

# What makes a co-operative different?



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### Agricultural Co-operatives: what's the difference?

On the surface, co-operatives might appear like any other business – commercially successful, productive and profitable. What sets them apart and makes them a better way to do business for farmers? Here are six important differences.

#### 1. Co-operatives bring together individuals, or businesses, for economic gain.

Family farmers can increase their market power by working together and pooling resources for marketing, processing or other activities. Co-operatives can aggregate purchasing power, capital and other resources of their members.

#### 2. Co-operatives are owned and run by members.

The people who benefit from the services of the co-operative are also its owners. As member-owners, they democratically control the enterprise; each member has one vote.

#### 3. Co-operatives are focused on member benefit, not external shareholder returns.

They are able to focus on sustaining their members' farm businesses in the long term through lower prices, better-quality services and a share in profits.

#### 4. Co-operatives develop their members.

Co-operatives don't just pool capital for marketing or other operations but also provide non-financial benefits to their members, including education and leadership opportunities. Co-operatives can pool information relevant to production and help members learn about other parts of the supply chain they work in.

### Economic benefits

Co-operative and mutual enterprises (CMEs) contribute to Australia's economy:

- Eight in 10 Australians are a member of at least one CME
- Annual turnover of the top 100 CMEs (excluding super funds) reached \$30.5 billion in 2015.<sup>1</sup>
- Australia's Senate Economics References Committee report into CMEs notes "the sector's potential contribution to the economy." The report recognises that co-ops deliver continuity to communities by providing a sense of ownership for members; "It is a model which is highly flexible and adaptable to local conditions and circumstances."<sup>2</sup>

*Australian CMEs operate under the state based Co-operatives National Law (except in QLD), or the Commonwealth Corporations Act.*

1. Business Council of Co-operatives and Mutuals, National Mutual Economy Report 2016, 17. <http://bccm.coop/wp/wp-content/uploads/2016/11/BCCM-NME-Report-2016.pdf>.
2. Senate Economics References Committee report into Cooperative, mutual and member-owned firms, p. 25.

## Co-operative differences



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### 5. Co-operatives are a self-help solution to remaining competitive.

Co-operatives allow their members to keep their individual businesses competitive without relying on government or other stakeholders.

### 6. Co-operatives are an internationally recognised business model.

There are agricultural and other co-operatives all around the world that adhere to the International Co-operative Alliance's Values and Principles.

#### Co-operative values

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

#### Co-operative practices

Co-operatives put these values into practice by following seven principles:

1. Voluntary and open membership (without discrimination)
2. Democratic member control (and active participation)
3. Member economic participation (and input into control of capital)
4. Autonomy and independence
5. Education, training and information (for members, managers and employees)
6. Co-operation among co-operatives
7. Concern for community

#### Benefits for farmers

Co-ops can stabilise farming communities and food supply chains, even during an economic downturn. By focusing on members' operations and capital, geographically focused producer co-ops can potentially move into other areas of the supply chain, including:

- Packing, manufacturing and processing;
- Marketing, logistics/distribution/transport;
- Information and services for members;
- Data collection, research and analysis;
- Collective input buying and bulk sales.

When a producer co-op moves into new parts of the supply chain it aims to benefit its members, that is, farmers.

*A cooperative structure "offers family farmers the ability to retain their property ownership but delivers them the scale to better-influence what happens beyond the farm gate, and diversify their income. Farmer-owned cooperatives can add competition in the market place ... and allow farmers to engage in additional parts of the value chain."*

Agricultural Competitiveness White Paper, 28.  
<http://agwhitepaper.agriculture.gov.au/>

#### 'Farming Together' aims to:

- generate knowledge about collaborative systems, co-operative structures and collective strategies
- help farmers and their business networks to explore the economic benefits of collaboration
- support collaborative/co-operative approaches
- facilitate knowledge sharing & produce resources
- form regional and cross-jurisdictional networks

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