies in the hands of

private local and overseas investors.

While restructuring of the electricity industry provides potential benefits for consumers, this paper says the benefits will only be secured if consumers can form large purchasing groups.

It argues that co-operatives provide the ideal structure for such purchasing groups, allowing the small consumer to benefit from discounts offered to larger customers.

The mechanism of this aggregation of demand could well be existing co-operatives negotiating with power companies on behalf of their members, or new co-operatives formed solely for the purpose of negotiating power supply.

The paper outlines the main features of Victoria's electricity industry restructure and outlines three

co-operatives already active in the area. It highlights five opportunities for co-operatives in the new environment and outlines the mechanisms by which these enterprises may work.

The co-operative opportunities initiative by the Co-operative Federation of Victoria highlight the strong role co-operatives play in the existing infrastructure of the economy and their future role in meeting the challenges arising from changes in the public policy framework.

The discussion papers, while Victorian based, have parallels in states across Australia.

Two more papers are planned in the coming months. They will deal with co-operative opportunities for health care and farm forestry.

The Victorian federation plans to hold a seminar later this year on the areas addressed by the Co-operatives Opportunities Project. □

CONTACT

Project co-ordinator, Vern Hughes, (03) 9314 7235, fax (053) 483 253.

NZ Bill moves ahead

THE NZ Co-operative Companies Bill had its second reading at the end of April.

Further technical points are under discussion with officials but, according to Brian Cameron, chairman of the New Zealand Agricultural Co-operative Association Inc (NZACAI), the Bill should become law in the near future.

"We are pleased to have nearly achieved new legislation and express our sincere thanks to all who have contributed financially or given of their time. It has taken a long time and considerable effort, but we believe that the end result will be good," he says.

A series of 'roadshows' will be put together to inform members of the implementation and implication of the legislation. The roadshows will cover definitions, legal responsibilities under the new legislation and its relationship to the Companies Act 1993.

Since 1989, when the government planned the repeal of the four co-operative acts (see last is-

sue, page 7), the association has conducted a continuous campaign for specific co-operative company legislation to be maintained, to complement the revised Companies Act, which came into force in July 1994.

The Co-operative Companies Bill, drafted by the association's legal advisers, Buddle Findlay, in conjunction with legal advocates of the New Zealand dairy industry, was referred to parliamentary council in late 1994, with the first reading presented to parliament in July last year.

The NZ Association

NZACAI secretary, Paul Giles, provided 'National Co-op Update' with some background to the NZ Agricultural Co-operative Association Inc.

The NZACAI has 49 member co-operatives, including 16 companies of the wholly co-operative dairy industry.

The collective turnover of members exceeds NZ\$11 billion and as

most are export oriented, it is seen as a vital part of the NZ economy.

Almost every one of New Zealand's 70,000 farmers belongs to at least one co-operative. In fact, the NZACAI was formed in 1982 largely at the instigation of the Federated Farmers of New Zealand.

The association's council is elected annually by each of the sectors, including meat, arable and horticulture, insurance, merchandising/farm supplies, dairy and fertiliser/top dressing. Each sector nominates one representative and one representative is nominated by the Federated Farmers of NZ, usually its president.

Since 1993, the amended constitution has allowed other co-operatives to become members and nominate two councillors. As a result, the following co-operatives have joined, and added significantly to the total turnover: Foodstuffs (NZ) Ltd, which services 54% of the grocery trade in NZ; the Public Service Investment So-

ciety, with around 150,000 members; Motor Trade Finance Ltd, specialising in vehicle finance; and nation-wide plumbing merchantiser, Plumbing World Ltd.

The association monitors legislation, convenes educational seminars for directors and senior management, and (in the absence of a government agency available in other countries) promotes and fosters co-operative enterprises.

The association is funded solely by its member co-operatives, which pay an annual levy based on 40 cents per shareholder, with a maximum and minimum amount for each co-operative set at the annual general meeting.

Abnormal expenditure, for example, for legal advisers, is funded by additional contributions based on the levy formula.

The association is developing its relationship with co-operative representatives in other countries, including Australia, UK, Eire and Scotland. □

CONTACT

Paul Giles, secretary 0011-64-4-473 7269, fax 0011-64-4-473 1081.

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