

**State of the Sector:
New South Wales Co-operatives
2003**

Andrew Passey

March 2005

ACCORD Report

ISBN 1-86365-713-4
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Abbreviations

Abbreviation	Description
ABS	Australian Bureau of Statistics
ANZSIC	Australian New Zealand Standard Industry Classification
APRA	Australian Prudential Regulatory Authority
CCP	Core consistent provisions
CPI	Consumer Price Index
OFT	Office of Fair Trading
ICA	International Co-operative Alliance
LGA	Local Government Area

The State of the Sector: NSW Co-operatives 2003

INTRODUCTION

Co-operatives are organisations that are owned and controlled by their members. They are set up in order to provide members with work, to help secure better prices for their members' produce and services, or to provide members with goods at advantageous prices. In Australia, people have used co-operative organisational structures to achieve many business and social objectives across a wide range of activities. They provide a means of pooling resources to reach a common goal for various groups of people.

Co-operatives are registered under the relevant co-operatives legislation, and follow an approved set of rules and regulations. These rules are designed to ensure that co-operatives comply with legal requirements and to give effect to broad co-operative values, such as mutual trust, self-help and communal benefit.

The legal framework encompasses Federal, State and Territory governments, which register co-operative organisations under different acts. The Australian Prudential Regulatory Authority (APRA) administers financial co-operatives such as credit unions, building societies and friendly societies, which take money deposits from their members. Most State-based legislation provides for registration of non-financial co-operatives and most of the State Acts incorporate core consistent provisions (CCP) to provide uniform regulation of co-operatives throughout Australia.

This report focuses on organisations registered under the co-operatives legislation (CCP or its equivalent) in Australia, especially in New South Wales. In NSW, responsibility for regulating the general co-operative sector lies with the NSW Registry of Co-operatives and Associations, which is part of the state's Office of Fair Trading. Financial co-operatives such as credit unions *are not* included in this analysis.

The report has three sections and three annexes. Section 1 is intended for the general reader and provides an overview of the NSW co-operative sector in 2002-03. It includes data and information on the sector's financial and human resources, patterns by trading status and by location, along with data on foreign and interstate co-operatives and some detailed financial statistics. It is hoped that for the general reader this overview section will provide a clear picture of the co-operative sector in NSW. In Section 2 these overview data are broken down into different types of co-operative, and comparison are made between co-operatives set up to undertake different activities and to operate in different industries. This section helps therefore to mine down into the overview presented in the first section. Section 3 provides a picture of change in financial and human resources since the early 1990s, first for all co-operatives reporting in each year, and second for each industry area.

Details on the definition of co-operatives, on the data sources used in this analysis, more detailed financial statistics since 2000 and the method for producing the industry classification of co-operatives can be found in the three annexes at the end of the report. Whatever kind of a reader you might be, we hope that the report is of interest

and of use, and we would welcome your feedback. The author can be contacted directly in the following ways:

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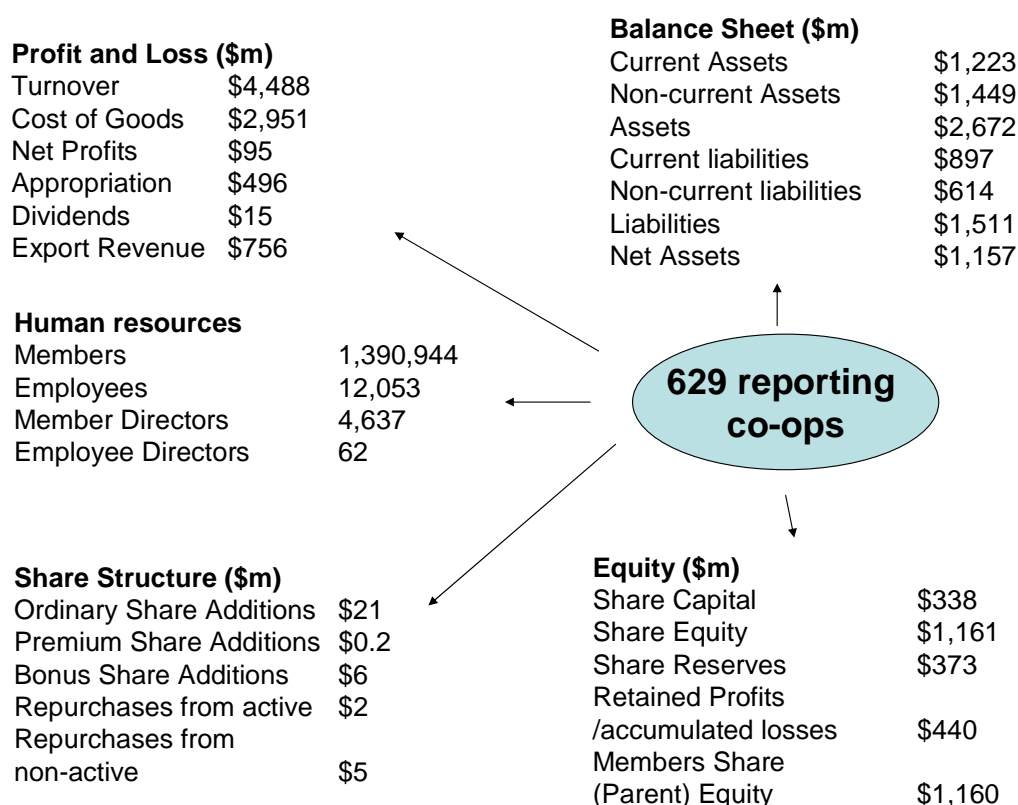
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SECTION 1: OVERVIEW OF NSW CO-OPERATIVES 2002-03

Figure 1 below presents some key statistics on the co-operative sector in NSW¹. All the figures relate to the 2002-03 financial year, at which time the 629 reporting co-operatives had a combined turnover of \$4.45 billion, from which they generated net profits of \$95 million. These organisations also generated \$756 million in export revenue – there is a good deal of activity going on beyond the state’s borders. The sector’s collective balance sheet reveals that it had total assets of \$2.67 billion and liabilities of just over \$1.5 billion, meaning the sector’s net assets were \$1.16 billion (net assets are produced by subtracting total liabilities from total assets). Share equity came to \$1.16 billion. Besides these financial statistics, co-operatives also employ a significant number of people (over 12,000 in 2002-03), they had almost 1.4 million members, of whom close to 5,000 were actively involved in running and governing their co-operatives as member directors (this figure far outnumbers the 62 employee directors). Member directors are among the most active members of co-operatives. A full set of consolidated statistics for the sector in 2002-03 can be found in Table 4 at the end of this section.

Figure 1: A Picture of NSW Co-operatives 2002-03



¹ Readers are directed to Annex I for details of the data source and the methodology employed in this analysis.

Trading co-operatives

Under section 14 of the NSW Co-operatives Act, a co-operative may be either:

- a trading co-operative, or
- a non-trading co-operative.

A trading co-operative has share capital and distributes returns on surplus or share capital. A non-trading co-operative does not distribute returns to members other than the nominal value of shares (if any), if and when it is terminated. A non-trading co-operative may or may not have share capital. The reason for non-trading co-operatives to have shares is more a relic of co-operative history, than a functional necessity. Under the Co-operation Act 1923, co-operatives issued shares irrespective of the organisation's profit distribution. To maintain the status of co-operatives that issued shares without distributing profits, a class of non-trading co-operatives with shares was created.

Accordingly, there are three basic classes of co-operatives: trading co-operatives, non-trading co-operatives with shares, and non-trading co-operatives with no shares (two were not classified and are excluded from Table 1). One hundred and seventy three trading co-operatives, 344 non-trading co-operatives with share capital and 110 with no shares made an annual return to the Registry in 2002-03. Details for each type are given in Table 1, which reveals that trading co-operatives dominate the financial statistics – over \$4 billion of total turnover and \$823m of total assets accrue to them. Non-trading share co-operatives are the next most significant and they seem more generous in paying dividends on the profits they generate (although the actual amounts involved are relatively small compared with trading co-operatives). The conclusion is that collectively trading co-operatives are the economic engine of the NSW co-operative sector.

Table 1: Trading and non-trading co-operatives, 2002-03

	Trading	Non-Trading Share	Non-Trading Non-Share	Total classified
Number of reporting co-ops	173	344	110	627
Turnover (\$m)	4,071.1	235.1	181.3	4,487.5
Net profit (\$m)	88.0	3.0	3.7	94.7
Net assets (\$m)	822.8	208.6	125.0	1,156.4
Dividends (\$m)	14.3	0.7	N/A	15.0
Rebates (\$m)	47.8	0.0	N/A	47.8
Ratio of dividends to net profit (%)	16.3	23.3	N/A	15.8
Ratio of rebates to turnover (%)	1.17	0	N/A	1.07

Foreign co-operatives

Under the CCP scheme, co-operatives are required to register in other states if they wish to engage in interstate trade. A co-operative registered with an Interstate registry is referred to as a foreign co-operative. In 2002-03 there were seven foreign or

interstate co-operatives registered in NSW, which collectively generated a turnover of \$423.5 million, had operating profit of \$7.5 million, employed 243 people and had more than 20,000 members (see Table 2 below). It should be noted that the revenue of foreign co-operatives combines turnover generated from activities in NSW and in other states and territories. Since there are so few foreign co-operatives any trends will be unstable since they can be affected by the absence of one co-operative that has not yet reported to the Registry (see the marked difference in 2001-02 for example). The table is presented therefore simply to illustrate the magnitude of trading across state/territory borders.

Table 2: Foreign and interstate co-operatives

	1998-99	1999-2000	2000-01	2001-02	2002-03
Number reporting	n/av	n/av	5	7	7
Turnover (\$m)	\$263.6	\$244.5	\$285.8	\$39.0	\$423.5
Net operating profit (\$m)	\$6.1	\$5.1	\$7.4	\$1.2	\$7.5
Total Assets (\$m)	\$65.2	\$56.4	\$77.3	\$49.4	\$124.3
Net Assets (\$m)	\$36.7	\$30.7	\$44.8	\$33.9	\$64.9
No of members	4,767	8,988	5,557	15,432	20,169
No of employees	149	91	47	156	243

Note: n/av = not available

Location of co-operatives

Co-operatives exist in metropolitan and rural areas. To facilitate the analysis of geographical data from the Registry, a broad classification was used. The regions are aggregations of Australian Bureau of Statistics (ABS) statistical subdivisions in Sydney and divisions in the other parts of NSW. Table 3 gives a breakdown of the location of co-operatives and of the proportion of total turnover generated by co-operatives in each part of NSW.

Two hundred and twenty five of the reporting co-operatives (36% of the total) had Sydney addresses, however they accounted for markedly more of the sector's total turnover (\$2.1 billion or 46%). While there are many more co-operatives located outside of the state capital (389 or 61% of reporting co-operatives) they are on average smaller, accounting for \$2.3 billion (52%) of total turnover. That said, the balance of co-operative economic activity does take place outside of Sydney. In regional NSW, most co-operatives are located on the North Coast, in Western NSW, the Hunter region and in Southern NSW. In assessing these figures the reader should be aware of the possibility that certain co-operatives located in one area actually generate turnover from other areas or across the whole state. For example, the Dairy Farmers Group has its registered offices in Homebush in Sydney², although most of the members are dairy farmers living in rural areas.

² The Dairy Farmers Group moved to Homebush in 2002 and prior to that was located in North Sydney.

Table 3: Number and turnover of co-operatives according to location of head office, 2002-03

NSW Region³	Number of co-ops	% of total	Amount (\$m)	% of total
Inner Sydney	99	15.7	259	5.8
Northern Sydney	33	5.2	15	0.3
Western Sydney	37	5.9	1,295	28.8
South Western Sydney	39	6.2	431	9.6
Southern Sydney	17	2.7	67	1.5
Sydney	225	35.7	2,066	46
Central Coast	6	1.0	1	0.0
Hunter	78	12.4	133	3.0
Illawarra	25	4.0	26	0.6
North Coast	83	13.2	557	12.4
New England	42	6.7	526	11.7
Western NSW	35	5.6	42	0.9
Southern NSW	89	14.1	262	5.8
South West NSW	31	4.9	791	17.6
Regional NSW	389	61.9	2,339	52
Out of NSW / Not coded	15	2.4	84	2.0
Total	629	100.0	4,488	100.0

³ Note: regions are aggregations of ABS Statistical subdivisions (in Sydney) and Divisions (balance of NSW) as following: Inner Sydney (Inner Sydney, Eastern Suburbs, Inner Western Sydney); (Northern Sydney (Lower Northern Sydney, Hornsby-Ku-ring-gai, Northern Beaches); Western Sydney (Central Western Sydney, Outer Western Sydney, Blacktown-Baulkham Hills); South Western Sydney (Canterbury-Bankstown, Fairfield-Liverpool, Outer South Western Sydney); Southern Sydney (St George-Sutherland); Central Coast (Gosford-Wyong); Hunter (Hunter); Illawarra (Illawarra); North Coast (Richmond-Tweed, Mid-North Coast); New England (Northern, North Western); Western NSW (Central West, Far West); Southern NSW (South Eastern); South West NSW: (Murrumbidgee, Murray).

Table 4: Consolidated statistics for the sector - 2002-03 (\$ figures in millions)⁴

Item	2002-03
Number of reporting co-operatives	629
Profit and Loss	
Turnover	\$4,487.9
Cost of Goods	\$2,950.7
Net Profits	\$94.8
Appropriation	\$495.6
Dividends	\$15.0
Export Revenue	\$756.1
Balance Sheet	
Total Current Assets	\$1,222.8
Total Non-current Assets	\$1,449.4
Total Assets	\$2,672.2
Total Current liabilities	\$897.0
Total Non-current liabilities	\$614.3
Total Liabilities	\$1,511.3
Net Assets	\$1,157.1
Equity	
Share Capital	\$338.3
Total Share Equity	\$1,161.4
Share Reserves	\$373.5
Retained Profits or accumulated losses	\$440.2
Members Share (Parent) Equity	\$1,159.9
Share Structure	
Ordinary Share Additions	\$21.1
Premium Share Additions	\$0.2
Bonus Share Additions	\$6.1
Repurchases from active	\$1.5
Repurchases from non-active	\$5.4
Human resources	
Members	1,390,944
Employees	12,053
Member Directors	4,637
Employee Directors	62

⁴ Details for the past three years can be found in Annex II

SECTION 2: STATISTICS FOR DIFFERENT TYPES OF CO-OPERATIVES

In this section, the picture already painted of the co-operative sector as a whole is broken down into the broad areas of activity (industry areas) in which NSW co-operatives operate. Details on the ACCORD classification reported in this section can be found in Annex III, although it is worth noting here that 11 co-operatives had no industry classification and so are excluded from this analysis. Section 1 outlined the significance of trading co-operatives to the overall economy of the co-operative sector, and this section aims to go further, with a more fine-grained breakdown. It is hoped that the reader will gain a sense of how different components of the sector contribute to the whole, and how they vary from one another.

Tables 5 and 6 point up the importance of Primary Producer co-operatives to the sector, these 103 co-operatives account for 77% of total turnover, 99% of export revenue, 74% of total assets and 59% of net assets. The latter figure reveals that these co-operatives are the most 'geared' since they have the largest ratio of liabilities to assets suggesting they are leveraging-in resources on the back of their assets. There are two other classes that make up most of what remains. First, Consumer co-operatives are the next largest economically – they account for over 9% of total revenue (\$416m), 1% of export revenue, 6% of total assets and 7% of net assets. Second, while Culture and Recreation co-operatives only generate just over 5% of total revenue, they make up 12% of total assets and 21.5% of net assets, which in turn suggests a very low level of liabilities and the potential for more gearing to raise resources.

The remainder comprises Other Producer co-operatives, which account for approximately the same share of total turnover, total assets and net assets (around 5% to 6%). Human Services co-operatives account for almost 6% of net assets, while Interest Group co-operatives are small in number and in size.

Table 5: Key financial indicators by ACCORD class – turnover and export revenue, 2002-03

ACCORD Class	Co-ops Number	Turnover		Exports	
		\$m	%	\$m	%
Primary Producer	103	3,492.3	77.8	755.0	99.9
Other Producer	70	201.5	4.5	0.0	0.0
Consumer	37	416.2	9.3	1.0	0.1
Human Services	144	117.2	2.6	0.0	0.0
Culture & Recreation	238	243.3	5.4	0.0	0.0
Interest Group	26	3.8	0.1	0.0	0.0
ANZSIC Not stated	11	13.5	0.3	0.0	0.0
Total	629	4,487.8	100.0	756.0	100.0

Table 6: Key financial indicators by ACCORD class – total assets and net assets, 2002-03

ACCORD Class	Number	Total assets		Net assets	
		\$m	%	\$m	%
Primary Producer	103	1,978.5	74.0	683.9	59.1
Other Producer	70	122.9	4.6	70.8	6.1
Consumer	37	151.1	5.7	77.3	6.7
Human Services	144	88.8	3.3	65.1	5.6
Culture & Recreation	238	316.8	11.9	249.3	21.5
Interest Group	26	8.6	0.3	7.1	0.6
ANZSIC Not stated	11	5.6	0.2	3.4	0.4
Total	629	2,672.3	100.0	1,156.9	100.0

These patterns are in part underpinned by the different types of co-operatives within each industry class. We have already distinguished between trading and non-trading co-operatives, and those with or without shares, and noted that the larger co-operatives tend to have trading status. Unsurprisingly, it is among the Primary Producer class that we find the most trading co-operatives; 91 are in this class out a total of 173. They generate \$3.5 billion in turnover. The second most financially significant group are the 20 trading Consumer co-operatives that generate \$384 million turnover, followed by trading Other Producers (\$192 million). The only other categories to generate more \$100 million turnover are in the Culture and Recreation industry; in total those with non-trading share status turned over \$121 million, while those with non-trading non-share status had a collective turnover of \$117 million.

Table 7: Trading and Non-trading co-operatives by ACCORD class, 2002-03

ACCORD Class	Trading		Non-Trading Share		Non-Trading Non-Share	
	Number	Turnover (\$m)	Number	Turnover (\$m)	Number	Turnover (\$m)
Primary Producer	91	\$3,489.6	8	\$2.2	4	\$0.6
Other Producer	46	\$192.2	19	\$7.8	5	\$1.4
Consumer	20	\$384.2	12	\$30.8	5	\$1.2
Human Services	6	\$0.3	102	\$60.9	35	\$55.7
Culture & Recreation	6	\$4.7	178	\$121.4	54	\$117.2
Interest Group	2	\$0.1	19	\$3.5	4	\$0.2
ANZSIC Not Stated	2	\$0.0	6	\$8.5	3	\$5.0
Total	173	\$4,071.1	344	\$235.1	110	\$181.3

We noted at the beginning of this report that one aim of co-operatives is to increase the economic activity of their members (this closely relates to one of the seven co-

operative principles⁵). One measure of this activity is the amount of profit that they generate. Once again, as Table 8 reveals, the Primary Producer class is the most significant – accounting for \$74 million, or more than three in every four dollars of the sector’s total profits. This will again reflect the concentration of trading co-operatives and economic activity within this class. Other Producers are the next most significant class, generating profits of \$7.7 million (or 8.3% of the total), followed by Consumer co-operatives (\$7.6 million or 8%) and those operating in the Human Services field (\$4.2 million or 4.4%). In total Culture and Recreation and Interest Group co-operatives generated a little over \$1 million in profits in 2002-03.

Table 8: Net profit by ACCORD class, 2002-03

ACCORD Class	Co-ops	Net profit	
	Number	\$m	% total
Primary Producer	103	73.8	77.8
Other Producer	70	7.7	8.3
Consumer	37	7.6	8.0
Human Services	144	4.2	4.4
Culture & Recreation	238	0.9	0.9
Interest Group	26	0.3	0.3
ANZSIC Not stated	11	0.3	0.3
Total	629	94.8	100.0

Finally there are human resources including members, employees and directors who govern and manage co-operatives. Consumer co-operatives dominate membership; these 37 co-operatives have 1.18 million members (80% of the sector total) and the only other substantial group is Culture and Recreation, in which 15% of total members are found (see Table 9). In contrast, the financially dominant Primary Producers account for fewer than 3% of total members. There is a different picture for the sector’s 12,000 plus staff, 39% of whom are found in Primary Producers and 29% in Human Services (though again the Culture and Recreation class scores relatively highly with 14% of the total).

Table 9: Human resources - members and employees, 2002-03

ACCORD Class	Co-ops	Members	Employees		
	Number	Number	%	Number	%
Primary Producer	103	36,480	2.6	4,662	38.7
Other Producer	70	8,688	0.6	676	5.6
Consumer	37	1,118,601	80.4	1,502	12.5
Human Services	144	10,745	0.8	3,461	28.7

⁵ The full seven are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives, and concern for community

Culture & Recreation	238	205,518	14.8	1,637	13.6
Interest Group	26	4,764	0.3	41	0.3
ANZSIC Not stated	11	6,148	0.5	74	0.6
Total	629	1,390,944	100.0	12,053	100.0

Culture and Recreation co-operatives are most likely to have their own members involved in the governance of their organisations, since they contribute 43% of all member directors (see Table 10). In contrast, Consumer co-operatives only make up 5% of member directors. Perhaps unsurprisingly, the two main employing classes of co-operative (Human Services and Primary Producers) also contribute the largest proportions of employee directors.

Table 10: Human resources – governance (member and employee directors), 2002-03

ACCORD Class	Active member directors			Employee directors	
	Number	Number	%	Number	%
Primary Producer	103	648	14.0	17	27.4
Other Producer	70	535	11.5	5	8.1
Consumer	37	218	4.7	7	11.3
Human Services	144	1,001	21.6	22	35.5
Culture & Recreation	238	1,982	42.7	9	14.5
Interest Group	26	192	4.1	2	3.2
ANZSIC Not stated	11	61	1.4	0	0.0
Total	629	4,637	100.0	62	100.0

SECTION 3: TRENDS IN FINANCIAL AND HUMAN RESOURCES

The following section plots some trends in financial and human resource data for co-operatives in NSW. The analysis begins by examining trends for all co-operatives reporting in each year, and then goes on to look at the patterns for different types of co-operative where tables, graphs and brief summaries are presented for each ACCORD class. In this way it is possible to assess how the sector has changed since the early 1990s, and to pinpoint more accurately from where any change has emerged.

Three significant methodological points need to be made before presenting the findings. First, the number of co-operatives reporting their financial and human resources data varies from year to year. There are two reasons why; first the number of co-operatives does vary due to some being created and others being wound-up, but more importantly there will be differences each year in the number of operating co-operatives that lodge their information with the regulator. As Table 11 shows, the number of reporting co-operatives has declined markedly from 735 in 1991-92 to 618 in 2002-03, a decline that needs to be borne in mind when considering changes through time. Second, while the financial data presented in the table are in money of the day (they have not been recalculated to control for the impacts of inflation) any percentage changes in financial figures are presented in real terms, such as in Table 12 for example⁶. This allows changes to be assessed after controlling for the effects of inflation. Third, the changes shown between 1991-92 and 1995-96 are averages for each year between those two points, and not the total change over those four years.

Trends for all reporting co-ops: 1991-92 to 2002-03

Table 11 below summarises some of the key financial indicators from 1991-92 to 2002-03. All show growth, despite a fall-off in the number of reporting co-operatives. Turnover increased from just under \$2 billion to almost \$4.5 billion; total assets from \$1.2 billion to \$2.7 billion; and net assets from just under half a billion dollars to over \$1.1 billion.

Table 11: Key financial indicators for all reporting co-operatives that are coded to ACCORD class (money of the day)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)
1991-92	735	1,981.5	1,178.3	566.3
1995-96	779	2,969.5	1,691.3	822.3
1996-97	767	3,208.2	1,845.0	870.1
1997-98	691	3,455.4	2,198.3	897.6
1998-99	686	3,923.6	2,462.5	955.6
1999-2000	676	4,357.2	2,522.0	1,045.2
2000-2001	698	4,364.6	3,069.9	1,133.9
2001-2002	667	4,678.0	2,935.0	1,150.1
2002-2003	618	4,474.3	2,666.7	1,153.5

⁶ 'Real terms' means that financial figures have been adjusted to control for the effects of inflation. Data are adjusted using the CPI to reflect changes in the value of money through the 1990s, which enables better comparison through time.

After controlling for the effects of inflation year-on-year changes are calculated for these figures (see Table 12). There has been marked growth in all variables: turnover and total assets rose by 73%, although the signs are that growth was slowing or that there has been a decline since the millennium. There was also a tailing off of growth in net assets, although they more than doubled from 1991-92 to 2002-03.

Table 12: % real annual change in key financial indicators for all reporting co-operatives that are coded to ACCORD class

Year	No of Co-operatives	Turnover	Total Assets	Net Assets
1991-92 to 95	735	8.6	7.1	7.5
1995-96 to 97	779	7.7	8.7	5.5
1996-97 to 98	767	7.0	18.4	2.5
1997-98 to 99	691	12.3	10.8	5.3
1998-99 to 00	686	8.9	0.4	7.3
1999-2000 to 01	676	-5.5	14.8	2.3
2000-01 to 02	698	3.7	-7.5	-1.8
2001-02 to 03	667	-6.9	-11.6	-2.4
1991-92 to 03	varies	72.6	73.0	55.7

The trends for human resources reveal a marked growth in membership from around 900,000 in 1991-92 to close to 1.4 million in 2002-03 (see Table 13). This represents an increase of more than half, suggesting the NSW co-operative sector is increasingly a mass membership movement, although not all members will reside in NSW. Growth spurted in 1997-98 to 1998-99, since when it has either fallen year-on-year or increased at a slower rate.

Table 13: Numbers of members and employees for all co-operatives that are coded to ACCORD class

Year	No of Co-operatives	Number of members	% change on previous year	Number of employees	% change on previous year
1991-92	735	898,168		n/av	
1995-96	779	1,084,275	5.2	14,665	n/a
1996-97	767	1,124,969	3.8	14,267	-2.7
1997-98	691	1,197,593	6.5	11,858	-16.9
1998-99	686	1,337,162	11.7	13,291	12.1
1999-2000	676	1,292,455	-3.3	13,308	0.1
2000-2001	698	1,372,447	6.2	12,998	-2.3
2001-2002	667	1,345,420	-2.0	12,874	-1.0
2002-2003	618	1,384,796	2.9	11,979	-7.0
1991-92 to 03	varies		54.2		-18.3 *

* NB change from 1995-96

In contrast, the number of employees fell from close to 14,700 to around 12,000, meaning there were 20% fewer employees in 2002-03 than in the mid 1990s. Since this is a count of employees it could be that these fewer staff are working longer and hence the number of full-time equivalent jobs might be more stable than these figures suggest. There is however no evidence to support or refute this possibility.

These overall trends are presented below by ACCORD class, and a brief summary is presented for each, along with tables and graphs. It is hoped that the reader will be guided through some of the significant changes that have occurred since the mid 1990s.

Trends by ACCORD class: 1995-96 to 2002-03

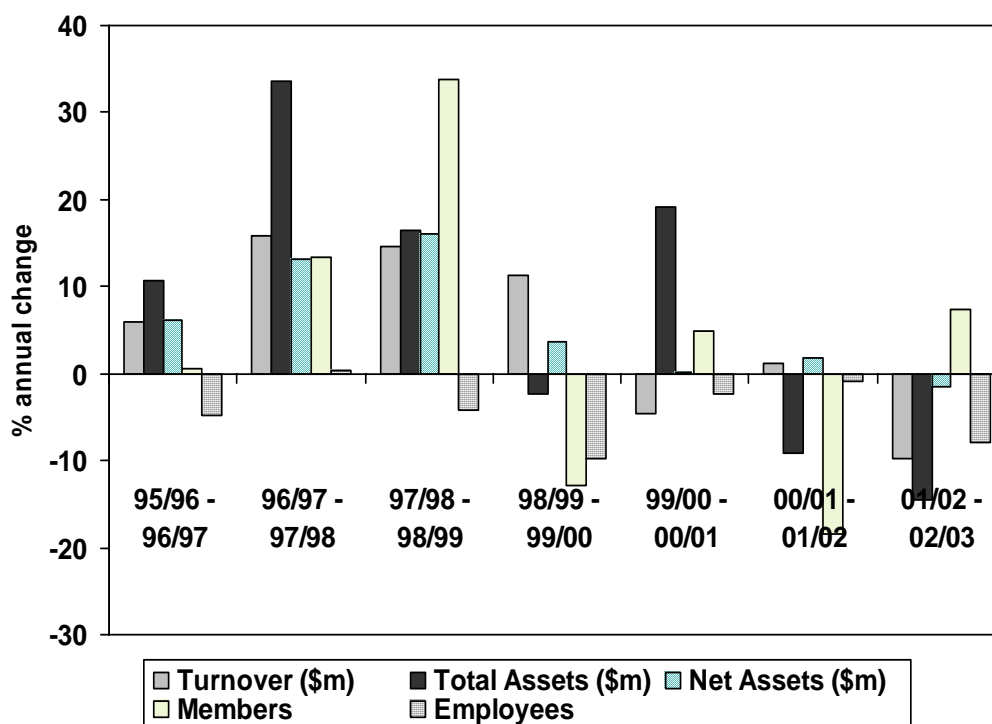
Primary Producer

The pattern is one of steady growth in financial measures from the mid to late 1990s, since when there has been real terms decline, especially in the level of total assets. Membership has grown but employment has fallen since the mid 1990s, although while the decline in employment has been relatively steady, membership shows more year-on-year volatility.

Table 14: Financial data, members and employees, 1995-96 to 2002-03 (\$ figures on current year basis)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)	Number of members	Number of employees
1995-96	116	2,189.0	1,085.7	401.1	29,960	6,344
1996-97	116	2,325.8	1,205.4	427.5	30,127	6,035
1997-98	104	2,711.0	1,620.8	487.0	34,137	6,054
1998-99	108	3,142.4	1,908.3	571.6	45,645	5,805
1999-2000	110	3,562.6	1,899.4	604.2	39,791	5,238
2000-2001	120	3,598.3	2,399.8	641.9	41,723	5,117
2001-2002	114	3,763.8	2,251.8	675.3	33,997	5,067
2002-2003	103	3,492.3	1,978.5	683.9	36,480	4,662

Figure 2: Annual change in financials, members and employees (%) 1995-96 to 2002-03 (all financial in real terms)



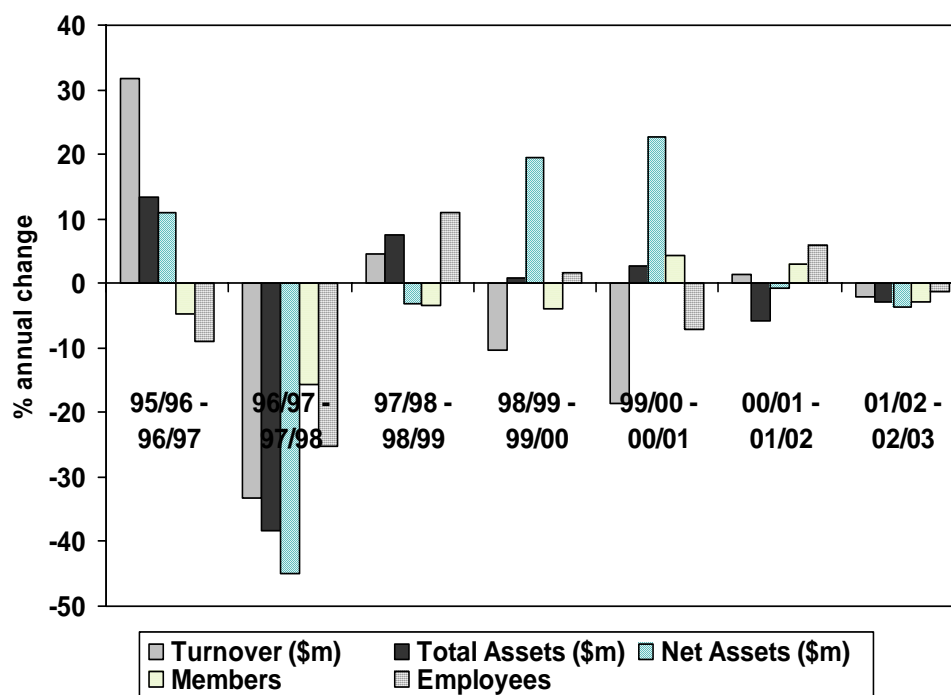
Other Producer

There was a fall off in the mid to late 1990s in financial measures, due possibly to a marked decline in the number of reporting co-operatives (from 117 in 1996-96 to 70 in 2002-03). There was then a recovery followed by a relatively static picture since 2000-01. The same seems to have had an impact on member and employee numbers, which also fell markedly in 1997-98 alongside the number of reporting co-operatives, and which have been relatively stable since.

Table 15: Financial data, members and employees, 1995-96 to 2002-03 (\$ figures on current year basis)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)	Number of members	Number of employees
1995-96	117	256.3	146.6	72.9	11,175	905
1996-97	116	338.9	166.9	81.1	10,649	824
1997-98	93	228.2	103.9	45.0	8,971	615
1998-99	86	241.5	112.9	44.0	8,661	683
1999-2000	82	220.9	116.1	53.7	8,320	695
2000-2001	79	190.9	126.3	69.7	8,682	646
2001-2002	78	200.2	123.0	71.4	8,934	684
2002-2003	70	201.5	122.9	70.8	8,688	676

Figure 3: Annual change in financials, members and employees (%) 1995-96 to 2002-03 (all financial in real terms)



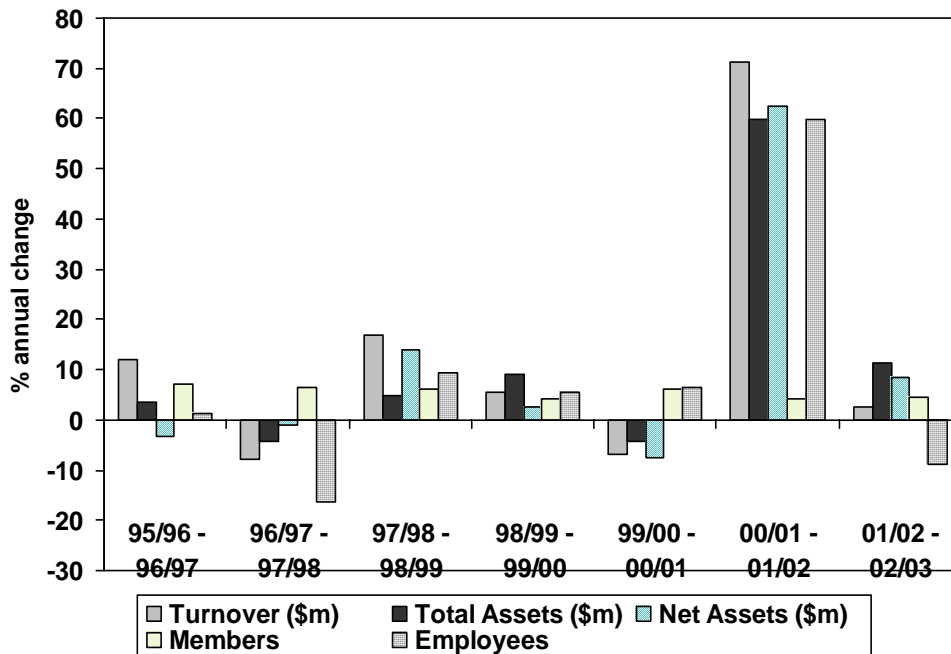
Consumer

Consumer co-operatives exhibited little financial growth from the mid to late 1990s, but since then there has been marked growth, especially in the 2001-02 financial year. Membership and employment both show steep increases however, the former growing steadily year-on-year whereas the latter fluctuates but has shown marked growth in the most recent past.

Table 16: Financial data, members and employees, 1995-96 to 2002-03 (\$ figures on current year basis)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)	Number of members	Number of employees
1995-96	39	170.9	67.1	36.2	773,250	993
1996-97	35	192.1	69.6	35.1	827,759	1,004
1997-98	38	178.3	67.0	35.0	880,328	841
1998-99	37	210.6	71.0	40.3	933,438	919
1999-2000	36	226.5	79.0	42.1	970,972	969
2000-2001	39	223.6	80.0	41.4	1,029,186	1,030
2001-2002	40	395.3	132.1	69.4	1,071,012	1,645
2002-2003	37	416.2	151.1	77.3	1,118,601	1,502

Figure 4: Annual change in financials, members and employees (%) 1995-96 to 2002-03 (all financial in real terms)



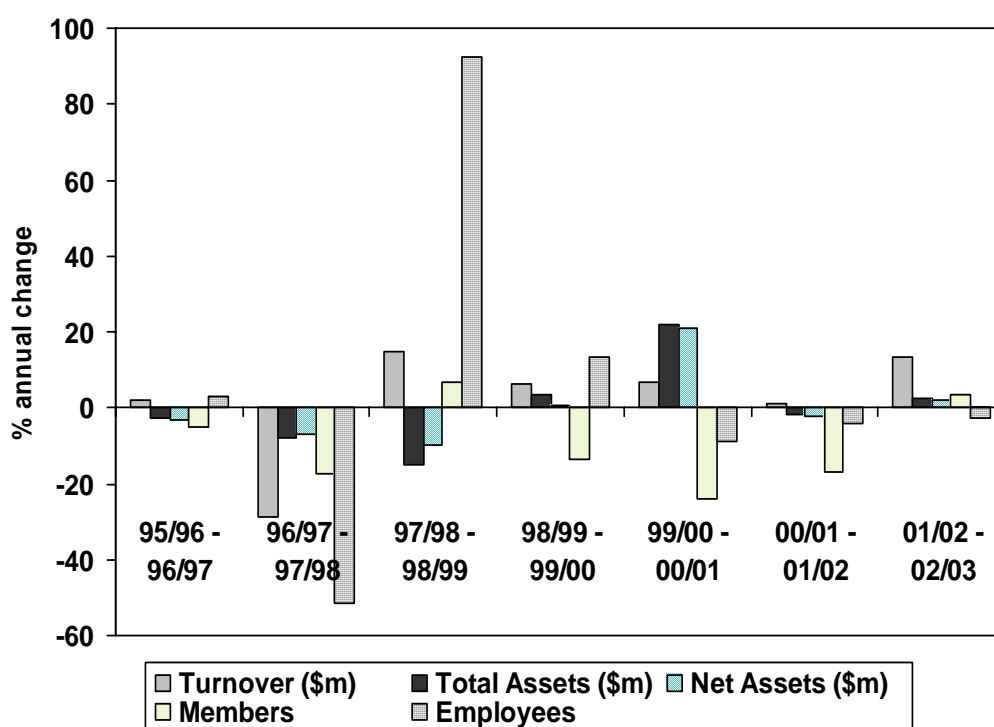
Human Services

After a financial decline in most measures to the late 1990s, there has been growth or stability since 1998-99. Growth first occurred in total and net assets, and more recently the most marked increase has been in turnover. Membership fell by almost half with a steady year-on-year pattern of decline. Employment however is relatively stable overall, although there were some fluctuations that are likely to be the product of differences in the number of reporting co-operatives year-on-year.

Table 17: Financial data, members and employees, 1995-96 to 2002-03 (\$ figures on current year basis)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)	Number of members	Number of employees
1995-96	181	92.5	78.1	56.2	22,854	3,721
1996-97	179	94.6	76.2	54.7	21,669	3,827
1997-98	158	67.8	70.7	51.2	17,853	1,862
1998-99	163	78.8	60.7	46.6	19,082	3,585
1999-2000	154	85.2	64.2	47.9	16,443	4,062
2000-2001	162	96.2	83.0	61.5	12,475	3,710
2001-2002	154	100.5	84.3	62.1	10,379	3,556
2002-2003	144	117.2	88.8	65.1	10,745	3,461

Figure 5: Annual change in financials, members and employees (%) 1995-96 to 2002-03 (all financial in real terms)



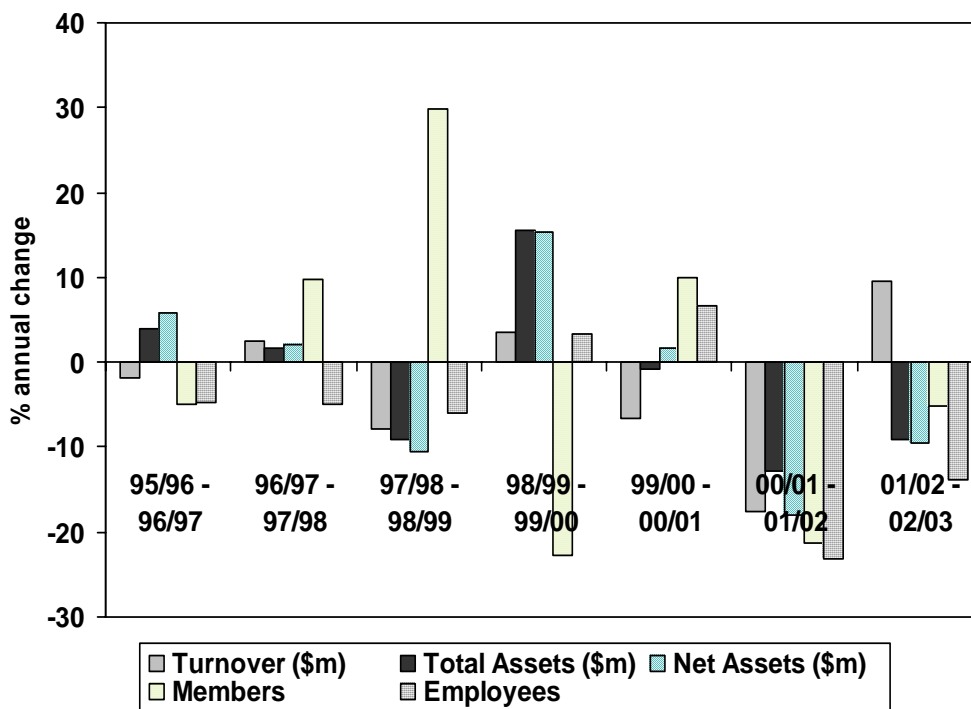
Culture and Recreation

The pattern is relatively mixed, with an initial period of relatively small scale growth, followed by a sharp annual fall in 1998-99 and a recovery the following year. Since 2000-01 however, there has been a marked decline, especially in total and net assets (turnover tends to fluctuate). Membership and employment both fell, although the proportionate fall was steeper (and more regular year-on-year) in the number of staff.

Table 18: Financial data, members and employees, 1995-96 to 2002-03 (\$ figures on current year basis)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)	Number of members	Number of employees
1995-96	292	256.5	308.7	252.5	239,060	2,638
1996-97	288	252.8	321.9	268.1	227,013	2,514
1997-98	267	261.0	329.5	275.6	249,262	2,392
1998-99	263	243.0	303.0	248.9	323,510	2,247
1999-2000	265	256.3	357.0	292.9	250,180	2,321
2000-2001	271	253.6	375.8	315.5	274,972	2,476
2001-2002	255	216.2	338.5	267.8	216,490	1,902
2002-2003	238	243.3	316.8	249.3	205,518	1,637

Figure 6: Annual change in financials, members and employees (%) 1995-96 to 2002-03 (all financial in real terms)



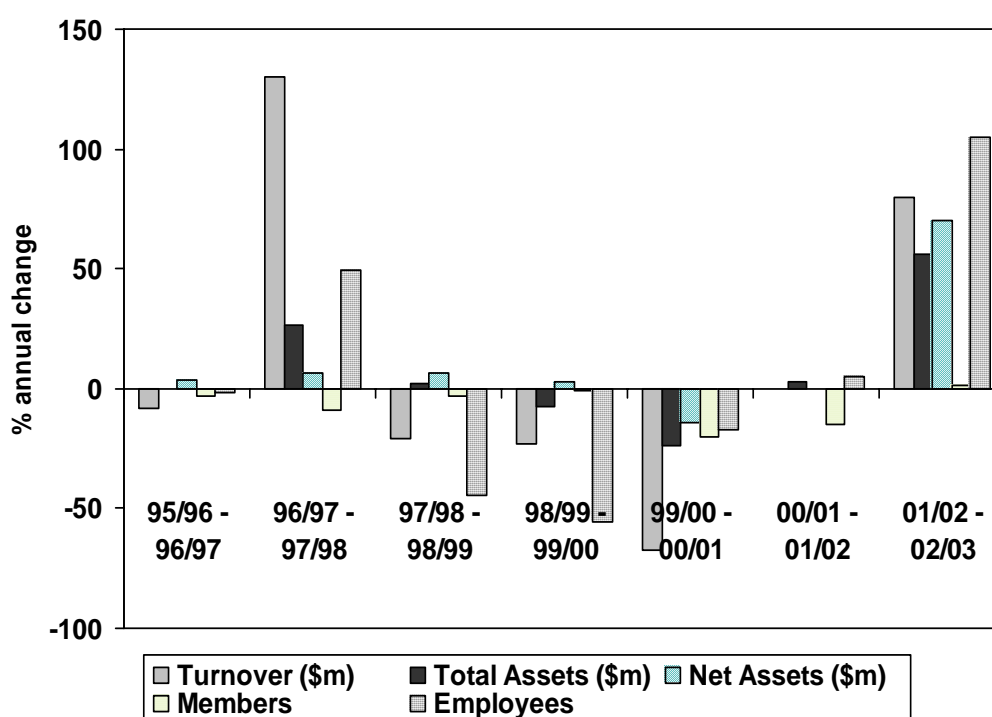
Interest groups

After growth in the mid 1990s, there was marked decline until 2000-01 when the trends flattened. The last financial year saw growth in all three financial measures. There was decline overall in both human resources measures, though the number of employees doubled in the most recent reporting period. These figures are likely to reflect annual differences in the number of reporting co-operatives, which will build in volatility since there are relatively few of this type of co-operative.

Table 19: Financial data, members and employees, 1995-96 to 2002-03 (\$ figures on current year basis)

Year	No of Co-operatives	Turnover (\$m)	Total Assets (\$m)	Net Assets (\$m)	Number of members	Number of employees
1995-96	34	4.3	5.1	3.4	7,976	64
1996-97	33	4.0	5.0	3.6	7,752	63
1997-98	31	9.1	6.4	3.8	7,042	94
1998-99	29	7.3	6.6	4.2	6,826	52
1999-2000	29	5.7	6.3	4.4	6,749	23
2000-2001	27	2.0	5.0	3.9	5,409	19
2001-2002	26	2.0	5.3	4.1	4,608	20
2002-2003	26	3.8	8.6	7.1	4,764	41

Figure 7: Annual change in financials, members and employees (%) 1995-96 to 2002-03 (all financial in real terms)



ANNEX I: ABOUT CO-OPERATIVES AND THIS STUDY

General description of co-operatives

The International Co-operative Alliance (ICA) defines a Co-operative as "... *an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise*". A group of weavers in Rochdale, UK, who formed the first 'formal' co-operative in 1844, voiced co-operative values by listing a set of rules for their co-operative.

The ICA, a global representative body established in 1895, acts as the custodian and articulator of co-operative principles, derived from the first set of rules and values adopted by the Rochdale pioneers. ICA's Statement on Co-operative Identity, states, "... *co-operatives are based on the values of self-help, self-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*"⁷. A set of seven co-operative principles embodies these values as follows:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for community.

The principles are included in the co-operative CCP legislation, giving effect to maintenance of co-operative values within organisations registered under the Acts.

Classification of co-operatives

There have been five broad types (or 'traditions') of co-operative activity⁸, namely:

- The Rochdale consumer co-operative tradition;
- A co-operative banking tradition, including credit unions;
- Agricultural marketing co-operative tradition;
- Worker co-operatives tradition; and
- Co-operatives in health, housing, childcare, social and community activities.

Each tradition can be seen as an attempt by a group of people to gain some of the economic or social benefits provided by a co-operative structure. Through consolidation of supply, agricultural marketing co-operatives gain economies of scale. Consumer co-operatives gain economies of scale through aggregation of demand. In both cases, producers and consumers enjoy increased market bargaining power through the co-operative. Financial co-operatives assist members by lending from the pooled funds of members, while worker co-operatives are self-help organisations, which pool skills of members. Other co-operatives, such as co-operative clubs,

⁷ ICA's statement on co-operative identity is available from the ICA website <http://www.coop.org>

⁸ MacPherson, Ian (1995). "Co-operative Identity" in *Co-operatives Managing Change into the 21st Century*, collected papers from 1995 Key Issues Conference, Sydney: NSW Registry of Co-operatives.

promote social activities, thereby contributing to the development of active communities.

While co-operative traditions have been evident in Australia since the first co-operative was formed in 1859, their significance has varied over time. Consumer co-operatives were prominent until the 1950s, whereas agricultural co-operatives were quite valuable to the Australian economy in the 1920s to 1950s. Some agricultural co-operatives still have large market shares in their industries. Financial co-operatives played an important role in the 1930s and 1950s, and today, Credit Unions provide a viable alternative to banks. Other co-operative types have been formed since the 1960s, with housing co-operatives channeling government funds to provide housing for members. All these co-operatives have thrived at some stage, except worker co-operatives, which have never been strong in Australia, despite Government initiatives to bolster them in order to stop labour market decline. In terms of the traditions, there is a mix of co-operatives in NSW, and one worker co-operative still operates.

Size Classification

To facilitate analysis, this report uses four categories to describe the size of co-operatives by annual turnover. While it should be noted that turnover of a co-operative is not the major measure of the scale of co-operative activity, it does provide a useful discriminator for analytical purposes. The four categories are:

- Over \$10 million
- \$1,000,001 to \$10 million
- \$100,001 to \$1 million
- \$ 0 to \$100,000

Financial year end

Some co-operatives in NSW have different financial year-end dates. The date of the financial year-end is specified in the Rules of each co-operative. About 33% of the co-operatives have their financial year-end at a different date to the standard 30 June. For this report, however, to calculate the total turnover for the year 1998-99, figures extracted from returns lodged by co-operatives with a financial year-end between 1 July 2002 and 30 June 2003 were used.

Data source

In the late 1980s the then NSW Registry of Co-operatives⁹ started to build a statistical database on the sector, mainly to assist in the regulation of co-operatives. The empirical analysis that follows is drawn from this source. Data are based on annual returns made by co-operatives to the Registry, which are then keyed into a database by Registry staff. Crosschecking with the original accounts was undertaken to ensure the data are as clean as possible. That said, like all administrative datasets there will be limitations for research use, partly because the dataset was not created specifically for research purposes. However, despite some limitations the data represent a rich and unique information source on the co-operative sector in NSW, including trends through time.

⁹ Now called the NSW Registry of Co-operatives and Associations

ANNEX II: CONSOLIDATED FINANCIALS FOR ALL REPORTING CO-OPERATIVES, 2000-01 TO 2002-03 (\$ FIGURES ON CURRENT YEAR BASIS)

Item	2000-01	2001-02	2002-03
Number of reporting co-operatives	706	674	629
Profit and Loss			
Turnover	\$4,408.1	\$4,698.1	\$4,487.9
Cost of Goods	\$3,018.3	\$3,335.2	\$2,950.7
Net Profits	\$50.0	\$80.4	\$94.8
Appropriation	\$276.9	\$444.9	\$495.6
Dividends	\$9.8	\$14.0	\$15.0
Export Revenue	\$1,042.4	\$1,053.2	\$756.1
Balance Sheet			
Total Current Assets	\$1,628.0	\$1,431.5	\$1,222.8
Total Non-current Assets	\$1,507.9	\$1,514.4	\$1,449.4
Total Assets	\$3,135.9	\$2,945.6	\$2,672.2
Total Current liabilities	\$1,286.8	\$1,063.0	\$897.0
Total Non-current liabilities	\$675.5	\$729.2	\$614.3
Total Liabilities	\$1,962.3	\$1,792.2	\$1,511.3
Net Assets	\$1,187.8	\$1,153.4	\$1,157.1
Equity			
Share Capital	\$355.4	\$332.3	\$338.3
Total Share Equity	\$776.1	\$1,078.9	\$1,161.4
Share Reserves	\$371.6	\$336.7	\$373.5
Retained Profits or accumulated losses	\$421.5	\$400.2	\$440.2
Members Share (Parent) Equity	\$773.6	\$1,076.5	\$1,159.9
Share Structure			
Ordinary Share Additions	\$27.1	\$9.6	\$21.1
Premium Share Additions	\$0.1	\$0.1	\$0.2
Bonus Share Additions	\$6.3	\$6.2	\$6.1
Repurchases from active	\$0.9	\$0.5	\$1.5
Repurchases from non-active	\$2.7	\$6.0	\$5.4
Human resources			
Members	1,373,465	1,346,261	1,390,944
Employees	13,123	12,941	12,053
Member Directors	5,007	4,755	4,637
Employee Directors	73	65	62

ANNEX III: ACCORD (INDUSTRY) CLASSIFICATION OF CO-OPERATIVES

The NSW Registry of Co-operatives and Associations uses the Australia New Zealand Standard Industrial Classification (ANZSIC) system to classify activities of co-operatives. Regional activities of co-operatives are classified by the Australian Standard Geographical Classification system, which identifies the Local Government Area (LGA) where a co-operative generates turnover.

The classification under the ANZSIC system is partly a self-administered scheme, with co-operatives determining their own ANZSIC codes, after the initial identification of ANZSIC codes by the Registry's Formations Officer. When the classification scheme was introduced in 1989, Registry officers checked the ANZSIC codes nominated by co-operatives to ensure accuracy. ANZSIC codes are now assigned at the time of registration. Subsequent annual returns are based on the initial classification, and co-operatives can add or delete their ANZSIC codes, which are then examined by the Registry. However, this self-classification and the classification of some co-operatives by the Australian Bureau of Statistics (ABS) often differ.

To facilitate the analysis and description of activities in this report, all co-operatives are categorised under six headings. These headings are aggregates of individual ANZSIC classes. A description of each category, plus examples, is given in Box 1.

Primary Producer Co-operatives

- Members are primary producers
- Mainly formed to market members' produce or to purchase agricultural inputs
- Members receive monetary gains from the co-operative through dividends or rebates.

Examples: co-operatives engaged in farming; processing and manufacturing of rural agricultural products such as meat, sugar, tobacco; grain milling, cotton ginning, dairy products manufacturing, farm and construction machinery wholesaling, farm produce and supplies wholesaling; fruit and vegetable processing, fish wholesaling; water supply and provision of other services to agriculture, such as cane harvesting.

Other Producer Co-operatives

- Members are (non-primary) producers
- Formed to market products or services
- Members receive monetary gains from the co-operative through dividends or rebates.

Examples: co-operatives in book and periodical publishing; wholesaling non-rural agricultural products such as machinery and equipment wholesaling, non-metallic mineral products, pharmaceutical and toiletry; paper, pumps and compressors manufacturing; co-operatives engaged in various miscellaneous activities, such as house, road and bridge construction; transport equipment leasing; gardening services; taxi co-operatives; road freight forwarding and transport; provision of services to business, e.g. advertising; administrative and business management services; legal services; market research; financial services; telecommunication.

Consumer Co-operatives

- Members are consumers
- Members consolidate their purchases to gain benefits through lower prices
- Members may receive monetary gains through dividends, but the main advantage is rebates or discounts at the point of purchase.

Examples: co-operatives retailing miscellaneous consumer goods such as clothing, fresh meat, fish, poultry, fruits, vegetables, books, antiques and used goods as well as co-operatives operating supermarkets and grocery stores.

Human Services Co-operatives

- Mainly provide services to the community and often charitable organisations
 - Typically members do not receive any monetary return from the co-operative
- Examples: co-operatives providing aged care; childcare services; employment placement services; education; general practice medical services, non-residential care services as well as community health centres; housing co-operatives.

Culture & Recreation Co-operatives

- Provide cultural and recreational facilities to members
 - Typically members do not receive any monetary return
- Examples: club co-operatives and co-operatives providing holiday accommodation such as ski clubs; co-operatives in creative arts; music and theatre productions; and co-operatives operating museums; performing arts venues; radio stations; and sports facilities.

Interest Group Co-operatives

- Represent specific interests / communities
 - May provide other community-based services to their members
- Examples: co-operatives that are business and professional associations; interest groups; and religious organisations.