

## FEDERAL GOVERNMENT'S TAX REVIEW IGNORES CO-OPERATIVES

THERE IS growing concern within the co-operative sector that the unique nature and operation of co-operatives has not been recognised in the Federal Government's Review of Business Taxation.

According to the Co-operatives Council of Australia, despite co-operatives being included in the review's terms of reference, they have been ignored in the review's first two discussion papers – 'A Strong Foundation' and 'An International Perspective'.

The council says the review's first discussion paper, 'A Strong Foundation', released in November 1998, makes no reference to co-operatives and does not even include co-operatives in its study of business entities.

The review's terms of reference also require it to report on the Australian taxation system as a whole, compared with international experience.

The review commissioned a major accounting firm, Arthur Anderson, to prepare its second discussion paper, 'An International Perspective', an information paper on key design features of tax systems in 26 other countries.

According to the council, 'An International Perspective', released in December 1998, makes no reference to the taxation of co-operatives in any of

### SNAPSHOT

*The Federal Government is reviewing the tax system and there are fears that co-operatives will be left out in the cold, losing their unique status in the interest of uniformity.*

the 26 countries studied. This is despite the fact that many of these countries recognise co-operatives in their tax systems and, as a consequence, treat them differently.

In its response to the discussion papers, the Co-operatives Council is critical of the review's failure to address the taxation of co-operatives as an extension of their members' 'mutual' interests.

In a submission to the review, the council has argued that any revision of the Tax Act should recognise the principles under which co-operatives operate and recommended that Division 9 of the current Commonwealth Income Tax Act be retained, with the following improvements:

- Distributions, by way of rebate or bonus, based on business done by the member with the co-operative should be a clearly allowed deduction in the year in which the business was done to earn the rebate or bonus.
- The issuing of shares to members of a co-operative out of retained earnings should not be treated as taxable income in the hands of members. Members should be taxed when they sell their shares and the proceeds received.
- Section 120(1)(c) should be enhanced to allow all co-operatives the same deduction, not only those which comply with Section 117(1)(b).
- The Taxation Department should work with the co-operative movement to determine a set of guidelines for the operation of Division 9 and, subsequently, release a public ruling that supports the guideline.

*The full text of the Co-operatives Council of Australia's submission to the review can be downloaded from [www.rbt.treasury.gov.au](http://www.rbt.treasury.gov.au)* □

### Rule changes deadline

Following the introduction of the new Co-operatives Acts into Queensland, Victoria, New South Wales and South Australia, co-operatives in those states are reminded that they must change their rules and make certain other provisions to comply with the new Acts. Co-operatives affected by the new Acts must make these changes by October in Victoria, New South Wales and Queensland and November 30 in South Australia.

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## NEWS FROM AROUND AUSTRALIA

## SOUTH AUSTRALIA

## SA committee elected

The new committee for the Co-operative Federation of South Australia for 1999 has been announced. Its members are **Ian Wilson** (president), Vice president **Trevor Schmidt, Duncan Beaton, Colin Roy, Deane Stroud** and **Graham Wallis**. The secretary remains **David Osgood**.

**CONTACT:** DAVID OSGOOD, CO-OPERATIVE FEDERATION OF SOUTH AUSTRALIA (08) 8216 5520 (MON/TUES), FAX (08) 8362 7455.

## Fruit growers' co-op closes

Angaston Fruit Growers Co-operative Ltd, one of South Australia's oldest co-operatives has closed its doors having experienced financial difficulties for some time.

## NEW SOUTH WALES

## Conference with UK expert

The Co-operative Federation of NSW is organising a conference on March 24-26 in conjunction with international co-operative expert **Edgar Parnell**.

The conference will address three major themes:

**Retailing:** The first day will feature a half-day workshop for retailing co-operatives on 'Creative approaches to co-operative retailing'. Targeted at directors and executives involved in co-operative retailing, the session will outline new approaches to meeting specific organisational needs in the sector.

**Mutuality:** 'Making mutuality work' is the theme of a one-day seminar on the second day of the conference. Mr Parnell will explore a number of new approaches which give a new vigour and sense of direction to all types of co-operatives.

**Wealth creation:** 'Co-operating to seriously improve your wealth' is a seminar occupying the final day of the conference. This one-day program is targeted at business co-operatives with a tight focus on wealth creation, as well as policy makers and co-operative advisers who are concerned to find ways of developing and assisting local and regional economies.

**CONTACT:** DON KINNERSLEY, PH/FAX (02) 9975 7228.

## VICTORIA

## Warrnambool's winning ways

With revenues of \$170 million and growth of 57.4%, dairy co-operative, Warrnambool Cheese & Butter Factory, has been named the 12th fastest-growing company in Victoria.

## Agricultural directors seminar

Monash University, in association with the Co-operative Federation of Victoria and the Rural Industries Research and Development Corporation, will hold its second agribusiness co-operative directors seminar on March 27-28.

Course director, **Dr Lawrie Dooley**, says places are filling fast in what will be a great opportunity for co-operative directors to discuss issues affecting the future success of agricultural co-operatives.

The weekend program will include a session by leading international co-operative specialist, **Edgar Parnell**, who will discuss co-operative corporate governance, as well as policies and practices for delivering maximum benefits to co-operative members.

Other topics will include assessing board performance, risk

management, leadership and change management as well as a case study to provide a 'real life' application of many of the concepts discussed across the weekend.

**CONTACT:** DR DOOLEY, (03) 9903 2757 FAX (03) 9903 2900.

## Gold medal award

Nominations are being called for The **Sir John Monash** gold medal for agribusiness co-operative directors, which will be presented in association with the Monash University directors' seminar in March 1999.

The award is open to all current agribusiness co-operative directors. The winner will be selected by a panel of judges based on the following criteria:

- sustained and substantial contribution to the ideals of the co-operative movement;
- demonstrated leadership and policy innovation;
- contribution to a co-operative's sustained growth and profitability;
- a demonstrated capacity to co-operate with internal and external stakeholders; and
- a demonstrated capacity to balance a market-orientated, global vision while meeting local members' needs.

**CONTACT:** DR DOOLEY, (03) 9903 2757 OR FAX (03) 9903 2900.

## Victorian dairy co-op's profit drop

Victorian dairy co-operative, Murray Goulburn, recorded an operating profit before tax and dividends of \$16.9 million in 1998, on a \$1.1 billion turnover – \$1.4m lower than the previous year. The reduction was explained by the co-operative's policy of achieving better returns for its suppliers in a difficult trading and production year.

The co-operative's total assets have increased \$104m over the year to \$770m, while shareholders equity increased \$15m to \$262m.

## Bonlac's Olympic offering

Major Victorian dairy co-operative, Bonlac Foods has given the Australian Olympic team \$500,000 towards its Sydney 2000 campaign. The money has been raised by a 5¢ donation each time consumers buy either Bodalla cheese or Western Star butter.

## Co-op energy booklet

'Better Sooner Than Later' is a new booklet published by Co-operative Energy Ltd, a Victorian-based energy purchasing group.

The booklet discusses the merits of consumers organising now for their energy purchasing needs in preparation for the contestability of purchasing provisions for residential consumers in January 2001.

**CONTACT:** CO-OPERATIVE ENERGY LTD, 71 FRANCISCAN AVE, FRANKSTON, VICTORIA 3199, PHONE (03) 9770 9916.

## WESTERN AUSTRALIA

## Legislation waiting game

Prior to introducing its own co-operatives legislation, Western Australia is awaiting the outcome of the reviews (currently being carried out by all state federations) of possible amendments to the Core Consistent Provisions (CCP) outlined in the new co-operatives legislation.

**CONTACT:** JOHN BOOTH, WA CO-OPERATIVES FEDERATION, (08) 9472 4210, FAX (08) 9472 4213.

# A TAXING TIME AHEAD

"WHEN profits get tight – capital takes flight" is an apt adage for recent events in Asia and in other parts of the world.

A global finance market is an attractive concept when investors believe things are going well, but if the economy falters the situation worsens when international investors take fright and seek a more attractive home for their funds.

Against this background, governments ought to see the advantage of having more enterprises that have their roots firmly fixed in the national economy. They are businesses that keep jobs and investment in the home country, especially at times when the multinationals are moving offshore.

Co-operatives are home-grown businesses that are long-term players in the economy, and are the kind of enterprises that governments should be expected to encourage.

Unfortunately, this is not always the case because fiscal policies are usually designed by people who don't appreciate the advantages of co-operatives.

A cycle of ignorance about co-operatives is often perpetuated because most of the people who find their way into the realms of governmental policy-making are products of an education system that hardly even recognises the existence of co-operatives, let alone has any understanding of them.

As a result, where a tax system treats co-operatives differently from investor-companies, claims are often made that co-operatives are being given an unfair advantage. The opposite is usually the case.

## Two types of co-operative

It is important to understand that co-operatives come in two main types:

### Socio-economic co-operatives

For example, co-operatives that provide housing, employment, health care and rural services, and also credit unions.

These serve individuals who seek to provide a service for themselves. This form of co-operative normally offers life-quality enhancing benefits that can especially serve the disadvantaged.

The results of this form of co-operation are usually to promote social cohesion and strengthen the bargaining power of the relatively poorer sections of society; and is often most effective in terms of delivering essential community and social services now no longer provided by the state.

Because these co-operatives commonly deliver services that would otherwise need to be provided at the taxpayer's expense they are normally positively encouraged by the

## SNAPSHOT

*Edgar Parnell, a leading international authority on co-operatives, outlines the case for fair and equitable treatment of co-operatives by the tax system.*

taxation system and often provided with more direct financial support as well.

### Business co-operatives

These serve entrepreneurs and business, especially small to medium-sized enterprises (SMEs), and most commonly involve farmers and other primary producers.

Business co-operatives are used to build the capacity of SMEs (including family-owned farm enterprises), helping them to compete, sustain profitability and maintain their independence.

The success of SMEs frequently depends upon their ability to work in co-operation with similar enterprises.

To survive the intense competitiveness of a global marketplace, it is essential that SMEs competing in export markets have the strength to meet the challenge of multinational competitors. This is particularly important in primary agricultural produce and agro-industrial products where it can also be significant in maintaining the jobs and livelihoods of the rural population.

Therefore, it is in the national interest that the taxation system properly addresses the needs of this type of co-operative too.

### The mutual principle

In almost all countries, the basis for the taxation of co-operatives relies on the "mutual principle". This means that tax is not levied on the co-operative itself; tax is only paid when any profits generated by the co-operative reach the members' hands.

This is fair because the co-operative does not exist to make a profit in its own right, but only to deliver benefits to its members.

Of course, complications arise when the co-operative retains profits to invest in the business. The way in which retained profits are treated for tax purposes is most important to co-operatives. To take account of the

*Co-operatives are home-grown businesses that are long-term players in the economy, and are the kind of enterprises that governments should be expected to encourage through the taxation system.*

fact that co-operatives rely significantly on retained profits for their continued development, a lower rate of tax than that applicable to companies is appropriate.

In the case of co-operatives that are making a major contribution to solving social problems, total exemption is often warranted.

In the case of 'business' co-operatives, tax on retained profits is most appropriately only payable when this part of the profit is realised by the individual member.

If the retained profit is allocated to the individual member by way of bonus shares, then such a 'capital gain' would only fairly be taxed under the relevant capital gains tax regime.

## A four point fiscal policy

Governments need to adopt clear fiscal policies with regard to co-operatives based upon four main points. These are that:

- co-operatives be treated as autonomous bodies, which are not-for-profit organisations (any profit that they do create should only result in a tax liability when it is actually received by the member);
- co-operatives need to be defined within appropriate legislation, so that only genuine co-operatives receive the relevant treatment under the policy;
- the way in which any taxation is applied to co-operatives should be strictly non-discriminatory, taking into full account the specific nature of co-operative enterprises; and
- socio-economic co-operatives should have positive discrimination within the tax system where their activities support important public policy objectives.

## A recurring issue

If the history of taxation and co-operatives in many countries is anything to go by, this demonstrates that most governments have no institutional memory.

It seems that the question of the fair taxation treatment of co-operatives comes up for review at regular intervals.

The 'usual suspects' – in the form of the latest batch of co-operative-illiterate policy-makers – need to rediscover the established case for the way in which co-operatives need to be treated within the taxation system.

Hopefully, once the new generation of policy-makers have been through a re-learning process, the growth and development of co-operatives can continue in the national interest. □

*Edgar Parnell, based in Oxford, UK, is a well known international authority on co-operatives. He will be visiting Australia in March 1999 to speak at conferences in NSW, Victoria and WA, where he will also launch his latest book: "Reinventing Co-operation – the challenge of the 21st century".*

# EFFECTIVE NEGOTIATING IN THE BOARDROOM

THE BUSINESS pages are full of incidents in which conflict has spilled out of the boardroom and into the public's gaze, with unfortunate results.

While conflict is a reality of everyday life, greater potential for conflict exists in the boardrooms of many co-operatives, as the changing paradigms of today's global economy, with the associated competition, requires different management skills to lead the co-operative into the future.

Obtaining such expertise often involves the recruitment of external specialists, who bring differing views about the role of management and ways of doing business.

These views can result in considerable conflicts as management sees the need to challenge many of the traditional structures, co-operative values and practices – many fundamental to the origins of the co-operative.

Previous experience has shown that co-operatives which meet this challenge by skilfully managing divergent options in the boardroom will make better quality business decisions. This will create an environment which fosters initiative and innovation in meeting the demands of a changing and competitive marketplace.

There are numerous scenarios, which provide particular challenges in conflict

**Table 1: The characteristics of negotiation, how these types of people will react under pressure and how they can be used effectively in the boardroom.**

**SNAPSHOT**

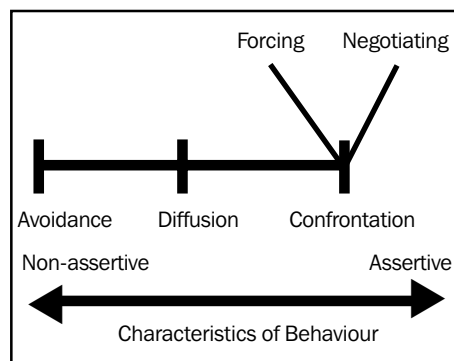
*Co-operatives must change to remain competitive in the global economy. However, this change needs to be negotiated carefully in the boardroom to avoid later conflicts, write Elizabeth and Bill Corbett.*

management. One of these may involve the issue of management remuneration.

### Management remuneration

The changing nature of the business means that top-calibre executives are needed to lead the business.

These people usually come with a high price tag – higher than has been the case in the past. Members and director members may find it difficult to approve such remuneration, particularly in circumstances where farm income is depressed.



**Figure 1: The different ways people respond and deal with conflict.**

### Strategy

In the changing business environment, management may challenge some of the fundamental thinking of the co-operative.

This involves reassessing the co-operatives' strategy, identifying the core business and arriving at a common focus for the future.

A board environment offers a number of opportunities for demonstrating skills in conflict management.

People learn their preferred method of dealing with conflict situations from a young age and often keep using this strategy, regardless of the effectiveness of the outcome.

Fortunately, we are able to learn different ways of dealing with conflict. The first step is being aware that people respond in different ways and employ a variety of strategies when confronted with a conflict situation, as shown in Figure 1.

### Avoidance

A typical response to conflict is to avoid it altogether. This involves repressing emotional reactions, and compromising beliefs and values. In extreme situations, it can even involve retreating from the environment.

Such a strategy has a survival value in the short term, but it usually leaves the individual with a feeling of dissatisfaction if used regularly.

### Diffusion

Diffusion is primarily a delaying tactic and one that is often seen in board meetings.

Its main purpose is to allow the situation to 'cool off', at least temporarily, or to keep the issues so unclear that confrontation is limited.

Examples of diffusion are:

- resolving minor points while avoiding or

People who adopt an Ethical Persuasive Style	Under Pressure	Strategies for communicating in this negotiation style
<ul style="list-style-type: none"> <li>• Trust and believe in common values</li> <li>• Sets high standards</li> <li>• Independent thinking, sticks to principles</li> <li>• Develops proposals in the common interest</li> <li>• Considerate, helpful, dedicated</li> <li>• Often a bridge between two parties</li> </ul>	<ul style="list-style-type: none"> <li>• Overly concerned with ideals and common values to the point of being unrealistic</li> <li>• Sticks to their case because they are 'right' or gives in disappointed</li> <li>• Becomes disillusioned, is set apart</li> </ul>	<ul style="list-style-type: none"> <li>• Stress mutual goal setting</li> <li>• Ask for his/her help</li> <li>• Show concern and recognition of his/her standards</li> <li>• Tie proposals to common values</li> <li>• Emphasise worthwhile causes</li> </ul>
People who adopt an Analytical/Aggressive Style	Under Pressure	Strategies for communicating in this negotiation style
<ul style="list-style-type: none"> <li>• Careful analysis</li> <li>• Thorough attention to detail</li> <li>• Preference for hard facts and sound logic</li> <li>• Weighs all alternatives ahead of time</li> <li>• Reliance on sound procedures</li> <li>• Keeps things predicable</li> <li>• Holds on to goals firmly</li> <li>• Not sensitive to the climate of discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Amasses more and more "evidence" that she/he is right, becomes stubborn</li> <li>• Over-reliance on procedures</li> <li>• Preoccupation with details</li> <li>• No ability to improvise</li> <li>• Cannot stand any surprise</li> </ul>	<ul style="list-style-type: none"> <li>• Be systematic and consistent</li> <li>• Use routine and structure, tie new things to old</li> <li>• Use facts, exercise logic</li> <li>• Do not hurry, pay attention</li> </ul>

delaying discussion of the major problem;

- postponing a confrontation until a more convenient time, and
- avoiding clarification of the salient issues underlying the conflict.

**Confrontation**

Confrontation can be divided into forcing and negotiation strategies.

Forcing strategies involve the use of coercive power. This can include physical force, intimidation and threat of or actual punishment for not complying.

Such tactics are effective when viewed from the point of view of the 'winner'. From the 'loser's' viewpoint, the products are hostility, anxiety and revenge. This strategy creates a win-lose outcome and considerable bad feeling between parties.

In negotiation strategies, both sides can achieve a win-win outcome. The objective is to arrive at a mutually satisfactory solution. Negotiation provides the most positive of all of the conflict resolution strategies.

When entering a negotiation, there are two major issues that must be taken into consideration:

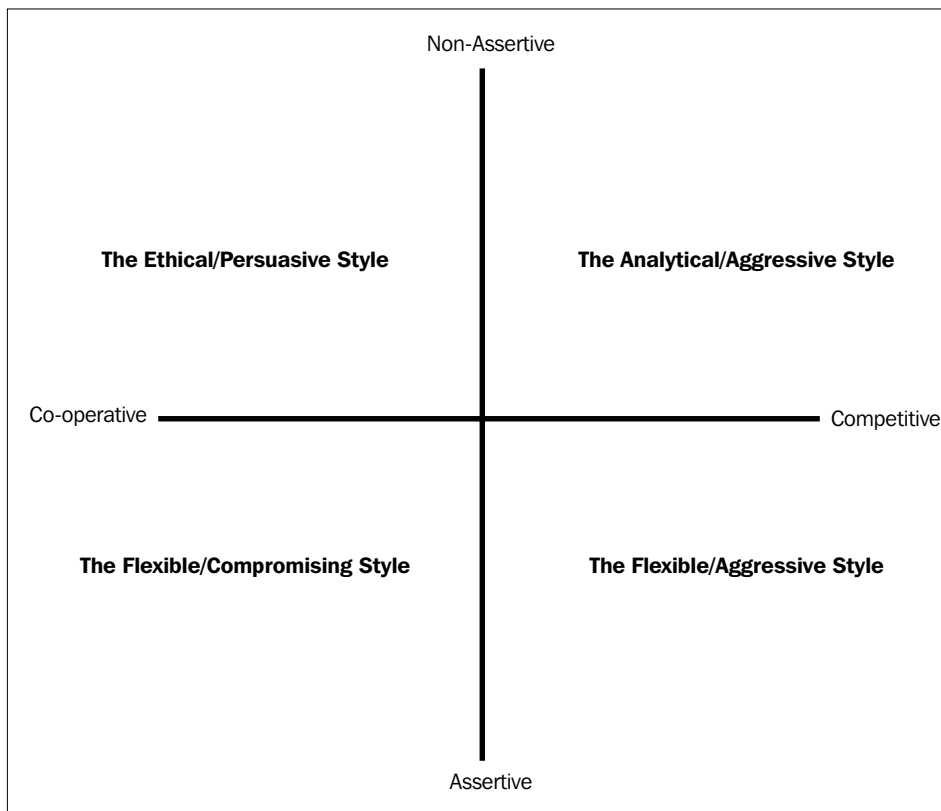
- achieving your personal goals; and
- monitoring the relationship you have with the other party.

An effective negotiator is someone who is able to satisfy both these issues.

A good negotiator displays the following characteristics:

- active listening;
- awareness of others/empathy;
- reinforces the common ground;
- patience;
- persistence;
- integrity;
- self-control; and
- persuasiveness.

While we all negotiate in different ways, we



**Figure 2: The four basic areas of negotiation (Source: Mastenbrock, W.G., The Negotiating Grid in Journal of European Industrial Training, Vol. 3, No. 4, 1984).**

do negotiate in four basic areas and in two dimensions (assertive to non-assertive of one axis, and co-operative to competitive on the other) as can be seen from Figure 2.

We need to understand our style and the style of the other party if we are to reach a win-win outcome.

Each style has certain characteristics, which are useful to be aware of. However, under pressure the previous tendencies are exaggerated, as shown in Table 1.

Skills for effectively managing conflict are essential in achieving superior results in all situations and, more than ever before, in the boardroom. □

**CONTACT**

Elizabeth Corbett is a director of Brookcor Consulting, which works with public and private sector organisations to resolve conflicts at the board and senior executive levels. She may be contacted on (03) 9690 3326 or brookcor@onaustralia.com.au  
 Bill Corbett is a director of Strategic Horizons, a consultancy that works with a range of manufacturers to develop negotiation strategies for interactions with their customer base. He may be contacted at strategic@bigpond.com  
 Elizabeth and Bill will lead a session on board management at the Agribusiness Co-operative Directors Seminar in March.

People who adopt a Flexible/Compromising Style	Under Pressure	Strategies for communicating in this negotiation style
<ul style="list-style-type: none"> <li>• Able to sense how people are feeling and thinking</li> <li>• Socially skilled, personal charm, diplomatic</li> <li>• Eager to try things out, sensitive to integrate solutions</li> <li>• Tries to influence the climate positively</li> <li>• Flexible in habits</li> <li>• Humor</li> </ul>	<ul style="list-style-type: none"> <li>• Joking inappropriately</li> <li>• Reluctant to take a stand, becomes ambivalent</li> <li>• Over compromising</li> <li>• Gives in to preserve harmony</li> </ul>	<ul style="list-style-type: none"> <li>• Be sociable, set a positive climate</li> <li>• Let know when you are pleased</li> <li>• Search for common values</li> <li>• Use humorous appeals</li> </ul>
People who adopt a Flexible/Aggressive Style	Under Pressure	Strategies for communicating in this negotiation style
<ul style="list-style-type: none"> <li>• Want to get things done, likes accomplishment</li> <li>• Like to organise and energise others</li> <li>• Takes advantage of opportunities</li> <li>• Quick to act, likes challenges</li> <li>• Ability to stand high tension, keep things on the move, comes up with new ideas</li> </ul>	<ul style="list-style-type: none"> <li>• Does not concede, even when she/he is wrong</li> <li>• Becomes angry, tends to use coercive pressure</li> <li>• Tries everything within their power to win their case</li> </ul>	<ul style="list-style-type: none"> <li>• Be direct</li> <li>• Show independence</li> <li>• Capitalise on his/her need to accomplish</li> <li>• Look for new opportunities, strive for results, appeal to excellence</li> </ul>

## NEW ZEALAND

### Dairy wrestling – Kiwi style!

The nation watches as Waikato-based NZ Dairy Group and the Taranaki-based Kiwi Co-operative Dairies dance their rituals in private sessions with the recently formed South Island Dairy Co-operative, based in Christchurch.

South Island Dairy Co-op (SIDC) was formed in 1998 from the merger of Southland Dairy Co-op and Alpine Dairy Products (South Canterbury based) with their operations head quartered in Christchurch and factories in Southland and South Canterbury.

The furniture was hardly in place at the Christchurch offices before the larger North Island dairy co-operatives were thinking of skiing holidays in the south!

Initially, it seemed NZ Dairy Group had done the work on attracting SIDC. Then Kiwi came into the picture with what they called "an offer SIDC could not refuse" so the honeymoon plans have been put on hold. Now it's a case of people doing the "due diligence dance".

This one could make NZ Dairy Group about two-thirds of the dairy market or if it goes the other way then there would be two similarly sized businesses. Under either scenario, more than 90% of the NZ dairy production would be in the hands of two co-operatives.

It will be late February or March before the SIDC board chooses who they will tango with.

### In the nick of parliamentary time

FMG (Farmers' Mutual Group – an insurance and financial services business co-operative to the rural community in particular) has for a long time been seeking special legislation to enable them to rearrange their business structure.

On the eve of the parliamentary year and against all expectations the private act was passed.

The new legislation means FMG moves from being registered under the Mutual Insurance Act to becoming a company with the ability to also register under the Co-operative Companies Act 1996.

The new legislation allows FMG to have a more flexible and practical business structure.

### PSIS no longer an abbreviation

After 70 years of being The Public Service Investment Society Ltd registered under the Industrial & Provident Societies Act 1908, the society has changed its name to PSIS Ltd. Now the name is the way the 128,000 members of the financial services co-operative have always known it.

The special private act of parliament passed in October 1998 enables PSIS to transfer from the I&P Act 1908 to the Companies Act 1993 and the Co-operative Companies Act 1996.

Being registered under the Companies Act and Co-operative Companies Act means PSIS will be under a more appropriate governance and one which is more modern and applicable.

### Kiwi Co-operative Dairies in the money!

Kiwi announced on January 23 that they had issued a 10-year fixed rate Eurobond for US\$125 million. The issue is part of a wider funding strategy creating diversity between banks and capital markets both domestically and internationally to lengthen the maturity profile and better match the expected life of assets. Such a move would also enhance the flexibility of the co-operative.

On January 27 the media reported that the Eurobond issue had been fully subscribed with a diverse range of investors.

Who says quality co-operatives cannot raise long-term investments?

## PEOPLE

**Marie Winter**, Hastings Co-operative Ltd, has been elected to the board of the Co-operative Federation of NSW. Hastings Co-operative operates a milk and dairy foods factory and a range of retail outlets.

□ □ □

**Geoff Fidden** has retired from his position as chairman of the Commercial Fisherman's co-operative Ltd in Newcastle after more than 19 years on the board, 14 as chairman.

□ □ □

**Vivi Germanos-Koutsounadis**, founder and executive director of the Ethnic Child Care, Family and Community Services co-operative, has been awarded the Human Rights and Equal Opportunity Commission's Human Rights Medal. Vivi migrated to Australia with her parents from Keos, an island in the Aegean Sea in 1954. Her family quickly became involved with helping migrants and Aboriginals in Redfern, NSW, where they ran a milk bar. Vivi joins such notable Australians as **Dr Fred Hollows**, **Eddie Mabo** and **Justice Michael Kirby**.

## AROUND THE WORLD

### International Co-operative Alliance news

A seminar on the future of co-operation in Europe was held in association with the International Co-operative Alliance's (ICA) regional assembly in Paris. The theme was that co-operative enterprise, far from being old fashioned, brought up-to-date answers to the concerns of people today, on the condition that co-operatives remained faithful to their founding principles.

CWS chief executive, **Graham Melmoth**, outlined the strategy used to prevent the attempt to 'demutualise' and takeover the CWS. CWS, with £8 billion turnover and 70,000 employees, unites the bulk of UK consumer co-operatives.

He said that although legislative protection was necessary, he placed greater emphasis on the need to renew the relationship between the co-operative and its members, so that members could truly understand the reasons for their participation.

According to **Bent Claudi Lassen**, president of the Federation of Danish Agricultural Co-operatives, if there is a strong relationship between co-operatives and their members, the members are able to adapt to new consumer demands and can guarantee the origins of their products much better than other forms of business.

Seminar delegates heard of the growth of new co-operatives providing social services in Finland, from **Margita Lukkarinen**, managing director of Finland's Co-operative Institute. Between 1993 and 1998, 700 new co-operatives in such areas as tourism, environmental protection, biological products and energy production had been established, creating 15,000 new jobs.

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### Tax threat to co-operatives in the US

American co-operatives, just like their Australian counterparts, are facing considerable uncertainty as a result of potential changes to the US tax regulations, according to an article in 'Co-operative Business Journal'. **Bob Livingston**, the new Speaker of the House of Representatives in the American congress has called for a rewriting of the national tax code, with significant implications for co-operative activities. The US co-operative movement is taking steps to ensure that members in all sectors are ready to analyse how competing tax proposals will affect their ability to do business.

## KEY CO-OPERATIVE CONTACTS

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### AUSTRALIAN CAPITAL TERRITORY

#### Registry of Co-operatives (ACT)

Mr Ian Keightley, Registrar of Co-operative Societies  
1st Floor, Canberra Nara, London Circuit,  
PO Box 592, Civic Square, ACT 2608  
Phone: (02) 6207 0268 Fax: (02) 6207 0267

### QUEENSLAND

#### Office of Consumer Affairs

Mr Paul Kerr, Executive Manager and Registrar of Co-operatives and Other Societies

20th Floor, State Law Building, 50 Ann St,  
GPO Box 3111, Brisbane, Qld 4001  
Phone: (07) 3239 0974 Fax: (07) 3220 0027

#### Co-operative Federation of Queensland

Mr James Howard, Executive Director  
c/- James Howard & Associates,  
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### NEW SOUTH WALES

#### Registry of Co-operatives – Department of Fair Trading

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#### Registry of Co-operatives – Department of Fair Trading

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#### Co-operative Federation of NSW Ltd

Mr Don Kinnersley, Consultant  
2 Chatham Close, Belrose, NSW 2085  
Phone/fax: (02) 9975 7228

Chairman, Ron Butler, ABC Radio Taxi Co-operative Ltd. Secretary, Paul Edwards, Plumbers' Supplies Co-operative Ltd. Committee members: Rob Campbell, Local Government Recycling Co-operative Ltd; Duncan Maclellan, University Co-operative Bookshop Ltd; Karen McMillan, Directioneering Pty Ltd; Marie Winter, Hastings Co-operative Ltd.

### VICTORIA

#### Registry of Co-operatives

Mr Paul Hopkins, Deputy Registrar  
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PO Box 4567, Melbourne, Vic 3001  
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#### Co-operative Federation of Victoria Ltd

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Chairman, David Griffiths, Co-operative Energy. Committee members: Neil Black, Demo Dairy Co-operative; John Gill (ex Victorian Producers' Co-operative); Valerie Ogier, Purchasing Victoria Co-operative Victoria Ltd; Bernie Harford, Genetics Australia Co-operative Society Ltd; John Luckman, YCW Co-operative Society Ltd; Ron Stone, Ballarat Community Education Centre; Malcolm Boyce, Emerald and District Co-operative Society; Vern Hughes, New Market Co-operative Ltd.

### TASMANIA

#### Business Affairs Office

Mr Tony Wright, Registrar of Co-operatives  
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### SOUTH AUSTRALIA

#### Corporate Affairs Commission

Mr Adrian Griffiths, Senior Corporate Regulator  
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#### Co-operative Federation of South Australia Inc.

Mr David Osgood, Secretary  
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Phone: (08) 8216 5520 (Mon-Tues) (08) 8326 6371 (ah)  
President, Ian Wilson, Equity Tree Co-operative. Vice president, Trevor Schmidt, Community Co-operative Store. Committee members: Duncan Beaton, Angaston Fruit Growers Co-operative; Colin Roy, Riverland Fruit Co-op Ltd; Deane Stroud, CIC Insurance; Graham Wallis, Balhannah Co-op Society Ltd.

### WESTERN AUSTRALIA

#### Ministry of Fair Trading

Mr Ray Neal, Manager, Business Names  
Level 1, 66 St Georges Terrace,  
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#### Co-operative Federation of Western Australia

Mr John Booth, Secretary  
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Phone: (08) 9472 4210 Fax: (08) 9472 4213  
Chairman, Frank O'Connor, Capricorn Society Ltd. Deputy chairman, Bill Robertson, Westralian Farmers Co-operative Ltd. Executive Committee member, John Carstairs, Co-operative Bulk Handling Ltd. Committee members: Wally Treloar, Boyup Brook Co-operative Co. Ltd; Keith Prout, Co-operative Purchasing Services Ltd; Jonathan Asquith, Freemantle Fisherman's Co-operative Society Ltd; Andrew McGlew, Grain Pool of WA; Tony Wray, MBL Food Services Co-operative Ltd; Warren York, Mt Barker Co-operative; Glen Sanders, The Nursery Co-operative Ltd; Rod Madden, United Farmers Co-operative Company Ltd.

### NORTHERN TERRITORY

#### Department of Industries and Business

Mr Robert Chamberlain, Registrar of Co-operatives  
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### NEW ZEALAND

#### NZ Co-operatives Association Inc.

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