

Newsletter 20 - August 2004

We always appreciate your comments and contributions. Please email any suggestions or news items to the editor of ACCORD NEWS, Suzanne Henderson at suzanne.henderson@uts.edu.au.

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News Flash!

Community finance under the microscope. More from the [Ethical Investor](#).

Commentary

Coleambally Test Case – Nonprofits face hefty tax bills

Mark Lyons, Professor of Social Economy at UTS, examines the implications of a recent Federal Court judgement which ruled that a nonprofit organisation with a constitution that prohibits the distribution of surplus assets to members on winding-up, cannot be considered a mutual and is ineligible to claim a tax exemption for member-generated income.



*Adjunct
Professor, Mark
Lyons*

"There are good public policy reasons for hoping that the full bench will overturn [Justice] Hill's decision. Alternatively, another way of protecting important community assets against demutualisation must be found and urgently implemented," *Mark Lyons.*

"In essence what the judge has done is to determine that a social economy or third sector organisation can be a public serving nonprofit...or a member-benefit organisation, but it cannot be both. This has interesting implications for both the directors and managers of social economy organisations, and for nonprofit/third sector/social economy theory," says Lyons.

"There are good public policy reasons for hoping that the full bench will overturn [Justice] Hill's decision. Alternatively, another way of protecting important community assets against demutualisation must be found and urgently implemented."

Mark Lyons, Adjunct Professor, ACCORD.

[Read the full Commentary](#)

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Risking co-operative status – communications are the key?

Listing of co-operative shares on the stock market, need not spell the end of co-operative principles writes Ian Reid.

But, a constitution specifying a minimum 75% threshold for change and maintaining active communications with the transacting shareholders so they continue to value their dealings with the co-operative, are essential, argues Reid.



Ian Reid

"In a co-operative, a positive and aggressive communications strategy is a vital ingredient for long-term success. Without this, co-operatives will invariably sink to self-interest and greed and the bankruptcy of the co-operative principles."

"In a co-operative, a positive and aggressive communications strategy is a vital ingredient to success. "Without this, cooperatives would invariably sink to self-interest and greed and the bankruptcy of co-operative principles," claims Ian Reid.

See also David Griffiths article "[Why do co-operatives fail as co-operatives](#)"

"A co-operative is owned by its members and ongoing member education is critical to ensuring member control. Member education is the continuous process by which members see the connection between their individual interest and group interest

"Co-operatives, then, fail as co-operatives

when they cease practicing co-operative values and principles. They may continue as a successful business - competitive, profitable and growing and [open to demutualisation](#)." David Griffiths

[Read the full Commentary](#)

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Collective Bargaining: Will it be Successful?



Eddie Oczkowski

The process of collective bargaining to counteract market forces, will benefit from recent legislative changes, but only if there is a full commitment to the negotiation process, writes Eddie Oczkowski, Associate Professor, economics and quantitative methods, School of Management, Charles Sturt University and Co-director of ACCORD.

"In essence, the concept of collective bargaining by small businesses and farmers with larger organisations and

Blame it on the (Red) nose

It started with the famous plastic red noses used to promote public awareness of Sudden Infant Death Syndrome. The idea spawned an overwhelming range of fundraising paraphernalia now on offer at supermarkets, service stations and on the streets. Sixteen years after the first Red Nose Day, the calendar is crammed with special-event days. Where does it all end? Mark Lyons, ACCORD associate and author of *The Contribution of Non-Profit and Cooperative Enterprises in Australia* (Allen & Unwin, 2001), says even early last century there was a public sense of being overwhelmed by charity days.

Full article printed in the [Canberra Times](#), 28 June 2004

processors is consistent with John Kenneth Galbraith's 'countervailing power' notion of the natural tendency of individuals to form organisations to counteract the market power of large corporations. The concept of countervailing market power is also one of the often cited principle motivations for the formation of co-operatives, " Eddie Oczkowski.

[Read the full Commentary](#)

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ACCORD Projects

Support for cooperatives runs high - Australian Social Attitudes Survey

ACCORD has released the findings of the first ever [Australian Social Attitudes Survey](#).

More than a quarter of Australians believe co-operatives are the best providers of banking and insurance services, according to the first Australian Social Attitudes Survey. 22% believe them to be the best providers of food retailing.

According to ACCORD Senior Research Fellow, Andrew Passey, these are surprisingly high figures given the emphasis placed on the shareholding market economy in Australia.

"People clearly want a choice", Passey says. "Our survey shows that many prefer organisations that are owned by their members, and where members have a greater say in the way their organisation is run, rather than simply being a taxpayer or shareholder."

Results at a glance

- One in three Australians is, or has been, a member of a co-operative.
- Almost 72% of Australians agree that co-operatives show people can still work together, and 65% feel that co-operatives do good work.
- Although co-operatives receive very little media attention, only 11% of Australians agreed that they are old-fashioned.
- Six in ten respondents agree that co-operatives help make the market place fairer.

On demutualisation...

- When asked if they agreed or disagreed that changing ownership from members to shareholders for high profile mutual organisations such as the AMP and NRMA Insurance, was a mistake for these organisations, almost half (49%) agreed it had been a mistake. In contrast, only 19% disagreed.

"The concept of countervailing market power is also one of the often cited principle motivations for the formation of co-operatives." *Eddie Oczkowski*

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UTS/CSU/ACCORD successful in ARC grant

This project titled *Cosmopolitan Heritage in a Multicultural Society: Ethnic Communities and the Built Environment in Australian Cities and Regional and Rural Areas*, investigates the historical and contemporary contribution of minority ethnic communities to the built environment of Australian cities and towns. This is significant because the story of the impact of minority ethnic communities on the built environment has been ignored in the Australian immigration debate.

The focus is on regional and rural areas as well as cities. Expected outcomes include: a stocktake of ethnic heritage; an insight into social aspects of the built environment; an understanding of how ethnic heritage relates to community relations; and an investigation into ethnic precincts and the links between ethnic heritage and increased tourism. The project will be conducted over three years.

Partner organisations are: National Trust of NSW; The National Trust of Australia (WA); Department of Premiers and Cabinet, Qld; and the National Trust of South Australia.

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Co-operative Profile

Crossroads – A Medieval Story

From initial registration in 1992, [Crossroads Medieval Village Co-operative](#) has been quietly working on the construction of a medieval village including; campground with cabins for medieval events, a residential area with a medieval theme, a re-creation of a small castle for educational and tourist purposes, and a medieval crafts centre. Rhys Howitt [reports](#) on the activities of this small co-operative of medieval enthusiasts.



Medieval Dancing

[Read the full Profile](#)

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The Co-operative Advantage

Valuing social enterprise

The valuable role of social enterprise is increasingly recognised around the world. In the UK, The [Social Enterprise Coalition \(SEC\)](#) is the trade body that brings together all types of social enterprise to promote the sector and share knowledge.

The SEC plays a dual role of influencing the policy agenda and promoting best practice. Recently a number of proposals for legal reform in the UK have been proposed including: the creation of a new legal form, the Community Interest Company (CIC); modernization of Industrial and Provident Society legislation (the UK Cooperatives Act);

and proposals to create a new legal form for charities (The Charitable Incorporated Organisation).

The SEC is working closely with the UK Department of Trade and Industry on the drafting of legislation relating to CICs. For further information visit [CICs page](#).

Is this the kind of "social economy" direction we need in this country as well?

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UK social enterprise takes lead from the Scandinavians



Wind Farm

In Scandinavia, where wind power provides nearly a third of the country's energy needs, social enterprises have a well-established role. The concept of community involvement rather than private finance is common in Europe, the largest example being the 40MW offshore wind farm, Middlegrunden in Denmark that has over 8,000 members.

Using the renewable energy models pioneered in Scandinavia, the [Baywind Energy Co-operative](#) was formed in 1996 to offer community ownership of the Harlock Hill wind farm project in Cumbria.

A successful energy generating business, now in its eighth year, Baywind invests a proportion of its profit in promoting energy saving among schools and the local community.

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New UK organisation promotes employee buy-outs

A thriving electrical contracting firm in mid-Wales town of Newtown, provides a case-study of successful employee-owned business principles at work, [explains Andrew Bibby](#).

According to Gregory Cohn, coordinator of [Tower Hamlets Co-operative Development Agency](#) and a founder of [Succession London](#), the aim is to find solutions for business owners wanting to retire or move on whilst at the same time helping existing employees keep their jobs. "Everyone can end up a winner this way," he says. Cohn argues that up

Get healthy the co-operative way

The current public debate about health care is concerned almost exclusively with the question of how much public subsidy is to be allocated to this or that group of suppliers (general practitioners, medical specialists, public hospitals, or private insurers). It avoids the critical question for reformers and consumers alike, which is how to turn around a situation where no part of our current system provides a financial incentive to manage health risks to keep people out of hospital, or develop marketable advantages around good management of health outcomes. [Vern Hughes explores health care reform the 'co-operative' way](#).

Two low-income communities in Australia that have explored "opting out" of Medicare, and taking their Medicare financial entitlements with them. Apanipimu health service is an Aboriginal organisation on Cape York, searching for new approaches to the appalling state of Indigenous health, and [South Kingsville Health Services Co-op](#) is a patient-owned health service in Melbourne's deprived west.

to now business advice culture has paid insufficient attention to issues of small business succession, which can lead to unnecessary business liquidations.

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More on employee share ownership in Australia

Recent articles in our newsletter on the issue of employee share ownership, have generated considerable interest. Read more on [ESO in Australia](#)

In Europe and North America, where community economic development processes are most advanced, the long-term economic benefits of employee ownership are widely recognised. The low rate of growth of employee ownership in Australia (as distinct from employee share schemes in the larger public companies) remains a puzzle.

"The evidence is there that employee ownership is a viable local economic strategy needed by local economies in Australia. To introduce and support it in local economic development activity, a "Call for Partners" has been made to participate in the establishment of an Employee Ownership Development Agency along the lines of those operating in other countries... If you think you can make a contribution to these developments, I would be keen to hear from you," Alan Greig, Social Enterprise Technologies (SENTECH). Please contact ahgreig@bigpond.com.au.

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European Dairy Co-operatives top-20

Netherlands and Norwegian researchers have produced the first ever [top-20 ranking of European dairy cooperatives](#). The comparative study covering strategy, capitalization and economic performance, is based on a new approach to measuring performance - separating milk content from dairy product value, thus enabling the study to distinguish returns to milk (on-farm investment) from returns to capital (cooperative investment).

"If members don't benefit from cooperative investments,

"The application of conventional financial performance ratios to cooperatives rejects the fact that the cooperative mission is not to accumulate profits at company level (other than securing the continuity and growth of the company). Therefore it doesn't make sense to compare cooperatives on

What is Social Enterprise?

Markets and governments play vital roles in Australian life. But by themselves, neither can create strong, inclusive and prosperous communities. Both need a third sphere of initiative-taking and relationship-forming activity to interact with. Both need a strong civil society in which people - as individuals, families, communities, associations and businesses - interact, form partnerships and generate ventures to achieve social purposes. [More at http://www.partnerships.org.au/](http://www.partnerships.org.au/).



European Dairy Cooperative Top-20 logo

cooperatives will lag behind in terms of value adding capacity".

Senior Researcher, ir. Onno-Frank van Bekkum

this basis." Unless their cooperatives are strong enough to keep milk prices up, dairy farmers will be hit hard by EU dairy intervention. The investment relationship between member and cooperative, needs to evolve towards a new stage of maturation.

"If members don't benefit from cooperative investments, cooperatives will lag behind in terms of value adding capacity". Eventually these cooperatives will lose ground in the market place. Or end up in the bottom end of the market, which, given the trend of market liberalization, is not an attractive prospect for dairy farmers in the vast majority of European countries."



ir. Onno-Frank van Bekkum

[European Dairy Cooperative Top-20](#)

[Project deadline: 31 December 2004. Final report is due early 2005](#)

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Young people are the future

A new "Co-op Commission" to bring together the various youth initiatives in the co-operative movement could lead to 2005 being designated as the Year of Young People.

Woodcraft Folk vice chairman Richard Lace said the time to act is now after years of discussing and prevaricating over how to involve more young people in day-to-day co-op activities and democracy. He said many young people have co-op values and principles, but do not realise they form the core of a living, vibrant movement.

"We want to form a Youth Commission to bring together everyone's ideas. We want to probe into all the corners of our movement to reveal our strengths and weaknesses and suggest concrete actions. The Youth Commission would be owned by young people and follow on from the findings of the Co-operative Commission in 2001." [More...](#)

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ICA News

Year of Microcredit – Opportunity for Co-ops

The United Nations have designated 2005 as the [International Year of Microcredit](#).

[Training Pack On ILO Recommendation 193 Launched](#)

These stories from the ICA Weekly digest. Copies of the digest are archived on the [ICA's website](#)

Mondragon

Find out more about the largest and most well known example of employee ownership and community economic development in the world: the long standing (since 1956) [Mondragon Co-operative Consortium](#) in the Basque region of Spain, now the fourth largest business conglomerate in the European Community.

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News in Brief

Australia

[NSW Co-op collapse inquiry hears of mismanagement](#)

Australian Broadcast Company, Sydney, Australia

6/24/04

[Energy co-op generates public interest](#)

Australian Broadcast Company, Sydney, Australia

6/27/04

[Dairy Farmers Co-operative votes to support restructure](#)

Australian Broadcast Company, Sydney, Australia

6/29/04

[Co-op Loss](#)

Warnambol Standard, Warnambol, Australia

7/5/04

Organics Industry Grows on the Mid north coast

An opportunity for co-operative businesses in the future

7/6/04

[Read the full Media Release](#)

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Overseas

UK

[Green light for Co-op schools](#)

Co-operative News, Manchester, United Kingdom

7/2/04

[Co-op project offers tenants a new deal](#)

New research detailing how community democracy can be used to create vibrant communities.

July 07 2004

[Corporate responsibility Co-op Group's priority](#)

Use of green energy and millions of pounds to community projects are among the highlights of the Co-operative Group's Corporate Responsibility Report.

July 15 2004

Other territories

[Burkina Faso: Village Co-Operative Works for Electrification](#)

UN Integrated Regional Information Networks, Burkina Faso



6/29/04

[FG promulgates co-operative development policy](#)

Daily Times, Lagos, Nigeria

7/2/04

[Facing the challenges of globalisation](#)

The Independent, St. Julians, Malta

7/4/04

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What's On

In Australia

The welfare revolution

3 August 2004

Email: office@cis.org.au

Website: <http://www.cis.org.au/Events/forums/forumshome.htm>

Leading Organisations into the Future: Leadership & Management Institute 2004

4 August 2004

Unique opportunity to explore the ways in which nonprofit organisations can meet the challenges of leading organisations and communities into the future.

More info: http://www.communitybuilders.nsw.gov.au/events/20040601_824.html

Social Ventures Australia Essentials Series 2004

Melbourne

Tues 26 Oct 2004 & Sydney Wed 27 Oct 2004

Second in the series highlighting the most important issues facing the not for profit sector today. Kingsley Aikins will lead discussion on: The Challenge of Sustainability – creating revenue models to ensure longevity for not for profit social enterprises.

More Info: http://www.communitybuilders.nsw.gov.au/events/20040506_791.html

Australia New Zealand Third Sector Research Conference

24 - 26 November 2004

Building bridges and strengthening bonds: Broadening our understanding of Third Sector across regions and diversity.

More info: http://www.communitybuilders.nsw.gov.au/events/20040601_816.html

Education and Social Action Conference 6 December 2004

Organised by the Centre for Popular Education at the University of Technology, Sydney.

More info: http://www.communitybuilders.nsw.gov.au/events/20031016_632.html

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Overseas

Vertical Markets and Cooperative Hierarchies: The Role of Cooperatives in the

International Agri-Food Industry

3-7 September 2004

A EuroConference on the Strategies and Organisation of Agri-Food Cooperatives: Quality Assurance and Vertical Coordination in Chania, Crete, Greece

Email: slewis@esf.org**Conference Website:** <http://www.esf.org/euresco/04/sc04171>**Conference Announcement:** <http://www.wisc.edu/uwcc/events/euresco.pdf>**Conference Program:** http://www.wisc.edu/uwcc/events/euresco_program.pdf**International Cooperatives Forum 2004 (ICF 2004)**

7-9 September 2004

International Cooperatives Forum dealing with numerous aspects of co-operation.

Place: Muenster, Germany**Contact:** [conference website](#)

Registration ends on 31st July 2004

4th Regional Workshop for Managers on "Management of Consumer Co-operatives in Asia-Pacific"

13-15 September 2004

Place: Singapore**Application deadline:** 7th August 2004 **Contact:** jiroito@icaroap.org.sg**ICA Board Meeting**

19-20 September

Place: Warsaw Poland**Further information:** [Iain Macdonald](#)**The Co-operative College 2004 International Programme: "The importance of Women in Co-operatives Today" – a programme about women for women**

4-9 October 2004

Place: Manchester, United Kingdom**Website:** [Co-operative College](#)**The Co-operative College 2004 International Programme: English Through Co-operation – language training programme**

6-10 December 2004

Place: Manchester, United Kingdom**Website:** [Co-operative College](#)[Back to Top](#)

About this Newsletter

We welcome your comments on our newsletter and any suggested topics or items for inclusion in the next issue, due for publication in September. If you have any items of interest please ensure that these are forwarded to suzanne.henderson@uts.edu.au by 27 August 2004.

To refer a friend or to unsubscribe, please e-mail: accord@uts.edu.au. All contact information provided will be kept strictly confidential.

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