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Australia's Leading Co-operative and Mutual Enterprises in 2019

Co-operative Enterprise Research Unit
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AUSTRALIA'S LEADING CO-OPERATIVE AND MUTUAL ENTERPRISES IN 2019

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ABSTRACT

This paper reports on a research study that aims to map the size and structure of the Co-operative and Mutual enterprise (CME) sector in Australia. The Australian CME Index (ACMEI) is a longitudinal study that can provide a better understanding of these firms and their economic and social contribution to the national economy. This year the study found a total of 2,032 active CMEs of which 82% were co-operatives, 14% mutual enterprises, 2.1% were friendly societies and 2% were member-owned superannuation funds. These firms had a combined active membership base of over 31.3 million memberships[1], generated more than $104.4 billion in revenue, managed over $923.7 billion in assets, and employed at least 61,255 people. They encompassed a wide range of industry sectors and provided significant economic and social benefits to their members. The report outlines these contributions and offers a case study of a selected CME to illustrate them.

Key words: co-operatives, mutual enterprises, Australia, Top 100.

INTRODUCTION

This is the sixth annual report on the Australian Co-operative and Mutual Enterprise (CME) sector and draws on the findings of the previous studies by way of comparison (Mazzarol *et al.*, 2014; 2015; 2016; 2017; Mazzarol, 2018). The study is part of a long-term project, the Australian Co-operative and Mutual Enterprise Index (ACMEI), with the goal of developing a comprehensive understanding of the size, characteristics and impact of the CME sector on the Australian economy and society. This work is undertaken in conjunction with the Business Council for Co-operatives and Mutuals (BCCM).

SUMMARY

There are at least 2,032 active CMEs in Australia.

This includes 1,658 co-operatives; 290 mutual enterprises, 43 friendly societies and 41 member-owned super funds.

Their combined gross annual turnover is more than $104.4 billion.

Their combined gross assets under management is greater than $923.7 billion.

Their combined active membership is more than 31.3 million memberships.

They employed more than 61,255 people.

[1] The term "memberships" refers to multiple memberships held by both individuals and organisations within these member-owned and focused enterprises.

DEFINITIONS

An important starting point in understanding the CME sector is to define these enterprises. The following list of definitions provides a guide to what is a relatively poorly defined sector:

- **A co-operative** is 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 (ICA, 2019).
- **A mutual** is a private company registered with the *Corporations Act 2001* (Cwth), that has a constitution providing for no more than one-member-one-vote at a general meeting, and has constitutional provisions to preserve voting democracy (AustLII, 2019).
- **A member-owned business organisation** is one that is owned and controlled by its members who are drawn from one (or more) of three types of stakeholder – consumers, producers and employees – and whose benefits go mainly to these members (Birchall 2011 p. 3).
- **A co-operative or mutual enterprise (CME)** is a member-owned organisation with five or more active members and one or more economic or social purposes. Governance is democratic and based on sharing, democracy and delegation for the benefit of all its members (Mazzarol *et. al*. 2018).

HOW MANY CMEs IN AUSTRALIA?

Accurate measurement of the total number of CMEs in Australia is complicated by a number of factors. In the case of the co-operatives, these enterprises are legally registered across a wide range of different state, territory and federal jurisdictions. They include the state and territory registries for those co-operatives registered under the respective state and territory Co-operative Acts, as well as those co-operatives that are registered as public companies with the Australian Securities and Investments Commission (ASIC), but which operate under their constitutions as co-operatives.

They also include the Australian Charities and Not-for-profits Commission (ACNC), the Office of the Registrar of Indigenous Corporations (ORIC), Australian Business Number (ABN) and the Australian Prudential Regulation Authority (APRA). There is no single repository into which all such enterprises are recorded and as the majority of CMEs are small, operate under different trading names, and have no online visibility, the process of tracking them becomes challenging. Further, many don't publicly identify as CMEs, operating under trading names that are different from their company name, or under names that don't identify them as a "co-operative" or "mutual" enterprise.

Many CMEs are headquartered in one state or territory, but operate across the country. In the case of many of the co-operatives, this requires them to register multiple times with the respective state and territory registries, even when they are operating under the *Co-operatives National Law* (CNL). This can create some confusion over whether there are multiple separate co-operatives or just one enterprise operating across multiple jurisdictions.

DISTRIBUTION OF CMEs BY SECTOR, STATE AND TERRITORY

Table 1 lists the active CMEs by industry type and geographic location. As in past years, the majority of firms are located or headquartered in New South Wales (NSW) with around 40% of the total. Victoria (VIC) has the second largest concentration with just over 33%, followed by Queensland (QLD) (13%), Western Australia (WA) (5%), South Australia (SA) (5%), Tasmania (TAS) and the Northern Territory (NT) each with 1.5%, and finally the Australian Capital Territory (ACT) (1.2%).

As shown in Table 1 there is a wide distribution of CMEs across the industry sectors. The most substantial concentrations are found in housing (14%), sport and recreation (13%), community services (9%), medical services (8%), agribusiness (8%), and education, training and child care (8%).

TABLE 1: AUSTRALIAN CO-OPERATIVE AND MUTUAL ENTERPRISES BY SECTOR, STATE AND TERRITORY[1]

State/Territory	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total	%Total
Accommodation		10		1			7		18	0.9%
Agribusiness		42	1	38	18	2	36	18	155	7.6%
Arts & Culture	1	34		26	1	4	26	2	94	4.6%
Business Services	1	8		2	2		9	2	24	1.2%
Community Services	1	103	1	27	5	1	47	3	188	9.2%
Education, Training, Childcare	1	29		3	1		124	2	160	7.9%
Employment Services		5		5		1	5	1	17	0.8%
Environmental	1	9		5	1	1	11		28	1.4%
Banking & Financial Services	1	61	1	14	7	2	35	7	128	6.3%
Fishing		16		2	3		3	1	25	1.2%
Health Insurance		11		1	2	2	5	2	23	1.1%
Health Services	2	2		11	3	1	14	1	34	1.7%
Housing	2	57		40	27	7	142	7	282	13.9%
Information & Media		17	1				10		28	1.4%
Manufacturing	1	3				1	5	2	12	0.6%
Medical Services	5	54	23	28	12	1	24	19	166	8.2%
Motoring Services	1	1	1	1	1	2	1	1	9	0.4%
Professional Services		9		4			9	1	23	1.1%
Purchasing Services	1	4			2			7	14	0.7%
Religious Services		2					4		6	0.3%
Retailing	1	55	2	22	7	3	37	18	145	7.1%
Shared Services	1	17		8			10	2	38	1.9%
Sport & Recreation	2	189		7		1	62	1	262	12.9%
Telecommunications							2		2	0.1%
Transport Services		31		1	3		6	2	43	2.1%
Utilities (power, water, gas)	2	13		10	2		21	8	56	2.8%
Wholesaling		4			3	1	2		10	0.5%
Superannuation Funds	1	13		5	3	1	18	1	42	2.1%
Total	25	799	30	261	103	31	675	108	2,032	100%
% Total	1.2%	39.3%	1.5%	12.8%	5.1%	1.5%	33.2%	5.3%	100%	

[1] This data is based on the best available evidence but may not represent the total CME sector.

ACTIVE AND INACTIVE CMES

For this year we reviewed all the available databases (e.g. ABN, APRA, ASIC, ORIC, ACNC, state and territory registries of co-operatives) in order to identify the total size of the CME sector, and cross-checked each firm in order to confirm if it was active. Starting with an initial database of 2,467 firms from the 2018 ACMEI study, a final pool of 2,531 CMEs was identified. This increase of 64 entities was due to a combination of new CMEs being registered within the various state, territory and federal databases during the previous 12 months, and existing firms being recognised as eligible to be recorded as CMEs.

Of the total, 499 firms were identified as being inactive for a variety of reasons. These firms were retained in the ACMEI database but removed from any further analysis leaving a final database of 2,032 active CMEs and increase of firms over the previous years' study (Mazzarol, 2018). Table 2 lists the results of this analysis.

Table 2: Active versus Inactive Australian Co-operative and Mutual Enterprises 2019

Type	Active	Inactive	Total
Co-operative	1,658	461	2,119
Mutual Enterprises	290	25	315
Friendly Societies	43	9	52
Member Owned Super Funds	41	4	45
Total	2,032	499	2,531

The reasons for these firms becoming inactive varied. Some were found to have been demutualised, merged, liquidated or voluntarily wound up. However, many were simply identified within the state and territory registries as being deregistered, or to have had their ABN cancelled. Others were found to have been duplicated within the original database, due to having been registered in multiple jurisdictions, but representing the same entity. As noted above, this is a consequence of co-operatives having to register across multiple state and territory jurisdictions due to the absence of a central federal authority for such enterprises.

Some examples of the firms that were removed from this year's review are the superannuation funds, Concept One Super and Kinetic Financial Services. The WA-based Concept One Super was merged with WA Super, while the Kinetic Financial Services was merged with Sunsuper. Within the agribusiness sector the Victorian-based Murray Goulburn Co-operative was removed from the active register due to its demutualisation in 2018 when it was sold to Canada's Saputo Corporation. In the mutual financial services sector, the member owned bank QTMB of Queensland, was merged with the RACQ automotive club to form a new RACQ Bank. Such changes are a normal part of the annual tracking process and the loss of a large CME (e.g. Murray Goulburn) can have a significant impact on the final results and year by year comparisons.

Which are the leading CMEs in Australia?

Since 2010 there has been a "Top 100" league table developed for the CME sector. This initially focused only on the co-operatives (e.g. CA, 2010; 2011; 2012). However, from 2014 the ACMEI database has been providing the foundation data for the annual National Mutual Economy Report (BCCM, 2014; 2015; 2016; 2017; 2018) a league table of the Top 100 CMEs by annual turnover has been prepared. This provides a ranking of the largest firms by financial turnover and is consistent with the Top 100 largest co-operatives reporting that existed prior to the development of the ACMEI-NME study. The key measures used in this assessment are annual turnover, assets and membership. All figures are taken from the FY 2018 period.

The Top 100 CMEs by Turnover

One measure of assessing leadership in a business sector is the gross annual turnover of the firms that operate within it. This is how the Top 100 of CMEs has been traditionally calculated and for the 2019 report we have taken the gross turnover for FY2017/18 and drawn the largest firms by size of revenue. The reason for taking the data from FY2017/18 is that many firms did not have their FY2018/19 data available at the time this report was being complied. A further reason is that many CMEs in the sector report their figures for the calendar year rather than the financial year, and others don't issue annual financial reports until late in the year.

It should be noted that we deliberately excluded the member owned superannuation funds from the Top 100 CMEs due to their size from an annual turnover and assets perspective. These businesses have been listed separately in Appendix B.

Appendix A lists the Top 100 CME by gross annual turnover for FY2017/18. It comprises 24 co-operatives, 72 mutual enterprises and 4 friendly societies.

The top 10 CMEs by annual turnover for 2019 were:

1. Co-operative Bulk Handling Ltd (CBH Group) [WA] – $3.79 billion.
2. Hospital Contribution Fund (HCF) [NSW] – $2.64 billion.
3. Capricorn Society Ltd [WA] – $1.85 billion.
4. HBF Health Ltd [WA] – $1.70 billion.
5. Australian Unity [VIC] – $1.5 billion.
6. Members Equity Bank Ltd (ME Bank) [VIC] – $1.27 billion.
7. RACQ [QLD] – $1.22 billion.
8. RAC WA [WA] – $743.5 million.
9. RACV [VIC] – $692.4 million.
10. Teachers Health Fund [NSW] – $656.8 million.

The largest firm by turnover was the WA-based grains storage, handling and marketing business Co-operative Bulk Handling Ltd (CBH Group), which reported an annual turnover of $3.79 billion. This was the ninth consecutive year that CBH has been ranked as Australia's largest CME by annual turnover. In second place, was the mutual health insurance firm, the Hospital Contribution Fund (HCF) from New South Wales (NSW), with an annual turnover of $2.64 billion. This was the second consecutive year for HCF to take out second place.

Capricorn Society Ltd, the automotive services co-operative, moved up from 4th to 3rd place with annual turnover of $1.85 billion, followed closely by the private health insurance mutual fund HBF Health Ltd with $1.7 billion in annual turnover. Both Capricorn and HBF are headquartered in WA. Victorian-based insurance mutual Australian Unity, fell from 4th to 5th place, while Members Equity Bank rose from 8th to 6th place. The Queensland-based motoring association RACQ held 7th place, followed by its WA and Victorian counterparts RAC WA and RACV. Finally, in 10th place was the Teachers' Health Fund.

These movements on the Top 100 league table are not only contingent on the overall annual turnover for each firm, but also the relative movement of the overall sector, including the arrival or departure from the ACMEI database of large CMEs. An example of this is the demutualisation and therefore departure from the database of the Murray Goulburn Co-operative Ltd. This large dairy co-operative had consistently held the 2nd place in the Top 100 league table.

TOP 100 CME BY ASSETS

When ranked by total assets held (current and non-current assets), the mutual enterprises operating in the banking and finance sector topped the list. Appendix C lists the top 100 CMEs by assets, liabilities and equity. The Top 10 CMEs by assets were:

1. Members Equity Bank Ltd (ME Bank) [VIC] – $27.94 billion.
2. Credit Union Australia (CUA) [QLD] – $14.32 billion.
3. Newcastle Permanent [NSW] – $10.72 billion.
4. Heritage Bank Ltd [QLD] – $9.52 billion.
5. People's Choice Credit Union [SA] – $8.39 billion.
6. Teachers Mutual Bank Ltd [NSW] – $7.07 billion.
7. Greater Bank (Greater Building Society) [NSW] – $6.71 billion.
8. IMB Limited [NSW] – $5.91 billion.
9. Beyond Bank (Community CPS Australia Ltd) [SA] – $5.82 billion.
10. Bank Australia [VIC] – $5.65 billion.

Top 100 CMEs by Membership

As noted above there was reliable data on the membership of at least 198 CMEs. The Top 100 (incorporating the member owned superannuation funds are listed in Appendix C. As shown below the Top 10 were:

1. NRMA [NSW] – 2.6 million members.
2. Australian Super [VIC] – 2.2 million members.
3. University Co-operative Bookshop Ltd [NSW] – 2.1 million members.
4. RACV [VIC] – 2.1 million members.
5. Retail Employees' Superannuation Fund (REST) [NSW] – 2.0 million members.
6. RACQ [QLD] – 1.67 million members.
7. Hospital Contribution Fund (HCF) [NSW] – 1.5 million members.
8. Sunsuper [QLD] – 1.46 million members.
9. HOSTPLUS [VIC] – 1.1 million members.
10. HBF Health [WA] – 1.03 million members.

Geographic Distribution of the Top 100 CMEs

The largest proportion (45%) of CMEs in the Top 100 was headquartered in NSW. This is not surprising as NSW has the greatest number of CME of all kinds. The other states and territories accounted for the remainder as follows: Victoria 18%, South Australia 12%, Western Australia 13%, Queensland 9%, Tasmania 2% and the Northern Territory 1%. Figure 1 illustrates the distribution of the Top 100 by State and Territory.

Figure 1: Top 100 CME Distribution by State and Territory

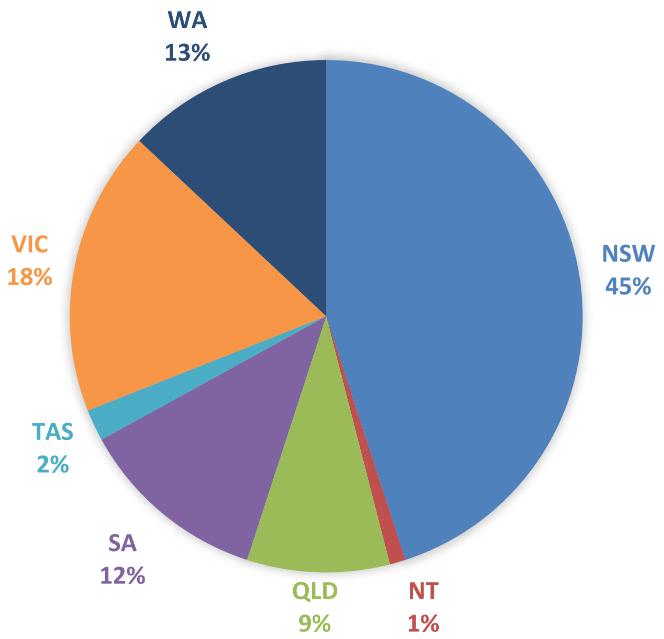
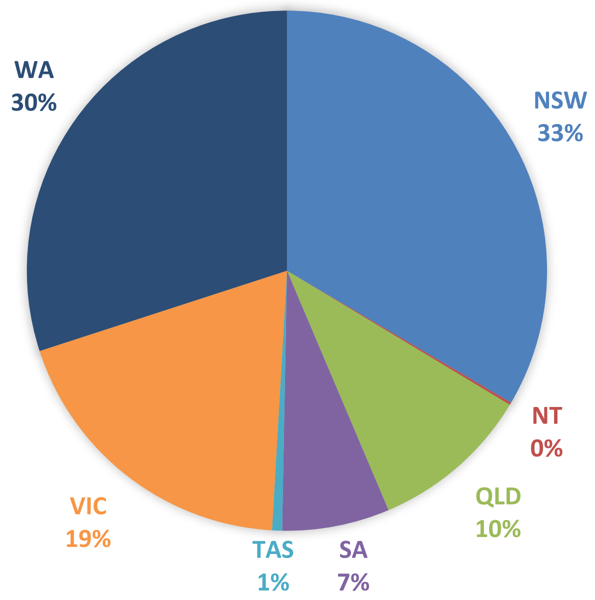


Figure 2 illustrates the breakdown of collective turnover for the FY2017/18 by State and Territory. Despite having only 13% of the Top 100 CMEs, WA accounted for 30% of the combined turnover, whereas NSW with 45% of the businesses accounted for 33% of total turnover. This reflects the presence in WA of several large CMEs, including the CBH Group, HBF Health Ltd, Capricorn Society Ltd and the RACWA.

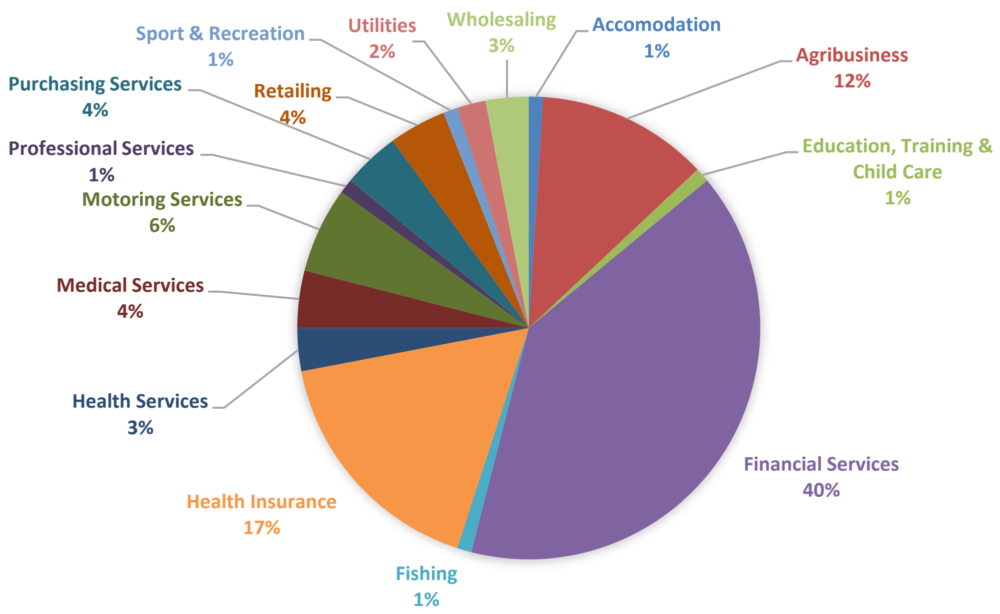
FIGURE 2: TOP 100 CME TURNOVER BY STATE AND TERRITORY



DISTRIBUTION OF THE TOP 100 CMEs BY INDUSTRY

Figure 3 shows the distribution of the Top 100 CMEs by industry. These firms represent a wide range of industry sectors although the largest concentration (40%) were found within the financial services sector. This includes the customer owned banks, credit unions, friendly societies and building societies. The second largest concentration (17%) was in the area of private health insurance (PHI), where there were a large number of PHI mutual funds. The third largest concentration (12%) was in the agribusiness sector. Here were a mixture of producer co-operatives encompassing storage, handling and processing of grains, milk, meat, fruit, berries, nuts, sugar and cotton.

FIGURE 3: TOP 100 CME TURNOVER BY INDUSTRY SECTOR



The remaining sectors include only a few CMEs, with largest group being the six motoring services automobile clubs (e.g. RAC WA, NRMA, RACQ, RACV, RAA SA and RAC Tasmania). Despite their relatively small numbers, such firms have significant annual turnover and large memberships, with a range of services that reach out beyond their original focus on the provision of roadside mobile services, support and advocacy for automobile owners. Now they provide automotive and general insurance, travel advisory and even banking, as a result of the merger between RACQ and QTMB in 2016 (Insurance Business, 2016; Connolly, 2017).

Financial Performance of Top 100 CMEs

The combined annual turnover for the Top 100 Australian CMEs (excluding the member owned superannuation funds) for FY2017/18 was $31.9 billion with combined assets of just over $169.5 billion. Table 3 provides a summary of the financial performance of the Top 100 CMEs over the past five financial years. As shown, annual gross turnover grew by an average annual growth of 5.1%, while gross assets grew at an average annual rate of 8.3% over the same period.

Table 3: Top 100 Australian CMEs Financial Performance FY2013/14-FY2017/18

	FY2017/18	FY2016/17	FY2015/16	FY2014/15	FY2013/14	AAR%[3]
Annual Turnover (gross)	$31,859,872,928	$30,226,370,675	$27,814,625,636	$27,441,566,687	$26,185,438,076	5.1%
Assets (gross)	$173,426,596,117	$164,147,872,343	$147,666,471,787	$136,739,046,869	$126,147,807,642	8.3%
Annual Turnover (mean)	$318,598,729	$318,172,323	$295,900,273	$311,835,985	$300,982,047	1.5%
EBIT[1] (mean)	$23,096,480	$19,710,977	$15,010,820	$22,939,181	$25,876,701	0.6%
NPAT[2] (mean)	$16,505,462	$15,888,531	$12,122,151	$19,239,941	$21,150,006	-2.8%
Assets (mean)	$1,769,659,144	$1,784,216,004	$1,605,070,346	$1,730,874,011	$1,617,279,585	2.5%
Liabilities (mean)	$1,439,046,510	$1,506,963,129	$1,340,464,522	$1,395,616,661	$1,418,180,882	0.6%
Equity (mean)	$292,447,230	$277,308,186	$255,569,619	$276,396,398	$269,622,942	2.2%

[1] EBIT = Earnings before interest and tax. [2] NPAT = Net profit after tax. [3] AAR = Average Annual Rate of growth.

Despite the relatively positive growth rate of the gross annual turnover and assets, the results for the mean (average) figures across the Top 100 CMEs were less impressive. As Table 3 shows, the mean average annual rate of turnover over the five-year period was only 1.5%. Average annual rates of growth in EBIT and NPAT were also modest (0.6%) or negative (-2.8%). The average annual rate of Asset growth within the Top 100 was also modest (2.5%), although this was offset by a lower rate of growth in liabilities. Consistent with these figures, the mean annual average rate of growth of equity was subdued (2.2%).

Figures 4 and 5 illustrate the trend in gross annual turnover and assets (Figure 4), and mean annual turnover and assets growth (Figure 5). As illustrated in Figure 4, the five-year trend was generally positive in terms of the growth in total assets and gross annual turnover.

Figure 5 illustrates the five-year annual average rates of growth for the key financial indicators for the Top 100 CMEs. As can be seen, starting from the base-year of FY2013/14, most indicators grew at a steady rate, but there was significant volatility in average annual rates of profit (both EBIT and NPAT). FY2015/16 was the most difficult year and an examination of the company level data shows several firms (e.g. in health insurance, retailing, utilities and financial services) that experienced losses during that period.

Figure 4: Top 100 CME Annual (Gross) Turnover and Assets Five Year Trend

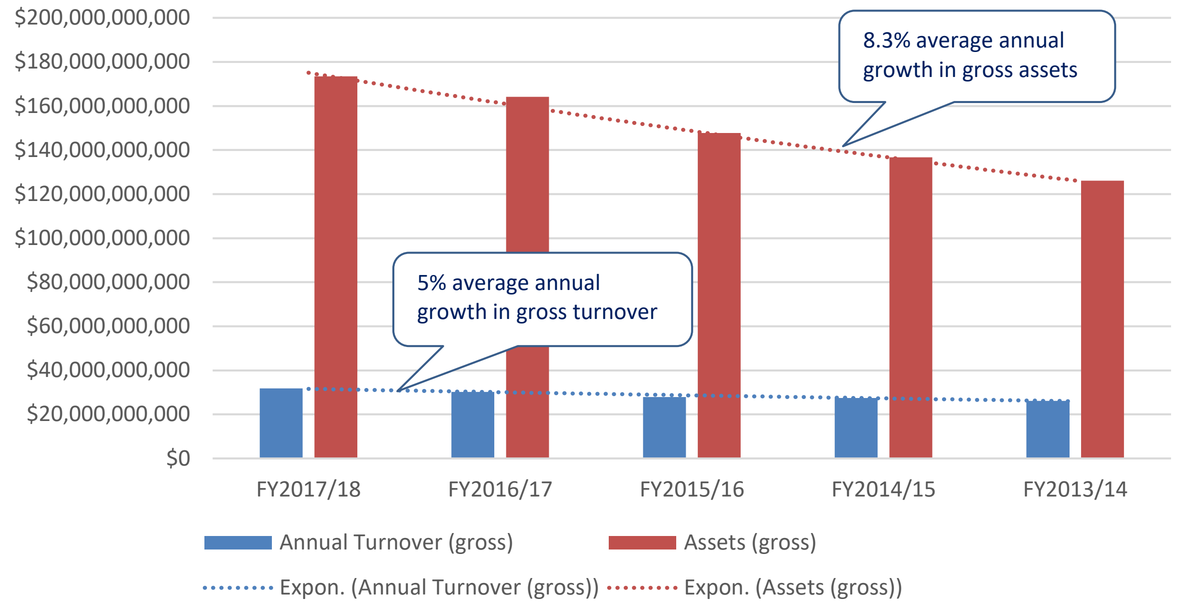
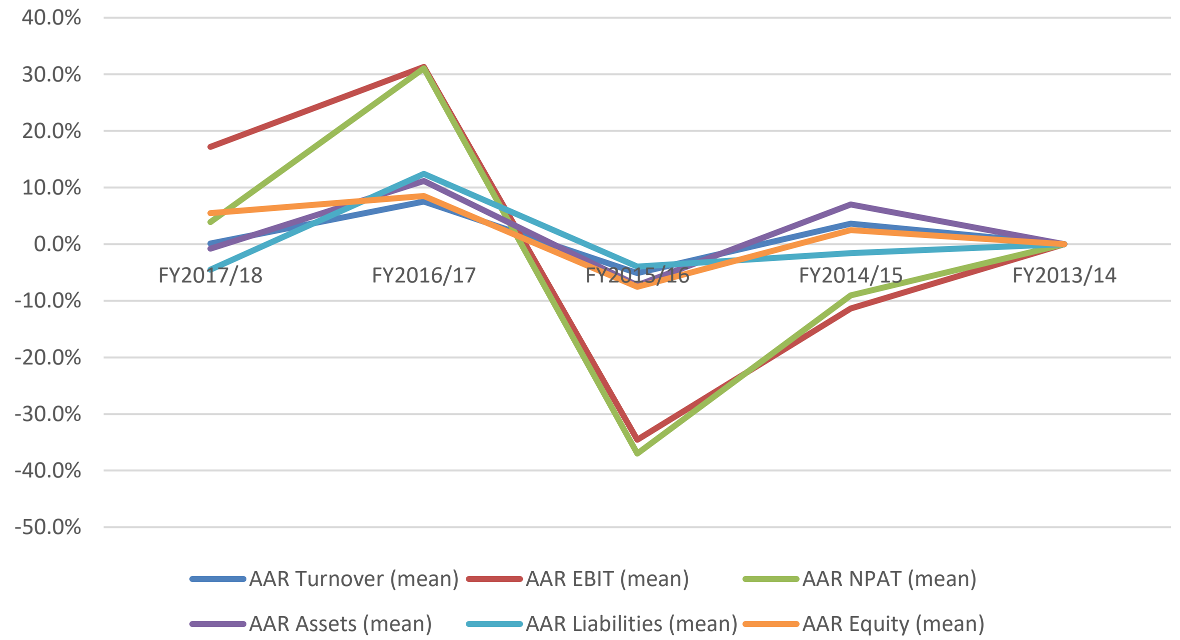


Figure 5: Top 100 CME Annual Average Growth Rates of Financial Indicators Five Year Trend



Analysis of the Top 100 by industry sector found that profitability varied with the average annual median rate of EBIT growth over the five years at 8% within the agribusiness sector, 1.1% in motoring services, and a negative 5.6% within financial services and negative 0.6% within health insurance. As might be expected, this pattern also continued with regard to NPAT. The average annual rate of median NPAT growth within the health insurance sector was a negative 0.6%, and a negative 0.6% within the agribusiness sector. The average annual rate of median NPAT within the financial services sector was a negative 1.8%, and very healthy 17.8% within the motoring services firms. However, it is worth noting that some care needs to be taken in drawing conclusions from this data due to the lack of complete financial information from all the firms within the Top 100 over the 5-year period.

Financial Performance of the Member Owned Super Funds

The 41 member-owned industry superannuation funds had a combined annual gross turnover of just over $70.3 billion and combined assets of $734.3 billion.

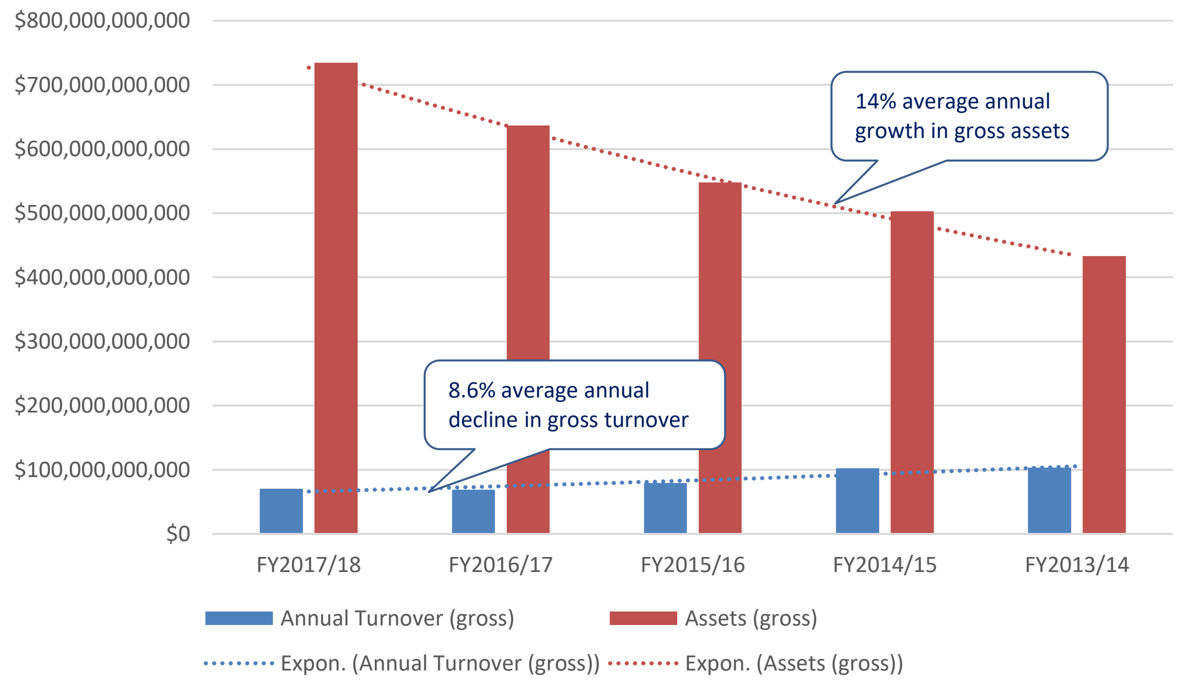
Table 4: Member-Owned Super Funds Financial Performance FY2013/14-FY2017/18

	FY2017/18	FY2016/17	FY2015/16	FY2014/15	FY2013/14	AAR%[3]
Annual Turnover (gross)	$70,304,914,405	$68,748,259,012	$79,325,659,461	$102,382,849,121	$103,320,677,808	-8.6%
Assets (gross)	$734,336,364,186	$636,520,686,105	$548,044,561,618	$503,068,268,576	$433,078,845,139	14.2%
Annual Turnover (mean)	$1,714,754,010	$1,676,786,805	$1,934,772,182	$2,497,142,661	$2,520,016,532	-8.6%
AABT[1] (mean)	$1,524,874,883	$1,205,391,086	$1,520,652,459	$2,581,779,480	$2,721,497,908	-10.1%
ABAT[2] (mean)	$1,444,358,670	$1,099,036,168	$1,411,669,143	$2,303,538,035	$2,407,622,660	-8.4%
Assets (mean)	$17,910,643,029	$15,913,017,153	$13,366,940,527	$12,269,957,770	$10,826,971,128	13.5%
Liabilities (mean)	$555,433,560	$455,855,955	$518,334,989	$445,646,642	$287,698,221	20.3%
Equity (mean)	$17,430,884,551	$15,459,380,722	$12,890,428,365	$11,780,557,651	$10,542,293,572	13.5%

[1] ABBT = allocation of benefits before tax. [2] ABAT = allocation of benefits after tax. [3]AAR % = Average Annual Growth Rate.

As outlined in Table 4 and Figure 6, assets grew strongly over the period, but annual turnover declined by 8.6%.

Figure 6: Super Funds' Annual (Gross) Turnover and Assets Five Year Trend



OBSERVATION

The financial data available from the Top 100 leading CMEs and the member owned industry super funds suggests that growth over the past five years has been modest or even negative for many firms, with profitability also being impacted. This reflects the overall economic slow down that has been a feature of the Australian economy over this time period. During the time period under review, Australia's overall economic growth rate has slowed to a level not seen since the Global Financial Crisis (GFC) of 2008-2009 (Letts, 2019).

This trend has seen GDP growth averaging around 2.7% over the period 2010 to 2013, and peaking in the 2012-2013 period at rates above 4.5%, only to decline steadily to rates of between 1.5% to 2.5% in the 2017-2018 period (RBA, 2019. CEIC, 2019). This slow down has impacted business and household activity, suppressed wages growth and productivity, and raised concerns over a possible recession (Letts & Janda, 2019).

In the context of this national trend in economic slowdown, the financial performance of these leading CMEs is not particularly abnormal, and highlights the reality that despite their unique business model, these firms are still businesses that must compete within their respective local, national and global markets. In that respect, they are not immune from macro-economic trends and the competitive forces within their industries.

However, with their focus on serving the needs of their members rather than the wants of investors, the CME business model can weather the storms of economic cycles. Prudent management and a focus on the creation of member rather than shareholder value, is historically the best formula.

THE CONTRIBUTION OF THE CME SECTOR TO THE AUSTRALIAN ECONOMY

The contribution of the CME sector to the national economy must be assessed using both economic and social capital measures. Collecting data on these metrics within the Australian CME sector is challenging for several reasons. First, the majority of these businesses do not publicly disseminate their annual reports, which makes it difficult to obtain reliable data for each year. Second, even where such data is available, many CMEs don't report via the financial yearly cycle, so all financial data used in this research is lagged by 12 months. It has been taken from the FY2017/18 annual reports.

In addition to these issues associated with the collection of financial data, it is equally challenging to secure complete data on the social metrics. This includes the number of members, people employed and specific data on gender balance or other social diversity metrics. For this year's report we have collected such data from a sizable sample of firms and this offers some insights into these areas. However, some caution must be taken when extrapolating the findings for the total population.

Reliable financial data was available for 471 (23%) of the total number of active CMEs. Employment data was available for 271 firms (13%), and membership data for 198 firms (10%). Such data is difficult to collect as most CMEs don't report these statistics in their annual reports, and many consider the release of membership data as a potential breach of commercial-in-confidence information as it is perceived to grant competitors an indicator of the firm's growth, decline and market share positioning.

ECONOMIC CONTRIBUTION

Assessing the overall economic contribution of the CME sector to the national economy is problematic due to the lack of sufficient financial data to provide any definitive findings. However, as noted above, the ACMEI database has financial data for around 23% of the total 2,032 active firms in this year's assessment. This data allows a reliable estimate of more than $104.4 billion in annual turnover, and $923.7 billion in assets within the sector.

To make a meaningful comparison of how the CME sector contributes to the national economy it is worth considering that there are around 2.3 million active businesses in Australia. However, 1.4 million of these firms are non-employing nano-enterprises that are operated by individuals across a wide range of industry sectors. As such, 61% of all businesses are non-employing nano-enterprises. A further 38% of all businesses are small to medium enterprises (SMEs), with between 1 and 199 employees. These SMEs represent around 98% of all the employing businesses and provide 68% to 70% of the total jobs in the economy (ASBFEO, 2017; AI Group, 2017).

It is also worth noting that large firms (e.g. with more than 200 employees) comprise only 0.2% of all businesses in Australia, and in 2017 only 140,834 firms, or 7% of all businesses turned over more than $2 million (ASBFEO, 2017). Of the remaining firms, 33% had turnovers between $200,000 and $2 million, 34% turnovers from $50,000 to $200,000, and 26% turnovers below $50,000 (AI Group, 2017).

At least 355 CMEs have been identified as turning over more than $2 million in FY2017/18, which suggests that the proportion of such large enterprises within the total pool of 2,032 active CMEs is about 17.5%. The reliability of the available financial data for the remaining 1,732 CMEs is insufficient to provide a detailed breakdown for all firms. However, there appears to be a much higher proportion of firms with larger turnovers than is typical within the wider economy.

It is also important to recognise that within many industry sectors, CMEs are significant players. This includes the member-owned "industry" superannuation funds, the private health insurance mutual funds, agribusiness and financial services (e.g. banking and insurance).

MEMBERSHIP AND EMPLOYMENT

Reliable data on memberships was only available for 198 out of the total 2,032 firms. This is not something that is readily shared by most CMEs. However, this small (9.6%) sample, comprises many of the largest firms. The total combined memberships of these firms were 31,304,561.

TABLE 5: EMPLOYMENT WITHIN AUSTRALIAN CO-OPERATIVE AND MUTUAL ENTERPRISES 2019

Type	Female	Male	Not specified	Total
Full-time employees	16,871	17,025	7,542	41,438
Part-time employees	14,101	3,445	2,271	19,817
Total	30,972	20,470	9,813	61,255

In relation to employment, reliable data could be found for 271 firms. As summarized below, there were a total of 61,255 employees recorded across these firms, of which just over half (51%) were females, with the majority of women employee on a part-time basis. It might be worth noting that the range of employees went from 1 person to 1,707 people full-time, and nil to 5,621 part-time. The average full-time employee head count was 153 across the cohort, and for part-time employees the average head count was 117. Table 5 provides a summary of these employment figures.

It is worth noting that, based on the available data, the proportion of large CMEs that employed 200 or more people was 3.3%, which compares with only 0.5% of all employing large firms in Australia. Medium CMEs, employing between 20 and 199 employees, comprised 8% of the total, compared to 6% of all employing medium firms. Small CMEs, employing fewer than 20 people, comprised around 89% of the total, compared to 94% of all employing small firms (AI Group, 2017). These findings suggest that the CME sector is broadly consistent with the majority of Australian businesses in relation to employment, but with a higher proportion of larger employing firms. This reflects the nature of these firms as a networked business model that, with sufficient member engagement, will have the potential to scale-up in size and generate local employment.

Boards of directors

Gender diversity on the boards of these CMEs was also examined and reliable data was obtained from 428 firms. The average number of board directors was 8 persons, with a total of 3,289 people serving as company directors of CMEs in Australia in 2018. Of these directors, 43% were females and 55% were males. A total of 68 CMEs reported having at least one independent director on their boards.

Sponsorships and Community Engagement

A major output expected from the CME sector is its ability to contribute social as well as economic capital to the community (Mazzarol et al., 2018). However, measuring social capital and the non-economic contribution and impact of CMEs is challenging (Simmons, 2015). An examination was undertaken of the contributions that the CME sector makes to the Australian economy through sponsorships and other community engagement activities. Data was collected from the annual reports and websites of the Top 100 largest CMEs (by turnover) to provide a sample of this type of activity.

Reliable data was obtained for 86 firms, mostly in the form of statements made about such activities. This data was analysed using the Leximancer text-analytic software (Leximancer, 2018). This uses algorithms to identify, in a grounded way, the most important concepts within the corpus of the material being examined, plus the way in which such concepts are interrelated (Smith & Humphries, 2006).

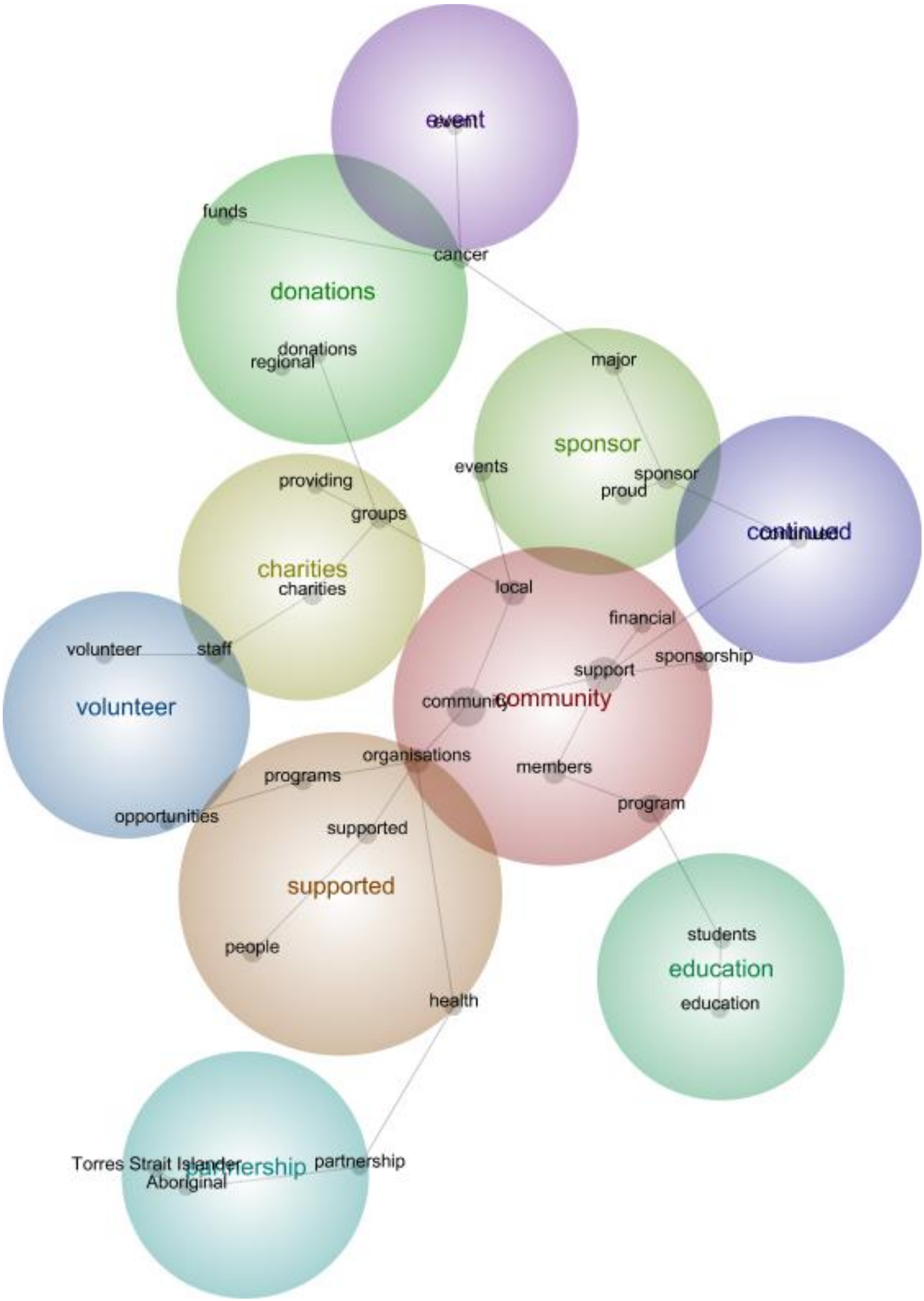
Table 6: Most important themes and concepts in sponsorships and community engagement

Themes	Hits	Concepts
Community	111	*community, support, program, local, organisations, members, sponsorship, financial*
Charities	39	*charities, staff, groups*
Sponsor	27	*sponsor, major, events*
Supported	27	*supported, people*
Continued	13	*continued*
Education	13	*education*
Partnership	12	*partnership*
Volunteer	11	*volunteer*
Donations	11	*donations*
Event	9	*events*

As listed in Table 6, the analysis identified 22 concepts grouped into 10 themes. Within the Leximancer analysis, a *concept* is a collection of words that are found together within the text and are identified by the software as being related to each other. The frequency and distribution of these words is mapped and they are tagged as a distinct concept. Leximancer generates concepts only when there is sufficient evidence from the text to meet a specific threshold.

When all the concepts have been identified, the software then groups them into **Themes** containing concepts that have been found to possess close relationships. From this point Leximancer generates a concept map, which illustrates the concepts found within each theme and marks them with colour "bubbles". The importance of the themes is indicated by the colour with the "hotter" colours representing the most important themes. Figure 7 illustrates this concept map, which shows the interrelationship between the various themes and concepts.

FIGURE 7: LEXIMANCER CONCEPT MAP OF SPONSORSHIP AND COMMUNITY ENGAGEMENT BY CMES



As illustrated in Figure 7, the most important theme **Community** was closely associated with the themes **Supported**, **Charities**, **Education, Sponsor** and **Continued.** This reflects the strong focus within much of these sponsorship and community engagement activities with the sponsoring of local charities, community support and education programs. For example:

> *We know members and staff share the pride in our annual sponsorship of $5.7 million in the state's three community helicopter rescue services. We're also sharing the financial expertise of the RACQ Bank team with young Queenslanders through our new financial literacy program.*

> *The Co-operative continues to support the educational and creative aspirations of local students through the Hastings Education Fund, the Luminosity Youth Summit and Charles Sturt University, where sponsorships are made available to younger community members to pursue their dreams. Our community is not forgotten, with a number of organisations being recipients of monies under the annual Community Chest grants program.*

> *Murray Irrigation also runs a sponsorship program that provides financial support or in-kind services to human resources, infrastructure and equipment or administrative initiatives.*

> *Over 8,000 members engaged in this program which awarded 100 of our members a $1,000 sponsorship to pursue their health and fitness goals. Health Partners is proud to support the following activities and organisations that promote healthy and active lifestyles and deliver improved outcomes: Catherine House supporting victims of domestic violence, Trailblazer by the Sea, Neil Sachse Foundation, Sight for All Foundation.*

> *Throughout 2016-2017 our Partner Benefits Program supported eight sporting clubs and community groups. This program is just another way we support our local community and our members.*

> *We've upheld our commitment to deliver 3 per cent of CUA Group's pre-tax profits into community initiatives, directly investing $2.43 million into community this year. And our team members rolled up their sleeves to devote over 1,000 days of company time to volunteering for charities and community groups.*

> *We support charities and groups that are as committed to the local region as we are - that includes banking with their local bank, Hume.*

> *In total, more than $49,000 was donated to community groups, sporting groups and charities during the year.*

> *Our Senior Leaders and Executives raised $14,500 for HeartKids on Super Boss Day to support children with paediatric heart conditions and their families, and staff donated $10,760 to 10 charities.*

> *We are a proud supporter of local, regional and national events, groups and charities.*

The themes **Sponsor** and **Supported**, focused respectively on the sponsorship of major events and through this activity the funding of programs designed to support people within targeted communities. Examples of these sponsorship activities were:

> *For the fourth year running UniSuper was the major sponsor of the Australian Financial Review's Higher Education awards. In the last year our employees participated in a variety of wellbeing events, raising over $55,000 for well deserving charities.*

> *MTAA Super is the naming sponsor for the Australian National University (ANU) solar car team. This partnership aligns with our commitment to innovation and environmental sustainability.*

Tasplan hosted His Royal Highness, Prince Edward, Earl of Wessex, for a breakfast event at Drysdale House to present certificates to employers who recognise the Duke of Edinburgh's award program. Tasplan was the proud major sponsor of the Department of Education's Awards for Excellence.

This year ME celebrated its 13th year as the major sponsor of WoThis year ME celebrated its 14th year as the major sponsor of Women in Super's Mother's Day Classic, a national fun run and walk that raises funds for breast cancer research. In FY18, employees donated just over $10,600 to ME's community partners – a figure which was matched by the bank.

Examples of the support of programs were:

The 2017 Bill Ussher Scholarship distributed $2,000 each (from a total prize pool of $20,000) to 10 striving students, to enrich their education. For nine years, bcu has supported the Mid-North Coast Disabled Surfers' Association (DSA), which provides people with disabilities the opportunity to participate in surfing and beach activities.

New projects supported in 2018 include a three-year partnership with Human Rights Watch and a partnership with Ladder to support young people in the Latrobe Valley experiencing disadvantage and homelessness.

Australian Unity supported Jigsaw (by Fighting Chance Australia), a social enterprise that offers a commercial digitisation service, employs people with disability. In line with Australian Unity's Community Strategy, the Australian Unity Foundation supported charitable organisations in four focus areas: reconciliation, disability, mental health and financial wellbeing.

During the year we supported a number of community initiatives including the Women in Super Mother's Day Classic in support of breast cancer research, Melbourne City Mission's Sleep at the G, and Trees for Schools run by Greening the West. The Asylum Seeker Pathways Project (ASPP) aims to address the disadvantage experienced by young people seeking asylum in Australia, by brokering scholarships and supported job placements.

This year we supported four community Christmas carol events which were enjoyed by more than 50,000 people. Each year our staff are provided with two paid community leave days which they can use to volunteer for local charities of their choice.

In the **Education** and **Partnership** themes, the focus was on the CMEs engaging with educational institutions to deliver courses and scholarships of different kinds, and partnering with community groups delivering a range of programs. For example, in the education area the following were examples:

Together we are connecting our employees and Members with the world's oldest living culture and empowering Aboriginal and Torres Strait Islander peoples to access employment, education, healthcare, family and friends.

Apart from business partnerships with the key players in the Victorian education system and beyond, we offer myriad sponsorships and awards.

Legalsuper is a partner of Leo Cussen Centre for Law, who provide education, training and professional development to strengthen and support the administration of justice and the legal system.

In November 2017, we became an official supporter of Road Safety Education Limited's (RSE) flagship road safety education program, RYDA. In June 2018, we teamed up with suicide prevention charity, R U OK?

In relationship to partnering, the following examples provide an illustration:

This year, we entered a partnership with the first Women's Aboriginal AFL Academy, established by the Port Adelaide Football Club.

Our unique long-term partnership with the Geelong Cats continues to go from strength to strength, with Australia's most impressive regional stadium now bearing the name GMHBA. $32,861 donated by employees to Give Where You Live Foundation via workplace giving.

Prime Super provides funding for an Australian Rural Leadership Program scholarship. Prime Super continues to recognise community achievers through our partnership with Awards Australia.

New projects supported in 2018 include a three-year partnership with Human Rights Watch and a partnership with Ladder to support young people in the Latrobe Valley experiencing disadvantage and homelessness.

Wesley Mission partnership, Club Hero programme.

In relation to the theme **Volunteer** the focus was on the ability and willingness of the employees of the CMEs to volunteer their time to assist community groups and programs. Some examples were:

Throughout the year, our staff-led Sustainability and Community Group organised activities focused around people, the environment, fundraising and volunteering. Our employees donated approximately 530 volunteer hours to not for profit organisations.

In its seventh year, the 2018 event raised over $16,000 to support those in need. Once again, the AustSafe Super team volunteered their time to the Prince Charles Hospital Foundation (PCHF) to support their volunteer teams at the Ekka in distributing the iconic strawberry sundae to over 120,000 exhibition attendees.

The team's volunteer efforts helped the PCHF raise funds for hours of medical research, to tackle some of Australia's most debilitating chronic illnesses. In 2017 and 2018, AustSafe Super provided Future Farmers Network (FFN), one of the Fund's industry partners, a bursary for an FFN member to further their agriculture career.

In 2018 HESTA launched HESTA Heart, an online volunteer platform that links HESTA employees with opportunities offered by hundreds of not-for-profit organisations and charities. Our ongoing advocacy for women impacted by family violence is a source of great pride for HESTA employees.

This year we helped more than 3,840 volunteer surf life savers and 3,300 junior surf life savers from the Central Coast all the way to the Queensland border to help keep our beaches safe for everyone to enjoy. This year we supported six community running festivals across regional NSW and cheered on more than 4,000 participants.

The theme **Donations** focused on the various donations made by the CMEs to charities and via their sponsorship activities. It included their sponsoring of events, hence the close proximity of the **Event** theme. Examples of the donations concept are:

The Bank also supports the Defence Community through donations to organisations such as Legacy and the Salvation Army Sallyman Trucks.

Grants are funded by donations from generous supporters and by LUCRF Super from our annual marketing budget. The Community Program demonstrates our values of fairness and integrity in a tangible way, and makes life-changing differences for many people.

Our corporate philanthropy scaled new heights thanks to the continued growth of our Community Partnership Program. The Program celebrated its 10th year this year and reached over $1 million in donations back to local clubs and charities.

During 2017-18 the Co-operative also provided sponsorships in excess of $31,000 as well as providing in-kind donations and space at stores for charity groups to raise much needed funds.

Finally, examples of the closely related events concept were:

Our team attended the Women in Super Mother's Day Classic to help the National Breast Cancer Foundation reach its $40 million goal by 2020. Energy Super sponsored the AIST Young Super Network event.

bcu was very pleased to be the major sponsors for the 'bcu Ride around the River' which was held in Macksville. Proceeds from this event went towards supporting Nambucca Valley sporting clubs and the Macksville Cycle Club. bcu takes great pride in being the Coffs Tri event's major sponsor and is delighted to take part in a community run event.

Each year, AustSafe Super, in conjunction with Bundaberg Fruit and Vegetable Growers, host the Unifying Agriculture Charity Day. The event raises much needed funds for community-based charities LifeFlight and Royal Flying Doctor Service, supporting the tireless work their medical teams carry out throughout rural and regional areas.

OBSERVATION

The economic and social contribution of the CME sector on the Australian economy and society is significant, although it is difficult to fully measure and assess this contribution. In the case of economic capital creation, the financial and employment statistics available, suggest that the sector is making a substantial contribution.

This is focused in specific industries such as superannuation, banking, insurance (e.g. life, health and general), automotive and motoring services, agribusiness, fishing and retailing. Here the larger CMEs have a strong, and in several cases significant, place in the market. Their presence within a market typically helps to reduce costs to consumers, enhance pricing and market access to producers, and improve financial returns to investors.

Within sectors such as housing, medical services, education, community services, utilities, transport services, employment services, training and child care, the presence of these firms provides a sustainable service delivery capacity that bridges the gaps left by government and private investor-owned providers. In doing so, these firms can offer a community owned, lower cost business model.

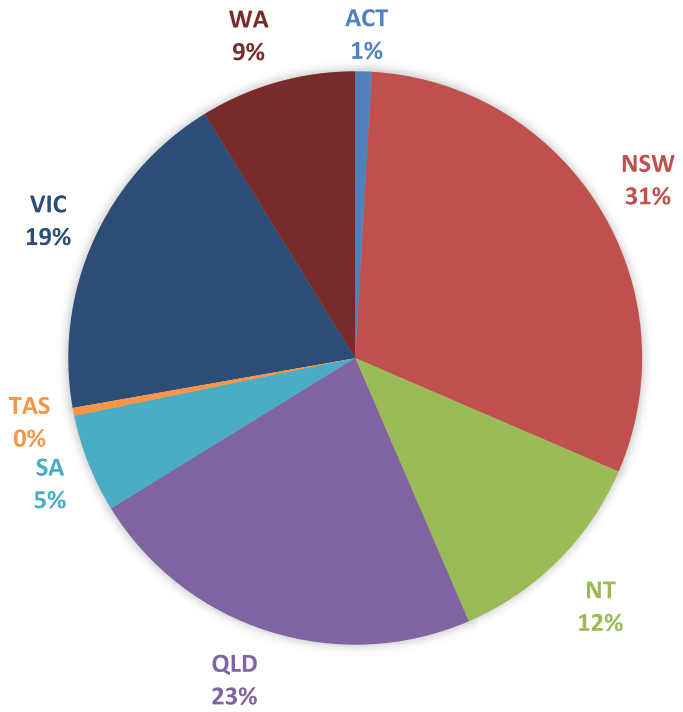
In areas such as arts and culture, sport and recreation CMEs provide strong foundation for the enhancement of social capital within their local communities. Such organisations usually serve as a focal point for the creation and management of important social infrastructure.

As illustrated in the examination of the sponsorship and community engagement activities of some of the largest CMEs, much of their focus is on contributing back to their local communities. In this, their various sponsorships, donations and programs are important. However, they are little different to the corporate social responsibility (CSR) activities found within most large investor owned firms.

Aboriginal and Torres Strait Islander CMEs

There are 224 CMEs that are owned and operated by Aboriginal and Torres Straits Islanders (ATSI) community groups. This represents around 11% of the total. Co-operatives comprise 37% of these firms, with the remainder (63%) being mutual enterprises. As shown in Figure 8 these ATSI community CMEs are distributed across all states and territories, with the largest concentrations found in NSW (31%), Queensland (23%), Victoria (19%), the Northern Territory (12%) and Western Australia (9%). The relatively high proportion of such CMEs in the Northern Territory, and Queensland reflects the high proportion of regional and remote Aboriginal communities in these areas.

Figure 8: Aboriginal and Torres Strait Islander CMEs by State and Territory



The majority (70%) of ATSI CMEs are found in the medical services sector, followed by community services (13.9%), housing (5.6%), arts and culture (4.2%), education, training and childcare (1.9%), then a range of other sectors. However, there is a considerable overlap within these enterprises as they seek to provide a holistic approach to the service of their communities. The majority are non-distributing (not-for-profit) entities and many are ACNC registered charities.

Four ATSI businesses were listed in the Top 100 CMEs list for 2019, these are:

- Institute for Urban Indigenous Health Ltd. [QLD].
- Central Australian Aboriginal Congress Aboriginal Corporation [NT].
- Kimberley Aboriginal Medical Services Ltd [WA].
- Victorian Aboriginal Child Care Agency Co-operative Ltd [VIC].

DEFINING AND FINANCING THE MUTUAL ENTERPRISE

An important development in 2018-2019 was the decision by the federal government to amend the *Corporations Act 2001* (Cwth), to provide a clear definition of what a mutual enterprise is, and to establish provision for a new financial instrument to assist with capital raising.

Although the definition of a co-operative enterprise has been globally recognised for decades thanks to the International Co-operative Alliance (ICA, 2019), this has not been the case for mutual enterprises. For example, a study undertaken within the European Union (EU) found a wide variety of definitions in use within the corporate legislation across the 28 member states, although the definition most commonly used by the European Commission is:

> *"Mutual enterprises are voluntary groups of persons (natural or legal) whose purpose is primarily to meet the needs of their members rather than achieve a return on investment. These kinds of enterprise operate according to the principles of solidarity between members, and their participation in the governance of the business* (Grijpstra, Broek & Plooij, 2011, p. 19)*."*

Research undertaken by Archambault (2009) has identified at least six characteristics commonly found amongst mutual enterprises. These are:

1. **Absence of share capital** – most mutual firms are designed around a grouping of members (both persons and incorporated entities), rather than a pooling of investment capital as is common with investor-owned firms. This differs from most co-operatives, which have share capital. By comparison, the mutual is managed jointly and indivisibly, with no external shareholders to pay by dividends. As such, the mutual is not typically driven to maximise profits, but to maximise the benefits that its services can provide to its members. Any financial benefits that it might provide to its members usually takes the form of lower fees and premiums.

2. **Free membership** – most mutual firms also have open memberships whereby anyone who is willing to embrace the purpose, principles and by-laws of the mutual enterprise can join and leave freely. It can be closed only in relation to having a constitution that focuses on specific groups. For example, until recently mutual financial institutions such as credit unions or private health insurance funds, were only open to employees within specific industries or professions, and/or within certain geographic areas.

3. **Solidarity among members** – historically the mutual societies have been founded on a joint liability and cross-subsidisation across the membership. For example, the pooling of members to establish and operate an insurance mutual requires the acceptance of all members to accept an equal sharing of the risks and returns.

4. **Democratic governance** – as with co-operatives, most mutual enterprises operate on the principle of one-member-one-vote, as compared to the one-share-one-vote rules common to investor-owned firms. In many cases the board is comprised of volunteers, rather than renumerated professional directors.

5. **Independence** – a mutual enterprise is an independent, private organisation that is not controlled by government officials (apart from normal regulation), nor funded by public subsidies. Due to the absence of share capital, mutual firms are not as vulnerable to takeover bids as investor-owned firms.

6. **Limited profit sharing** – without share capital the distribution of profit is usually undertaken by lowering members fees and premiums, or via pre-purchase discounts or post-purchase rebates.

However, most of the profits are usually re-invested in the mutual to sustain its operations and provide more or better services to members.

However, despite these common principles, there are many variations to the way in which mutual enterprises operate and significant divisions found between the more "business-focused" and the more "socially-focused" enterprises.

NEW DEFINITION OF MUTUAL ENTERPRISE IN AUSTRALIA

In 2019 the Australian *Corporations Act 2001* (Cth) was amended (e.g. Section 51M) to include an official definition of a Mutual entity. Under this definition a *mutual enterprise* is a company registered under the *Corporations Act, 2001*, which has a constitution that provides "that a person has no more than one vote at a general meeting of the company for each capacity in which that person is a member of the company." This aims to preserve the democratic structure of the CME business model with the one-member-one-vote provisions that have been a feature of the co-operatives since at least the 1840s.

Further, to avoid doubt, this definition remains valid where two or more persons may be joint members of the company and each may have one vote at a general meeting of the company. In addition, the company may allow a person to vote as a proxy or representative at a general meeting of the company and this may offer the same person more than one vote at that general meeting (AustLII, 2019). This provides a fairly wide range of entities that could be included into the CME sector. For example, ASIC includes within the "mutual entities" definition companies limited by shares, companies limited by guarantee and companies limited by shares and guarantee.

MUTUAL CAPITAL INSTRUMENTS

The changes to the *Corporations Act, 2001* also provide for mutual entities to raise capital using *Mutual Capital Instruments* (MCI). The MCI is defined as:

> *"… a share in a mutual entity that meets the requirements relating to voting rights and other matters. Certain kinds of mutual entities may issue MCIs and become MCI mutual entities"* (Corporations Act, 2001, Section 167AB).

An *MCI Mutual Entity* is defined as a public company, without publicly tradable shares (e.g. on the ASX), that is not a charity registered with the ACNC, and has a constitution that states that the entity is intended to be an MCI mutual entity for the purposes of the *Corporations Act 2001* (Cth), and has issued one or more MCIs. For a share in a mutual to meet the legal definition of an MCI if the rights attached to the share can only be cancelled or varied by a special resolution of the company, and ether by a special resolution passed at a meeting of the MCI shareholders (who hold the same class of share), or with the written consent of the members with at least 75% of the votes in the class.

Additional constraints on the MCI are that the share capital must be noted in the Mutual entity's constitution as stating that the MCI can only be issued as a fully paid share, with any dividends paid in respect of the share being non-cumulative, and where rights attached to the share associated with any participation in surplus assets and profits by the shareholder are clearly set out. Further, the MCIs must be cancelled before a mutual entity demutualises, and the demutualisation of an MCI Mutual entity can only take place if there are no MCIs remaining in the entity, or if the resolution for demutualisation provides for each MCI to be cancelled at or before the time the entity ceases to be an MCI Mutual entity (whether or not the holders of the MCIs to be cancelled are to receive other securities in respect of those MCIs).

It is important to note that a mutual enterprise that becomes an MCI Mutual Entity is not required to treat MCI shareholders the same as ordinary members of the mutual. This means that the possession of MCI doesn't automatically grant the holder the normal rights of membership.

MCI can be issued by public companies limited by shares or limited by guarantee, as well as companies limited by shares and by guarantee. However, such companies cannot have voting shares other than MCIs, listed on a prescribed financial market. Firms registered as charities with the ACNC are also ineligible. Mutual firms that are companies limited by guarantee can issue MCIs and therefore be treated as companies with share capital under the amended legislation. This will, in some circumstances, permit such companies to pay dividends from MCI (Dodd et al., 2019).

The motivation for the establishment of MCI under Australian corporate law was the desire within the mutual enterprise sector to have the ability to raise capital without risk of demutualisation. Prior to this change, the only sources of capital raising for mutual firms were retained profits and debt.

For many mutual enterprises, in particular those operating within financial services (e.g. banking and insurance), this limited their potential for growth, and also to retain sufficient funding reserves to meet their prudential obligations. MCI provide mutual firms with the option of raising new capital without the risk of having their mutuality placed at risk, which was common for those that needed to demutualise so that they could float their share capital on the open stock market.

From a tax perspective the legislation also amends the *Income Tax Assessment Act 1997* (Cth) and the *Income Tax Assessment Act 1935* (Cth) so as to preserve the way in which mutual firms are treated for taxation purposes should they issue MCI. However, there remain some questions as to how MCI dividends might be treated for franking credits, and whether MCIs will be treated as ordinary shares in relation to withholding tax and in relation to double taxation for foreign residents who might hold MCI (Dodd et al., 2019).

CO-OPERATIVE CAPITAL UNITS

Within the Australian *Co-operatives National Law* (CNL) there is a provision for the issue and use of co-operative capital units (CCU). These are defined as:

> *"An interest issued by a co-operative conferring an interest in the capital, but not the share capital, of the co-operative"* (*Co-operatives Act 2009* (WA), Division 2, s257(1)).

Like the MCI, the CCU does not confer voting rights or enhanced ownership within the co-operative. Regardless of how many CCUs a person might hold, they are not automatically granted membership and if they do have membership status, their voting at general meetings of the company is still limited to one-member-one-vote. However, they do have voting rights as CCU shareholder meetings where they are entitled to one vote per CCU. The rights of CCU holders may vary depending on the terms under which these financial instruments are issued, but this will require the consent of at least 75% of the CCU holders (e.g. see Section 261, *Co-operatives Act 2009* (WA)).

CCUs can be issued as both a form of debt or share capital. However, as noted in the legislation, it cannot be issued as ordinary share capital from the co-operative. Under the legislation the CCU holder has the same rights as a holder of a debenture, specifically in relation to their receipt of notices relating to shareholder meetings and other relevant company documents. However, the nature of the CCU remains vague, with NSW legislation describing it as being on a continuum from a redeemable share to and ordinary debenture, but being "neither share, debenture, nor debt" (NSW Office of Fair Trading, 2007, p. 3).

It is possible to issue CCUs to both members and non-members, but a prospectus outlining the terms of issue, entitlements to repayment of capital, whether or not interest is cumulative, and how investors rights will be addressed during wind-up. Any limits on the ability of any individual shareholder to accumulate CCUs also needs to be disclosed. Finally, CCUs can only be redeemed in one of three ways. First, out of any profits from trading. Second, from the proceeds of fresh issues of CCUs, and third, from an approved issue of CCUs (Mamouni-Limnios, et al., 2016).

OBSERVATION

The changes to the *Corporations Act, 2001* in relation to the definition of the mutual enterprise and the ability of such enterprises to raise capital (e.g. via MCI) without the possible risk of demutualisation, are positive developments. They have been widely supported by mutual enterprise sector and follow a pattern originally raised within the co-operatives sector that led to the introduction of the CCUs.

However, it is worth noting that the initial use of CCUs within NSW had mixed outcomes, and there remains a lack of understanding amongst many within the co-operatives sector as to the nature of CCUs, how they work and the overall benefits that they might offer. Their strategic rationale for their use within the business is also of importance.

In financing any business there are usually three primary options. These are the retention of profits that can be reinvested into the business; the acquisition of debt, which is either secured (e.g. bank loans underwritten by assets), or unsecured (e.g. credit); and issuing of equity via share capital. The latter is broadly divided into ordinary shares (common stock) or preference shares (preferred stock).

Ordinary shares typically provide the holders with voting rights and ownership over the entity. However, within CMEs such share capital needs to be divorced from voting rights that grant control through their accumulation. The CCUs and MCIs are designed to overcome the risk of demutualisation by divorcing their ownership from the ownership of the co-operative or mutual enterprise. Although the legal structure of these financial instruments provides protection from demutualisation where CMEs are using them to raise equity funding, their attractiveness to investors remains unclear.

In situations where the equity is a preference share, the investor is typically rewarded with a fixed dividend, and has the first call on any capital if the entity is to be liquidated. These benefits make the preference share less risky than an ordinary share, but the holders of these shares usually don't have voting rights within the company as do the holders of ordinary shares.

Investors who buy preference shares typically do so because this form of equity is relatively stable and offers consistent dividends via the fixed dividends. However, these shares don't provide the potential dividend growth of ordinary shares, and suffer from potential dividend risk and the lack of control rights.

Research undertaken into CCUs found that their structure was highly dependent on the purpose for which the financial instrument was being used. For example, CCUs could be issued by a co-operative only to members as a reward for patronage, or to both members and non-members when new capital needed to be raised. Other major considerations were how CCUs would be marketed and distributed, in particular the dividend policy (e.g. variable, fixed or both). In relation to MCI there appears to be less flexibility in their design and use than is the case for CCUs

The long-term success of the CCUs and MCIs is likely to depend on how well investors respond to these financial instruments, and how effective they are as a means of funding for the co-operatives and mutual enterprises.

As noted, CCUs can generally be issued to members or non-members for the raising of new capital as either debt or equity. However, in the case of MCI the issue is only equity, essentially as a form of preferred stock.

MCI mutual entities might issue MCI shares to members either as a means of raising new capital, but the separation of MCI ownership from membership would suggest that MCI might not be a substitute for traditional forms of financial reward to members (e.g. via rebates and discounts) linked to patronage.

For third party investors, the attractiveness of MCI is likely to be contingent on the ability of the mutual entity to provide competitive fixed dividends. The non-cumulative nature of MCI might also be an issue for some investors who may wish to recover any unpaid dividends in situations where the issuing entity has, due to profitability problems, been unable to make regular dividend payments. How these distributions will be treated for tax purposes might also be an important consideration for such investors.

From an investor's perspective, the MCI might appear to be a more complex and higher-risk option than a debt-based instrument such as a bond or debenture. In the case of impact investors, the MCI might be potentially attractive. However, such investors are likely to seek additional reassurances that their investment is going to deliver meaningful social outcomes. This might take the form of clear statements in the mutual entity's constitution (as part of their conversion into an MCI mutual entity), as to their purpose and principles, and the social and environmental outcomes such investment is likely to deliver.

A final point to note is the need to create a reliable capital market for both CCU and MCI that offers an alternative to the public stock market. Despite the CCUs being available to co-operatives for many years, so far this capital market has not emerged within that sector. The amendments to the *Corporations Act 2001* now provide a national legislative framework around which such a capital market might evolve. This is likely to focus on the MCI, but it should also incorporate the CCU, even though that financial instrument operates outside the federal legislative system.

Case Study: Yenda Producers' Co-operative - Farming in the Dry

The Yenda Producers' Co-operative Society Ltd (YPC) one of Australia's oldest continuously operated co-operatives and also one of its largest by annual turnover. In 2018 the co-operative turned over around $83.3 million, employed over 100 full and part-time staff and had about 1,500 members. Operating as a group, the co-operative provides a range of professional services and agricultural supplies such as fertilisers, chemicals, biologicals, seeds and hardware. It provides a valuable case study of the economic and social benefits that the co-operative and mutual enterprise business model can deliver to regional communities.

Background and early history

The home of the YPC is the town of Yenda, which is located in the Riverina district of New South Wales (NSW) approximately 550 kilometres west of Sydney. This lies within the traditional lands of the Wiradjuri Aboriginal people and falls within the Murrumbidgee River irrigation area. It is a hot, dry semi-arid zone, which has low rainfall and is prone to drought and occasional flooding. What allows Yenda and the adjacent towns in the area to sustain relatively large populations and high levels of agriculture, horticulture and viticulture, is the ability to draw water from the Murrumbidgee River system.

European settlement commenced in the 1840s with a small number of squatters seeking to establish pastoral stations on the abundant grasslands. However, it wasn't until the 1880s that irrigation systems, drawing water from the Murrumbidgee, were first constructed in the district. This early irrigation work was then accelerated between 1904 and 1920 when the NSW state government made the decision to invest in a major inland irrigation system, which substantially transformed the area (Gribble, 2015). The development of the irrigation infrastructure was initially undertaken by the Murrumbidgee Irrigation Trust (established 1910), and the construction of the irrigation system, and associated towns commenced from 1911, with the purchase or resumption of land (SRA, 2019a).

The following year the *Murrumbidgee Irrigation Act, 1910* was repealed and superseded by the *Irrigation Act, 1912*, which saw the Trust replaced by a Commissioner for Water Conservation and Irrigation. From 1913 and throughout the course of the First World War (1914-1918), the Commissioner promoted settlement within the irrigation areas, allocating lands, establishing experimental agricultural research stations, and support programs for mixed farming, dairying, pig production and horticulture (e.g. fruits, berries and tobacco) (SRA, 2019b). In 1916 the Water Conservation and Irrigation Commission was established.

Foundation of Yenda and the emergence of the co-operative

The town of Yenda was officially founded in 1916, although it grew slowly until the end of the First World War. From 1919 the town and surrounding areas experienced growth with the influx of returned service personnel who were provided with government assistance under the Returned Soldiers' Settlement scheme. Faced with increasing costs and debt, the Water Conservation and Irrigation Commission, actively promoted land settlement into the Riverina to these returned servicemen. However, allotments of land within the Yenda district were typically small (e.g. 4 to 14 hectares), and only suitable for small scale dairying and intensive horticulture. Many soldier settlers were undercapitalised, lacked the skills needed for successful farming, and faced problems such as poor soils and drainage. As a result, most struggled and many failed (Gribble, 2015).

According to YPC Chairman Nayce Dalton and Managing Director (MD) Peter Calabria, the plight of these early pioneers was made more difficult due to the challenging semi-arid climate, the significant distance to major markets, inadequate transport infrastructure, and poor scientific and agronomic advice:

> *"Initially the government told the farmers to get into dairying because it had worked in other areas, but the trouble was that with fresh milk so far from the markets, all that fresh milk ended up being fed to pigs. There were a lot of other failures here in a lot of the crops they tried to grow because the people who were advising them at the time didn't understand that it was a semi-arid or near desert type place here. Without the irrigation water you just couldn't do it* (Dalton, 2019)."

Throughout the early 1920s the community of Yenda struggled to make a living, forming several co-operatives in order to assist them with the processing and marketing of cash crops. These included the Yenda Tobacco Curing Society Ltd. (est. 1921), and a branch of the Griffith Co-operative Society, which had opened a grocery store at least one year before that. The tobacco co-operative was renamed Yenda Producers Limited in 1922. Additional firms were established such as the Yenda Settlers Ltd. (1922), Yenda Hay & Grain Growers Co-operative (est. 1923) and Yenda Vine Growers Association (est. 1924).

However, by 1924 the two most successful of these businesses were the Yenda Producers Ltd, and the Yenda Settlers Ltd. The first of these, which had taken over the tobacco curing co-operative after it suffered a catastrophic barn fire, was not a co-operative, but a company registered with the *Companies Act, 1899*. The latter, also not a co-operative, had grown out of the branch of the Griffith Co-operative grocery store. Both were selling similar products and there was a call for the two to be merged. However, Yenda Producers Ltd was viewed by many as too profit oriented, and concerned only with the benefits it could offer to its shareholders who were mostly farmers. By contrast Yenda Settlers Ltd was seen as focused more on what was in the best interests of the wider community.

Despite these issues, a series of extraordinary and special general meetings were held during 1925 to discuss the potential for a merger. However, the shareholders of Yenda Settlers Ltd remained opposed until in December 1925 a fire destroyed the Yenda Settlers' building and this is likely to have tipped the balance in favour of amalgamation, which was finalised in 1926. There was also state government support and encouragement to soldier settlers to join co-operatives, and it may explain why the newly merged entity was registered with the *Co-operation, Community Settlement & Credit Act*, *1923* rather than the *Companies Act* (Gribble, 2015).

As explained by Dalton and Calabria, the co-operative's foundation was driven by the combination of government investment in irrigation and the soldier settlements scheme, and the community's desire to get a fair deal for sale of their produce and purchase of their goods and services:

> *"Probably the two drivers were the community's desire for a better deal, so the community got together to formed the co-ops to self-service and on the other side of the coin, many of the existing suppliers and buyers were probably ratbags who were ripping them off. So, the co-operatives were a way of protecting themselves, with one on the supply side and the other on their product sales side* (Dalton, 2019)."

> *"Yes, you're right, the two co-ops were formed as Nayce says for two key reasons, one was so that they could buy more competitively, and not be dictated to. Also, because we were so far from the market, when back then around 100 years ago, transport was a big issue, there was the need to bulk market their product so that they could get a decent return for it and thereby help them to survive* (Calabria, 2019)."

STEADY GROWTH THROUGH DEPRESSION, WAR AND PEACE

Throughout late 1920s and into the 1930s the Yenda Producers Co-operative Society Ltd and its members battled fires, floods, drought and the financial distress caused by the Great Depression. However, progress was made and the co-operative expanded into the packing and export of fresh and dried fruits under the "Wee Juggler" brand. The co-operative's members were from a range of producer backgrounds, which included small scale horticulturalists growing fruits and vegetables, through to large-scale rice and mixed farmers. The latter were fewer in number, but spent more with the co-operative buying such things as fertiliser, fuels, oils and machinery parts.

Following the Second World War (1939-1945), the co-operative saw its fortunes improve along with the growing prosperity of its members. Large-scale farmers were investing in fat lambs and making good profits. Small-scale horticultural producers were growing stone fruits, (e.g. apricots, peaches, pears, figs, quinces), citrus, vegetables (e.g. tomatoes, beans), nuts and berries. There was also a growth in grape production and the concurrent production of fortified wines. This was facilitated by the arrival of many immigrants from Europe who brought with them viticulture and wine making skills, as well as a market for such product. The co-operative's retail operations expanded during the 1960s with the need to invest in upgraded facilities to address storage for fertilisers, fuels and oils (Gribble, 2015).

Yenda Producers' Co-operative Store 1920s (Source: YPC, 2019)

These benefits of the co-operative were highlighted by Calabria and Dalton when reviewing the evolution of Yenda Producers:

> *"Back in those days there wasn't the infrastructure and the logistics available to the producers. So, by setting up the co-op they were essentially setting up their own infrastructure and logistics. This was the same for marketing. The buyers who were there at the time were going to rip them off, so the co-op could be there to help them get their fruit to market, provide packaging and logistics for them* (Dalton, 2019)."

> *"Yes, in the early years there were a lot of individual merchants who sprung up, a bit like the gold rushes, where someone would set up a bit of a shingle and pretty much sell anything and everything. And those people tended to have control of those areas and they made all the money. So, I think the founders saw the co-op as a way to not be at the whim of the only operator in town* (Calabria, 2019)."

Further expansion took place in the 1960s, 1970s and 1980s with a shift into bulk handling and storage of grains and some fruits (e.g. prunes). Mechanisation from harvesting to storage, processing and packing increased productivity and saw the co-operative investing in a significant amount of machinery, transportation and bulk storage facilities. For example, a permanent office was built in 1963, with new fertiliser storage facilities constructed in 1966. However, the 1980s was a period of strong growth for YPC. Following the sale of land assets during the 1970s, further land was leased in 1982 and bulk fertiliser storage sheds built in 1984, with a branch store opened in the nearby town of Leeton in 1988. This expansion continued during the 1990s with more facilities upgrades as increased regulation demanded new buildings to house chemicals and other potentially dangerous materials. The co-operative operated branch stores in a number of towns including Griffith (Gribble, 2015).

THE FORMATION OF THE YENDA GROUP

In 1998 the YPC acquired a locally-owned stock and station agency Spencer and Bennet (S&B). The latter, founded in 1980, had similar client base to the co-operative's membership and shared common values and mutually beneficial synergies in its services. To accommodate this acquisition, the co-operative created a new, solely owned entity Spencer & Bennet Yenda Producers Pty Ltd. Operating across the region, the new entity is based in Griffith and offers real estate agency, insurance broking and agency in livestock buying and selling. It also provides support for members in water trading, livestock production, motor vehicle and general insurance (YPC, 2019). As Calabria, explained the acquisition was as a result of discussions between the co-operative and the S&B owners:

> *"If you go back to about 1997-1998, we were involved in discussions with the Spencer & Bennett owners, and the two partners really didn't have a succession plan. We were building new offices out near the sale yards in Griffith, we approached them and asked if they would like to rent some office space, and they came back and said, 'look instead of doing that are you interested in buying us?' So, we bought them 100%, and while they sold out fully, they agreed to work with us for the next 5 to 7 years and one stayed on for 12 years* (Calabria, 2019)."

The first decade of the twenty-first century was marked by one of the most severe and protracted droughts since the "Federation Drought" of 1900-1901. This impacted the ability of the co-operative's members to grow their crops and by 2002 rice production had fallen by 50%, and was reduced to virtually nothing by 2008. Compounding this problem was the decision by the NSW government to "separate" the irrigation water from the land, essentially pooling the ownership of water rights into a water market. With an oversupply of some crops (e.g. grapes) and low prices caused by deregulation of horticultural production, some larger irrigators chose to sell their water allocations for a profit rather than use it to grow crops (Gribble, 2015).

According to Dalton and Calabria, the semi-arid conditions that the co-operative's members have to operate their farms in remains the critical strategic challenge that has faced Yenda Producers throughout its history:

> *"Yes, this issue continuously raises its head, particularly when we go into dry periods. On the back of climate change, which I don't think anyone is seriously arguing that the climate is not changing, with more severe dry and wet, with more unpredictability of weather now common."*

It was this combination of drought and low water allocation that resulted in the co-operative adding a second business to its group. This took the form of a joint-venture with Riverina Water Engineering (RWE) led by Gerard Ormesher. Based in Griffith, the RWE Yenda Producers Irrigation business commenced trading in November 2004. Originally RWE was run by two partners who rented office space from YPC. However, one of the partners decided to retire and asked the other to buy their share of the business. At this point Gerard considered an offer to align himself with the co-operative, and the co-operative agreed to partner with him and purchase the shares of the departing partner. This took place during 2006 and was a relatively low-cost, low-risk investment.

The benefits for the RWE owner was that the co-operative took over all the administrative support for the business, and over the years has grown to a turnover of more than $10 million and employs around 25 full time and casual staff. Initially offering irrigation system designs and consultancy services, RWE grew into a comprehensive service provider offering design, installation and maintenance of irrigation systems for a range of customers including rural, domestic and government sectors. In addition, it also provides a retail outlet for irrigation products and emergency break-down services for customers.

In 2015 the co-operative formed another joint venture between itself, as the majority shareholder, grain trader Origin Grain, and Luke Mancini, a shareholder of the co-operative, and former employee of Origin Grain. The main purpose of YPG is to help its members secure access to niche grain markets (YPC, 2019). The motivation for entering into this business was the recognition by the YPC board that there were good synergies between their existing grain operations and those of the grain trader:

> *"At that time, we'd been involved in grain for about 10 years, but we really didn't have strong presence in grain. Our focus was on grain transportation and delivery, farm to silo, but nothing else. It probably filled in a bit of the canvas to say, well if we can close a bit more of the loop and offer additional services to the members this would be worthwhile. So, we proposed to the board the plan to start a joint venture to operate a grain trading business. Also, about that same time, one of our local competitors, came up for sale, and they had grain storage silos and a fuel storage depot. This included existing contracts for the supply of malt barley and corn. These events essentially aligned and that is how that business took off* (Calabria, 2019)."

Although these subsidiary businesses are not full members of the co-operative, it is expected that they will adopt procedures and a culture that is congruent with the values of the YPC. The co-operative's MD oversees the management of these subsidiary firms:

> *"All those businesses adopt the policies, procedures and culture of the co-op. So, the deal is that we filter down all our policies, procedures and expectations. So, they've got to act like our co-op employees do, and that is sort of a given* (Calabria, 2019)."

According to Dalton, if these subsidiary firms were to grow significantly over time, the co-operative would most likely seek to put some of its directors onto the boards of these subordinate firms. As explained by Calabria, these subsidiary firms are run by their own management and directors, but have to meet certain profitability expectations. The YPC holds at least a 50% share in the equity of these firms, and their profits are included in the co-operative's annual financial statements.

THE IMPORTANCE OF GOOD GOVERNANCE, MANAGEMENT AND MEMBER ENGAGEMENT

Looking back at the evolution of the YPC, Dalton and Calabria consider that what have been the key defining elements are the quality of governance and management:

> *"Management and governance are the two factors that have given it the rollercoaster ride since the 1920s. When there has been good management and good governance things have gone alright, but if you get a period of bad governance you also get bad management. Yet that seems to be something that goes back to the 1950s, and there are still fellas today who will tell you something that happened in the 1960s, times when things were very close to failure* (Dalton, 2019)."

> *"Yes, it definitely has. During that period, that is the 1950s era, there were a number of unscrupulous people within the Yenda community and there were a number of fires that were essentially insurance claims. These almost meant that the business certainly wouldn't have survived. However, they found some funds, restructured themselves and maybe kept some good governance for a while, but then someone jumped in and tried to take an advantage, and as Nayce said, the co-op has nearly failed a number of times on different occasions for different reasons. In fact, there was a period when insurance companies would not offer any insurance for buildings in the Yenda area due to what were called 'Saturday night fires'* (Calabria, 2019)."

According to Dalton, the strong growth that YPC experienced during the late 1980s and through the 1990s was due to a "fairly aggressive" CEO who was willing to take on a degree of risk, and with the assistance of some good seasons, helped to strengthen the business. However, during that period, the co-operative also went through a transformation, from a reseller of products, to a collaborative partner to its members. This involved going out and working directly with the members through the provision of professional advice across the businesses that form the YPC Group.

> *"The biggest change in that period from the late 1980s was from being a purely reseller to actually going out on farm and becoming more of a partner with farmers. To offer more services, like agronomy services, trucking services, spreading services, and that kind of thing* (Dalton, 2019)."

This shift in the YPC's business model not only changed its structure, but gave its members and the wider community a much greater exposure to the co-operative's services and benefits:

> *"They didn't only see it at the shopfront, it was in their paddock as well* (Dalton, 2019)."

This physical "on farm" presence of the co-operative (e.g. having YPC branded trucks in the paddock), assisted with the process of enhancing member engagement. It "helped to give a sense of ownership to the co-op" within the minds of its members (Dalton, 2019).

Calabria also highlighted the importance of good financial controls within the co-operative. Having joined YPC in 1995 and spending seven years as Company Secretary before taking on the CEO role, he had been closely involved in the things that had shaped the co-operative's recent history. He recalled the incompleteness of the recording process of all transactions needed addressing. All payments needed to be recorded and accountable. He explained:

> *"I told the CEO at the time that I wasn't going to work that way and sign off on any unaccountable transactions... That actually added cost to the business in some areas, because it meant that we had to start paying through the books.* (Calabria, 2019)."

He noted that many employees were doing a lot of overtime and this needed fixing. In addition, there needed to be improvements in the work health and safety (WHS) culture operating within the business. While WHS regulations were not as strict as they are now, there were too many cases of drivers doing long shifts without sufficient rest. Overall, he felt that the co-operative had not really developed its formal systems of governance, compliance and WHS procedures, evolving as it had from an earlier time and a busy but mostly informal management culture. Such formality in the way the co-operative was managed were necessary, but they did add costs, although this is a necessary part of business growth.

From the board viewpoint, Chairman Dalton expressed the view that the board of the YPC in those years were fairly long standing and due to the relative success of the CEO, the board tended not to question the executive. He described the board from that period as a "tick and flick board". It didn't challenge the CEO and was heavily dependent on the executive. This view was supported by Calabria, who was the Company Secretary at the time. He observed that the board was essentially run by the CEO rather than oversighting the executive.

Since that time the YPC has significantly improved its approach to governance and compliance. Under its constitution it doesn't have independent directors on the board, but it has widened the gender balance on the board by the appointment of female directors. In addition, the co-operative is taking steps to widen the diversity of the board through the appointment of younger directors (e.g. aged under 40 years). Given the rather diverse nature of the members' farming businesses, the co-operative had traditionally sought to get representation on the board from different types of producers, although this was now changing:

> *"It used to be very much commodity-based with directors from areas such as wheat, sheep, prunes, grapes, etc. However, now we're looking more at skills* (Dalton, 2019)."

In addition, the co-operative was now requiring its directors to undertake the Australian Institute of Company Directors (AICD) courses within 12 months of their appointment. Now that most of the board has completed at least a short program via AICD, they have, according to Dalton, begun to see their roles differently:

> *"So, we've got everyone through at least the three-day course with the AICD and it has made a real difference. They now don't see themselves as business advisors anymore* (Dalton, 2019)."

Yenda Producers Co-operative 2013 (source: NSW Business Chamber)

The approach to selection of directors within YPC has primarily been on the replacement of directors leaving and creating a casual vacancy. According to Calabria, there has not been a contested election for a board position in the last 40 years. As Dalton explained, whenever there is a vacancy, the board is asked to identify potential replacements from amongst the members. Then a short list is drawn up and the potential applicants are approached to see if they are interested. While it was acknowledged that such a selection process is not "strictly democratic" it did allow for the right people to be appointed as directors and this has assisted in maintaining the overall stability of the board. According to Calabria:

> *"So, you do get stability, and the experience we've found is that when you bring someone onto the board of a co-operative, most directors need at least three years there before they can become really comfortable and able to contribute fully. Some might do it more quickly, for example, within 12 to 18 months, but others will take a bit longer* (Calabria, 2019)."

Of importance was the need for the directors to switch their thinking from that of their own farm and its needs, to the wider perspective of what was in the best interests of the co-operative and its total membership. This was often something that took new directors time to fully grasp. Despite this approach to board selection, YPC still advertises any board positions each year. This is done to allow for anyone who may feel unhappy with the direction being taken by the co-operative to put either themselves or someone else up for election.

This typically involves advertising all board vacancies just prior to the general meetings to give members the opportunity to either run or nominate someone for the role. However, there have been relatively few examples of the members wanting to challenge any new board nominations or appointments. The co-operative's constitution allows for anyone who is dissatisfied with the board recommendations to put up an alternative candidate.

MANAGING MEMBER DIVERSITY

As noted earlier, from its foundation YPC has had a relatively diverse membership base, which reflects the varied agricultural, horticultural and pastoral business activities that take place within the co-operative's area of operation. This diversity of membership has been a challenge for the co-operative to deal with as reflected in its history. The membership base includes large corporate farming businesses that turnover more than $100 million per year, down to individual householders who shop at the co-operative's retail stores and cultivate their local vegetable gardens. Amongst the producer members are broadacre wheat-sheep mixed farmers and large-scale irrigation farms, plus small-scale high-intensity horticulturalists.

The management of such diversity in the membership base is a challenge for most co-operatives and this is the case for YPC. A point noted by Calabria and Dalton:

> *"I think we've found this challenge in regard to working out where we should spend money and where we shouldn't. For example, at times we've looked at decisions and felt that while only 50 farmers are going to benefit from this, we can't justify the $2 million investment into something like a fruit dehydrator* (Dalton, 2019)."

> *"So, we are very mindful of the need to offer everyone something, so in addition to having agronomists on the ground, we've also got horticulturalists who go out and advise into cherry crops, garlic crops or grapes and nuts. This might also include animal health advisory, irrigation, corn, cotton or rice production although this can sometimes spread our resources very thin. In fact, we talked about this the other day, saying that we're a bit of a jack of all trades, or the GP in the country town rather than a specialist* (Calabria, 2019)."

It was also noted that the YPC covered a geographic area of around 100 km radius from the town of Yenda. This, and the distribution of its facilities and offices in adjacent towns such as Griffith and Leeton, meant that the co-operative could not become too focused on a single town or community group. Although the original boards were predominately from the town of Yenda, over the years the co-operative tried to ensure that it had a good representation from all parts of its membership.

Out of the total membership base of 1,500, there are approximately 300 broad acre irrigation farmers, 50 dryland farmers, 450 horticultural producers, plus another 700 members that comprise businesses, residential town-based residents and small-scale hobby farmers. Of these members, the co-operative generates the most business from the large producers, such as broad acre irrigators, dryland farmers and the larger horticulturalists. A small proportion of the members, usually the largest corporate producers, would generate the majority of the income, following the 80/20 rule.

This level of diversity requires the co-operative to invest time in building and maintaining positive relationships with all its members, in particular such large patrons. Where the larger members, corporate or not, are locally operated, with senior managers who have lived in the community for long time, the co-operative's board and executive management feel that they can maintain a good working relationship and keep them loyal. However, as corporate entities, the managers of these member organisations have to justify their decision to give their patronage to the co-operative. A major incentive in this regard are the rebates and dividends that the YPC offers.

> *"Because they're corporate, they have to justify to the blokes above them and their board why they're shopping with the co-op. The numbers have got to stack up. So, for us, and for them, part of the drivers are the rebates and the dividends. And for most of these bigger corporates we're pretty skinny on the margins, and we've got to be if we want to keep them* (Calabria, 2019)."

Even though the profit margins generated by some of this corporate trade are modest, the overall through put of products such as chemicals and fertilisers is such that it helps to deliver better pricing for all members regardless of size. This pricing structure is important because the co-operative does distribute profits and all members are restricted to a total of 35,000 x $1 shares. Traditionally, Dividends have been paid at a rate of 5%

for any share capital, and rebates are paid at a rate of 2% per annum. Both dividends and rebates are paid to members as cash, for members who have reached the 35,000-share limit. In relation to member value, this approach to capital structure means that most of the value a member will derive from the co-operative is through patronage.

The board of the YPC had not given much consideration to the use of Co-operative Capital Units (CCUs), as allowed for within the *Co-operatives National Law, 2012*. According to Dalton there were some concerns over the use of such capital instruments. In particular the risk of having non-members become shareholders and the risk that this creates conflicting interests and potential divisions between the ordinary member and the CCU shareholders if they are non-members. The CCU was viewed as a "last option" and if the co-operative needed to raise capital, it would be more likely to turn to its members and fund any growth modestly and sustainably, rather than risk "putting the house up".

BUILDING AND COMMUNICATING THE MEMBER VALUE PROPOSITION

For the board and executive management of YPC, a critical issue is the need to get all the co-operative's staff to fully understand the member value proposition (MVP) that the business can offer to members. After that is the need to get the staff to be able to communicate this to the membership and the wider community. The YPC is active in supporting a lot of community events and organisations:

> *"As a co-op we do support a lot of community events and organisations. We do try to be out in the community. Although we could probably do this better, by which I mean that when we are doing this, we let everyone know, without beating our chests, that we are doing it, and that will help to strengthen the overall sense of belonging from our members* (Calabria, 2019)*."*

Another key point of difference that YPC could identify for its MVP is that it is locally owned and managed business that has been a long-term economic and social contributor to the region. According to Dalton this is of particular importance given the otherwise heavy concentration of ownership within the agribusiness services sector into the hands of a few large corporates:

> *"There is a huge concentration of ownership in our area of agricultural reselling following the mergers of several large companies. So, this is a point of difference that we can communicate, namely that we are a local and locally owned business, and not one of the big corporates* (Dalton, 2019)."

The board had recently met to discuss its future strategy. One area that had emerged was the need to start being more proactive in communicating its co-operative advantage, and getting the community to understand the role and value of the co-operative. This included a more systematic and broad range survey of members to get more reliable feedback. To date the YPC had not engaged in regular member surveys, although it does speak to members on a one-to-one basis as required. A lot of the member-engagement communication has been delegated to branch store managers and agricultural service consultants who deal on a daily basis with members as their customer and clients.

Attendance at annual general meetings (AGMs) is typically low for the YPC. This is viewed as a "typical rural thing" and that if the AGM is heavily attended things are usually not going well! However, there was a recognition that the co-operative needed to do more the get out into the community, within the various towns within its operating area, and run low key but focused events to celebrate the success of its members, and to also acknowledge the good work if its staff within their member engagement.

Managing and retaining the staff of the co-operative was seen as a key part of the YPC's ability to continue delivering value to members. Given the relative isolation of the co-operative and its community, finding good employees was difficult. This included good truck drivers through to professional agronomists. The co-operative was also facing competition from large corporate firms who were offering much higher wages to attract even some of the relatively junior staff when the labour market became tight.

The YPC is keen to grow and diversify its membership and expand its market share. This is seen as essential given the ongoing rationalisation and concentration of power into a small number of large corporate groups that the co-operative competes with. However, before this can be done, the YPC needs to better understand the needs of its members. Of particular concern, is the impact of water ownership rights within the current irrigation system that feeds the foundations of so many of its members' businesses. This is one of the most strategic issues facing the co-operative and relates to the management of the Murray-Darling River basin within which the Murrumbidgee River is a major waterway.

The Murray-Darling Basin Water Plan

As noted above, the period from late-1996 to mid-2010 saw much of southern and eastern Australia impacted by long periods of dry or low rainfall known as the Millennium Drought, which "severely impacted the Murray-Darling Basin and virtually all of the southern cropping zones" (BOM, 2015). This created significant problems for the irrigators along the Murrumbidgee River, which lies within the large Murray-Darling River catchment. Water allocations from the Murrumbidgee Irrigation Ltd to the irrigators were frequently insufficient, or arrived too late in the season to offer any benefit to the farmers' crops (Gribble, 2015).

In response to this drought, and the competing demands for water from irrigators, town domestic consumers, graziers, processors and the natural environment, a coordinated plan was developed between NSW, Victoria, Queensland, South Australia and the Australian Capital Territory (ACT). Known as the Murray-Darling Basin Plan, its objective was to balance the needs of economic, social and environmental stakeholders in how water from Australia's largest river system was allocated. The "Basin Plan" as it is referred to, was passed into federal law in November 2012, and is managed by the Murray-Darling Basin Authority (MDBA). However, as the MDBA (2014) explains:

> *"At the heart of the Basin Plan is the need to increase the amount of water for the environment of the Murray-Darling Basin and ensuring sufficient water for all users. To achieve this balance, the Basin Plan reduces the amount of water that can be taken from the rivers by settling sustainable diversion limits (SDLs) for both surface water and groundwater for each catchment area in the Basin."*

Given the importance of irrigation to the members of YPC, the co-operative was actively involved in the discussions that led up to the finalisation of the Basin Plan. Throughout 2010-2011, numerous community meetings were held and submissions to governments and politicians (both state and federal) were made. Of particular concern to the co-operative's members was the decision to buy back water allocations from irrigators so that sufficient water could be kept within the system in order to maintain its environmental sustainability.

The implementation of the Basin Plan has taken place over seven years from 2013-2019 and comprised ongoing monitoring of the environment to ensure the sustainability of the Murray-Darling-Murrumbidgee river systems, as well as mechanisms for ensuring the sustainability of the communities and industries that depend on the water from these systems. This included rules for water trading and better access to water market information, the coordination of state and territory watering plans, and mechanisms to ensure that the minimum water supply was provided to local communities within the Basin (MDBA, 2015).

Despite the best efforts of the MBDA to coordinate the Basin Plan, there were many within the irrigator communities who expressed dissatisfaction with the allocation of water. For example:

> *"It can be seen that water allocation is an ongoing problem between irrigators and others who have covert agendas. As yet, there is no guarantee that buyback will result in balanced water sharing or capital infrastructure projects on farms and rivers. There is concern regarding unseen future repercussions* (Gribble, 2015, p. 81)*."*

During the period 2010-2012 the previous long drought was followed by years of high rainfall, with 2012 experiencing a significant flood that put large parts of the region including the towns of Griffith and Yenda under water. This flooding has subsequently given way to drought, which has seen the MDBA under pressure from irrigators to return more water from the environment to them for farming purposes. This pressure recognises that the Commonwealth Environmental Water Holder (CEWH) has the largest allocations of water within the system under its control. However, as the CEO of the MDBA Phillip Glyde explained in March 2019:

> *"Regardless of the climate, the Water Act does not allow water earmarked for the environment to be returned to farmers either on loan or as a gift. There is provision, however, for environmental water to be sold on the open market, for anyone to purchase, strictly on condition that the environment doesn't suffer as a result. In the event that there is water to sell, the CEWH is obliged by law to sell it on the open market and ask the market price for that water, just as all other water licence holders do. The water of course would go to the highest bidder, not necessarily those farmers who are suffering most from the drought and the process of water reform. It is really important that we all respect the right of people with water licences to use their allocations as they see fit—whether it's environment managers sustaining river ecosystems or irrigators sustaining production* (Glyde, 2019)."

THE FUTURE OUTLOOK FOR YENDA PRODUCERS

When asked about the major foreseeable threats facing the co-operative both Dalton and Calabria placed climate change and the future of water supply for irrigation as the most important.

> *"Climate change and what is going to happen with water is pretty much out of our control, but it is a threat to our business because without water we simply cannot maintain the level of sales and turnover, plus the same level of staff longer term* (Calabria, 2019)*."*

Other threats that were identified were the changing demographics within the farming community. This was being impacted by the retirement of many older farmers and the transition from family-owned farms to those owned by corporates, with owners who were not locally based. In this case it was difficult for the co-operative to build up the relationships with the people who represented their member organisations. It also made it more difficult for YPC to service the corporates at a price that was competitive and sustainable, because the larger corporate owned producer organisations were usually highly price sensitive.

However, even where the farms were retained in family ownership, the situation was changing. This was driven by the younger generations being much better educated, with university degrees, plus a greater knowledge and use of technology and social media. This made it more difficult for the co-operative to relate to and communicate with these younger farmers as compared to their parents. These demographic and economic changes were also having an impact on land ownership within the region. As a consequence, farms were getting large, but farmers were getting fewer in number, with impacts on the YPC's membership base:

> *"Just the changing ownership of farmland too is an issue. Every farm that goes up for sale gets absorbed into an existing one, so we are seeing much more concentration of ownership. What this means is that our top 10 clients will represent around 50% of our income* (Dalton, 2019)."

Despite these threats, the co-operative remains optimistic about the future. One opportunity identified by YPC is to get "in-front" of the major things that are shaping agriculture, particularly in the light of water scarcity and climate change. The limited availability of water and the available return on almonds has led to an increase in the production of nuts. Further, whilst these nut prices are maintained, there seems to be opportunities for the co-operative to move into the supply and servicing of these new crops:

> *"We need to get in front of what's changing in agriculture, and what I mean by that is with the water prices where they are and the limited availability of water, new crops like nuts are becoming big and this seems like it won't go away in the foreseeable future. So, we can see opportunities in these newer areas, particularly if we can be in front of our competitors for a service that's of value, as well as anything else our members feel is valuable* (Calabria, 2019)."

It was recognised that the co-operative would need to diversify its operations and services to ensure that it maintained its value to its members, and attracted new members. The relatively small size of the YPC was also seen as an opportunity so long as it could be "nimble" and also willing to undertake new directions. One of these is the potential to widen its operations outside the existing geographic area in order to overcome the current dependence on access to irrigation water:

> *"We may look at going out of our current area, because our area is solely reliant on irrigation water, and that Murray-Darling Basin and the rules around water trading and how much water you can get all impacts. Also, because they've separated water from land, allowing almost anyone to own water, even overseas interests, everyone strives to get the best returns for their water. So, they don't really care whether it is used within our community or not. They'll send it to whoever is going to pay the most money. So, we discussed maybe looking at other business opportunities that don't rely on irrigation water* (Calabria, 2019)."

This was explained as either offering similar services to farmers located in areas not dependent on irrigation water, or undertaking research services for firms manufacturing chemicals. This required conducting field trials and assessments as part of the securing of chemical registrations.

In relation to weaknesses, the key issues identified by Dalton and Calabria, were the co-operative's vulnerability to low water allocation, plus the impact of drought. There was also an issue that was created by the relatively small size of the co-operative, which made it difficult to attract and retain the best employees, particularly, as noted previously, when the larger competitors were able to offer better wages and the potential for a better career path. The YPC was also limited in its ability to finance all the opportunities it might want to pursue.

However, despite these issues, the YPC did have several key strengths upon which to build the future. These included the long history of the co-operative and the fact that it was locally owned and well-regarded within the local community. Additionally, the co-operative enjoyed quite low staff turnover and employed a lot of local people. What this meant was that the name and reputation of the YPC was well known and regarded by the community. Finally, the diversity of the membership base, as described earlier, was also a strength because it covered such a range of agricultural, horticultural, viticultural and pastoral producers, plus the business and residential consumers. This helped to spread the risk across a broad range of members.

OBSERVATION

The Yenda Producers' Co-operative (YPC) exemplifies the role that CMEs can play in the economic and social development of regional and rural communities. Founded by cooperative community action, YPC was formed in response to the hardships being faced at the time by the early settlers to the region. The ability of the co-operative to provide better prices for goods and services, as well as enhancing market access, building common user infrastructure, and developing new services for members has been demonstrated.

Another important aspect of the YPC case is the firm's ability to form and sustain strategic alliances with other businesses. For example, the development of the YPC Group of subsidiary companies has widened the co-operative's services, but also shown its ability to collaborate with and then manage different businesses, bringing them into successful joint venture partnerships.

The YPC case also provides some valuable lessons about the importance of good governance and sound professional management. Success in any business depends on these factors, but for the co-operative it is particularly important to retain members trust and future loyalty. It also showcases the challenges of developing a coherent member engagement strategy that can serve to communicate the member value delivered by the co-operative, and simultaneously generate feedback from members to assist with future value creation. The relatively diverse nature of the YPC's membership is an additional complexity that the co-operative has successfully managed.

Finally, the YPC case illustrates the significant impact that government policy and environmental change can have on CMEs. As with most firms in its industry, YPC is facing increasing competitive pressures from the concentration of service providers into fewer but larger, and mostly multi-national corporates. At the same time, the demographic and environmental changes within the local community from where its members are found, is posing new strategic challenges for the co-operative. These are the strategic issues that confront most CMEs and require their directors and executive managers to continuously scan their foreseeable threats and identify potential opportunities. How well they then adapt their business model, leveraging the strengths of their internal capabilities, while addressing the weaknesses identified within their organisation, will ultimately decide their long-term survival.

CONCLUSION

As outlined in this report, the Australian CME sector has remained relatively stable over time with around 2,000 firms comprising its core constituency. This is consistent with a general estimate of the size of the CME sector made back in 2012 (Denniss & Baker, 2012). While growth in the total number of CMEs appears to be fairly constant, their economic and social contribution to the Australian economy and society remains substantial, as it has done since the 19th century. The variety of CMEs continues to be wide, across a broad range of industry sectors.

From the available data as reflected in the Top 100 CMEs, over the past five years many firms have experienced low or negative profitability growth. A decline has also been seen within the member-owned superannuation funds in relation to five-year revenue trends. These trends are not necessarily an indication of any inherent failing within the CME sector, but a general trend found across the Australian economy that has seen steadily declining GDP growth over the same period.

The 2019 ACMEI study highlights the commitment by many of the largest CMEs to community engagement and sponsorships. While this reflects a genuine commitment by these firms to social capital building, most of the examples given by these firms, are similar to the corporate social responsibility (CSR) commitments made by large investor owned firms.

Finally, the recent amendments to the *Corporations Act 2001* (Cth) not only provides a valuable definition of what a mutual enterprise is, but also provides for an opportunity for new capital raising by mutual firms using the MCI financial instruments. Time will tell how well this new type of equity helps to transform the CME sector.

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Appendix A: Top 100 CME by Annual Turnover for FY2017-18

Rank	Name	State	Turnover (AUD $)	EBIT (AUD $)	NPAT (AUD $)	Total Assets (AUD $)
1	Co-operative Bulk Handling Ltd	WA	$3,791,580,000	$39,180,000	$33,517,000	$2,351,464,000
2	Hospital Contribution Fund (HCF)	NSW	$2,641,479,000	$132,012,000	$129,567,000	$2,415,327,000
3	Capricorn Society Ltd	WA	$1,846,069,000	$35,279,000	$24,948,000	$380,024,000
4	HBF Health	WA	$1,695,002,000	$61,242,000	$60,810,000	$1,846,323,000
5	Australian Unity	VIC	$1,486,662,000	($18,144,000)	$51,542,000	$5,456,784,000
6	Members Equity Bank Ltd (ME Bank)	VIC	$1,273,514,000	$127,589,000	$89,056,000	$27,936,749,000
7	RACQ	QLD	$1,221,754,000	$89,601,000	$66,140,000	$4,465,374,000
8	RAC WA	WA	$743,519,000	$2,571,000	$5,347,000	$1,834,303,000
9	RACV	VIC	$692,400,000	$97,300,000	$70,500,000	$2,340,600,000
10	Teachers Health Fund	NSW	$656,798,565	$19,390,057	$19,390,057	$501,176,288
11	GMHBA Limited	VIC	$649,921,000	$15,561,000	$15,112,000	$404,370,000
12	NRMA	NSW	$647,926,000	$129,253,000	$97,083,000	$1,748,717,000
13	Norco Co-operative Ltd	NSW	$591,072,000	$1,904,000	$1,904,000	$201,955,000
14	Credit Union Australia (CUA)	QLD	$550,399,000	$76,895,000	$54,791,000	$14,323,217,000
15	Mackay Sugar Ltd	QLD	$449,207,000	($20,427,000)	($20,427,000)	$490,232,000
16	CBHS Health Fund Limited	NSW	$416,977,000	$14,291,000	$14,265,000	$301,721,000
17	RAA SA	SA	$409,112,000	$15,505,000	$10,722,000	$563,524,000
18	People's Choice Credit Union (Australian Central CU)	SA	$405,609,000	$44,200,000	$32,161,000	$8,390,573,000
19	Heritage Bank Ltd	QLD	$404,761,000	$64,213,000	$45,041,000	$9,524,363,000
20	Geraldton Fishermen's Co-operative Ltd	WA	$402,368,033	$108,089	$1,210,211	$155,318,786
21	Newcastle Permanent	NSW	$402,009,000	$62,041,000	$43,012,000	$10,716,100,000
22	Tyrepower Group	VIC	$391,000,000			
23	WA Meat Marketing Co-operative Ltd	WA	$380,000,000	$20,000,000		$115,625,000
24	Avant Mutual Group	NSW	$346,700,000	$130,800,000	$94,900,000	$2,299,600,000
25	Independent Liquor Group Distribution Co-operative	NSW	$332,768,703	$9,535,513	$133,505	$39,219,020
26	EML (formerly Employers Mutual Ltd)	NSW	$319,818,000	$23,799,000	$17,076,000	$388,475,000
27	Teachers Mutual Bank Ltd	NSW	$307,064,000	$45,130,000	$31,742,000	$7,069,116,000
28	Greater Bank (formerly Greater Building Society Ltd)	NSW	$287,086,000	$48,925,000	$34,214,000	$6,711,157,000
29	CUSCAL	NSW	$273,900,000	($7,700,000)	($4,200,000)	$2,283,500,000
30	Friendly Society Medical Association Limited (National Pharmacies)	SA	$273,821,000	($1,806,000)	($1,586,000)	$115,057,000
31	Beyond Bank	SA	$256,764,000	$34,801,000	$25,441,000	$5,823,060,000
32	IMB Limited	NSW	$245,959,000	$45,184,000	$31,561,000	$5,912,182,000
33	Catholic Church Insurance Limited (CCI)	VIC	$236,904,000	$66,569,000	$66,569,000	$1,384,456,000
34	Bank Australia (formerly bank mecu)	VIC	$223,749,000	$36,262,000	$26,102,000	$5,652,030,000
35	Associated Retailers Ltd	VIC	$215,263,000	($1,100,000)	($3,922,000)	$42,571,000
36	Northern Co-operative Meat Co. Ltd	NSW	$209,274,000	($10,763,000)	($7,089,000)	$150,932,000
37	Queensland Country Credit	QLD	$205,330,000	$7,893,000	$4,633,000	$2,167,525,000

Rank	Name	State	Turnover (AUD $)	EBIT (AUD $)	NPAT (AUD $)	Total Assets (AUD $)
38	Independent Liquor Group Suppliers Cooperative Ltd	NSW	$198,814,889	$1,156,644	$1,216,937	$50,760,220
39	AlmondCo Ltd	SA	$193,994,000	$3,902,000	$4,246,000	$185,876,000
40	Westfund Health Ltd	NSW	$191,115,696	$12,299,425	$12,299,425	$209,573,916
41	Queensland Teachers Union Health Fund	QLD	$183,000,952	$13,426,014	$13,426,014	$145,319,160
42	Health Insurance Fund of Australia	WA	$179,461,183	$1,877,176	$1,877,176	$121,689,641
43	P&N Bank	WA	$172,246,000	$16,783,000	$12,103,000	$4,149,210,000
44	Latrobe Health Services Ltd	VIC	$169,146,330	$8,082,754	$8,082,754	$223,476,406
45	Railway and Transport Health Fund (RT Health)	NSW	$165,720,000	($12,951,000)	($13,099,000)	$81,996,000
46	Health Partners Ltd	SA	$163,666,000	$20,289,000	$20,089,000	$171,507,000
47	University Co-operative Bookshop Ltd	NSW	$157,659,743	$1,226,461	$1,226,461	$65,986,153
48	Murrumbidgee Irrigation Limited	NSW	$157,187,000	$77,895,000	$74,480,000	$721,052,000
49	Peoplecare Health Insurance	NSW	$155,879,064	$2,165,928	$2,165,928	$116,746,250
50	Qudos Bank (formerly QANTAS Credit Union)	NSW	$152,247,000	$2,053,000	$1,403,000	$3,763,343,000
51	Plumbers' Suppliers Co-operative Ltd	NSW	$143,427,668	$1,453,829	($349,922)	$67,809,128
52	Dairy Farmers Milk Co-operative Ltd	NSW	$135,204,000	$502,000	$524,000	$19,380,000
53	OZ Group Co-op	NSW	$132,080,542	$1,580,082	$1,106,057	$19,616,203
54	St Luke's Medical & Hospital Benefits Association Ltd	TAS	$131,617,999	$3,192,276	$3,324,363	$117,315,103
55	Police Health	SA	$124,090,042	($8,401,904)	($8,401,904)	$82,725,989
56	Australian Scholarship Group Friendly Society	VIC	$121,228,000	$9,596,000	($6,492,000)	$1,395,717,000
57	Medical Indemnity Protection Society Ltd (MIPS)	VIC	$119,726,000	$14,446,000	$13,872,000	$621,845,000
58	UniMutual	NSW	$108,519,838	($3,215,941)	($3,393,202)	$123,211,038
59	Bank First	VIC	$104,710,000	$16,762,000	$11,737,000	$2,508,001,000
60	NSW Sugar Milling Co-operative	NSW	$102,460,000			
61	Defence Bank	VIC	$89,594,000	$13,961,000	$9,794,000	$2,277,826,000
62	Bananacoast Community Credit Union	NSW	$87,460,000	$15,822,000	$10,695,000	$1,700,373,000
63	Police Bank	NSW	$86,214,053	$12,019,307	$8,438,683	$1,910,897,943
64	Hastings Co-operative	NSW	$86,061,097	$850,392	$913,760	$22,986,476
65	International Macadamias Ltd (Macadamia Processing Co. Ltd)	NSW	$85,388,612	$4,004,454	$3,001,150	$39,807,651
66	Yenda Producers Co-operative Ltd	NSW	$83,289,034	$1,363,376	$900,053	$51,204,718
67	Navy Health Ltd	VIC	$81,832,000	$5,104,000	$5,104,000	$109,129,000
68	Murray Irrigation Limited	NSW	$80,545,000	$22,633,000	$18,147,000	$526,367,000
69	Rapid Group Co-operative Ltd (Rapid Clean)	NSW	$79,350,000			$4,950,000
70	Lawcover Pty Ltd	NSW	$78,921,000	$15,746,000	$11,713,000	$429,477,000
71	BankVic (formerly Police Credit)	VIC	$78,609,000	$17,909,000	$12,637,000	$1,830,317,000
72	CCW Co-op	SA	$77,640,985	($95,283)	($70,041)	$3,832,428
73	MDA National	WA	$75,577,000	$2,714,000	$2,766,000	$421,013,000
74	Institute for Urban Indigenous Health ltd	QLD	$73,790,894	$242,362	$242,362	$27,909,064

Rank	Name	State	Turnover (AUD $)	EBIT (AUD $)	NPAT (AUD $)	Total Assets (AUD $)
75	UFS Dispensaries Ltd	VIC	$72,308,178	$2,749,170	$2,749,170	$44,149,154
76	Master Butchers Co-operative Ltd	SA	$72,044,437	$3,360,484	$3,459,208	$49,124,764
77	StateCover Mutual Ltd	NSW	$69,613,000	$9,716,000	$9,716,000	$474,706,000
78	Royal Automobile Club of Tasmania	TAS	$67,439,000	$4,556,000	$5,868,000	$137,499,000
79	Regional Australia Bank	NSW	$67,010,000	$12,915,000	$9,192,000	$1,403,947,000
80	Bundaberg Associated Friendly Society Medical Institute Ltd	QLD	$66,652,131	$1,867,950	$14,441,096	$82,505,391
81	Community Co-op Store (Nuriootpa) Ltd	SA	$66,644,477	($4,028,452)	($3,698,629)	$73,132,893
82	Australian Military Bank (Australian Defence Credit Union)	NSW	$61,749,000	$7,473,000	$5,180,000	$1,346,248,000
83	Capricorn Mutual Limited	WA	$57,275,000	$3,256,000	$3,208,000	$77,565,000
84	Cowboys Leagues Club Limited	QLD	$53,234,314	$1,036,768	$1,036,768	$37,081,474
85	Unity Bank (formerly Maritime, Mining & Power Credit Union)	NSW	$51,913,000	$4,840,000	$4,151,000	$1,090,505,000
86	Mildura District Hospital Fund Ltd	VIC	$50,122,000	$2,648,000	$2,648,000	$94,726,000
87	Central Australian Aboriginal Congress Aboriginal Corporation	NT	$49,493,973	$415,801	$415,801	$33,149,274
88	YHA Australia Ltd	NSW	$47,359,208	($813,805)	($818,723)	$151,002,918
89	Police Credit Union Limited	SA	$47,041,000	$6,342,000	$4,470,000	$1,040,734,000
90	Hume Bank	NSW	$46,740,000	$6,013,000	$4,183,000	$1,104,110,000
91	Credit Union SA Ltd	SA	$46,339,000	$5,676,000	$4,262,000	$1,065,473,000
92	G&C Mutual Bank / Quay Mutual Bank (Quay Credit Union Ltd)	NSW	$45,924,000	$6,804,000	$4,789,000	$1,120,680,000
93	Community First Credit Union	NSW	$45,320,000	$2,932,000	$2,201,000	$1,066,278,000
94	Kimberley Aboriginal Medical Services Ltd.	WA	$45,275,172	($122,394)	($122,394)	$40,538,283
95	Victorian Aboriginal Child Care Agency Co-operative Ltd	VIC	$43,964,159	$919,569	$919,569	$26,065,376
96	Gateway Credit Union	NSW	$40,763,000	$3,692,000	$2,493,000	$1,064,121,000
97	Phoenix Health Fund	NSW	$39,937,428	$2,117,772	$2,117,772	$29,606,324
98	Sydney Credit Union	NSW	$37,782,000	$5,385,000	$3,876,000	$867,529,000
99	QBank Limited (formerly Queensland Police Credit Union Ltd)	QLD	$37,370,000	$4,607,000	$3,438,000	$839,711,000
100	Go Vita Distributors	NSW	$37,326,529	$284,643	$201,418	$12,342,685

Notes to Table:

1. EBIT= earnings before interest and tax. NPAT = net profit after tax. n/a=not available. All values are reported in Australian $.
2. Turnover for some CMEs has included the total income received by the enterprise as a co-operative or mutual rather than the amount of income accounted for by the enterprise as a business entity.
3. Financial information has been sourced in most cases from company annual reports, and where that has not been available from IBISWorld industry reports. All care has been taken to ensure the accuracy of this data; however, it is possible that some information may be incorrect.
4. Member owned superannuation funds are reported in Appendix B.

APPENDIX B: MEMBER OWNED SUPERANNUATION FUNDS FY2017/18

Rank	Name	State	Turnover (AUD $)	ABBT (AUD $)	ABAT (AUD $)	Total Assets (AUD $)
1	Australian Super	VIC	$14,295,000,000	$13,534,000,000	$12,893,000,000	$143,794,000,000
2	First State Super Fund	NSW	$6,862,000,000	$6,431,000,000	$5,954,000,000	$75,203,000,000
3	UniSuper	VIC	$6,727,000,000	$6,439,000,000	$6,173,000,000	$71,598,000,000
5	Sunsuper	QLD	$5,251,000,000	$4,941,000,000	$4,751,000,000	$58,085,000,000
4	Construction & Building Superannuation (CBUS)	VIC	$5,015,738,000	$4,628,261,000	$4,325,777,000	$47,091,178,000
6	Health Employee's Superannuation Trust Australia (HESTA)	VIC	$4,727,815,000	$4,448,665,000	$4,239,233,000	$47,988,028,000
7	Retail Employee's Superannuation Trust (REST)	NSW	$4,649,294,000	$4,192,355,000	$3,879,866,000	$53,793,905,000
8	HOSTPLUS	VIC	$3,259,385,000	$3,150,097,000	$3,197,163,000	$34,063,658,000
9	VicSuper	VIC	$1,707,702,000	$1,601,643,000	$1,508,316,000	$21,378,810,000
10	Equipsuper	VIC	$1,472,000,000	$1,376,000,000	$1,128,000,000	$15,188,000,000
11	CareSuper	NSW	$1,464,693,000	$1,380,268,000	$1,271,558,000	$17,605,365,000
12	MTAA Superannuation Fund	ACT	$1,060,400,000	$986,700,000	$938,800,000	$11,854,700,000
13	TWU Super	NSW	$1,014,755,000	$529,750,000	$468,119,000	$5,472,752,000
14	Local Government Super	NSW	$932,176,000	$861,297,000	$821,707,000	$11,523,910,000
15	NGS Super Pty Ltd	VIC	$914,141,000	$862,250,000	$822,592,000	$9,184,935,000
16	Mine Super	NSW	$878,676,000	$793,277,000	$764,607,000	$11,213,745,000
17	Catholic Superannuation Fund	VIC	$877,770,878	$745,893,846	$697,949,201	$9,721,968,743
18	Statewide Super	SA	$860,000,000	$804,000,000	$763,000,000	$8,488,000,000
19	Tasplan Ltd	TAS	$804,023,313	$742,083,188	$699,724,371	$8,757,373,595
20	Vision Super Pty Ltd	VIC	$777,375,000	$754,315,000	$754,438,000	$9,505,060,000
21	Australian Catholic Superannuation and Retirement Fund	NSW	$737,163,000	$690,612,000	$645,185,000	$8,680,547,000
22	Legalsuper	VIC	$716,675,602	$681,136,383	$628,336,504	$3,822,847,361
23	Energy Super	QLD	$671,806,000	$619,791,000	$643,769,000	$7,525,113,000
24	LUCRF Super	VIC	$587,626,000	$528,781,000	$499,456,000	$6,458,237,000
25	Media Super	VIC	$533,966,000	($816,000)	($14,896,000)	$5,604,507,000
26	Maritime Super	NSW	$517,928,000	$476,526,000	$450,072,000	$5,711,155,000
27	Building Unions Superannuation Scheme (Qld) (BUSSQ)	QLD	$398,889,046	$374,971,873	$366,868,690	$4,828,315,637
28	Prime Super	NSW	$358,382,000	$318,657,000	$280,575,000	$3,932,101,000
29	First Super	VIC	$295,153,358	$278,549,924	$272,849,953	$3,019,579,628
30	Austsafe Super	QLD	$287,723,402	$260,818,077	$246,365,088	$2,603,129,323
31	Intrust Super Fund	QLD	$274,098,874	$247,832,573	$232,453,161	$2,643,159,039
32	WA Super	WA	$257,505,000	$235,830,000	$226,495,000	$3,652,547,000
33	AMIST Super	NSW	$204,098,613	$189,208,103	$172,052,181	$2,527,708,263
34	Meat Industry Employees' Superannuation Fund	VIC	$148,842,666	$71,578,883	$60,511,358	$859,980,763
35	QIEC Super Pty Ltd	SA	$145,052,000	$135,248,000	$123,169,000	$1,604,173,000
36	REI Super	VIC	$124,621,000	$116,673,000	$107,020,000	$1,631,662,000

Rank	Name	State	Turnover (AUD $)	ABBT (AUD $)	ABAT (AUD $)	Total Assets (AUD $)
37	Christian Super	NSW	$118,168,819	$103,459,991	$97,651,016	$1,470,293,640
38	Electricity Industry Superannuation Fund	SA	$116,546,000	$112,609,000	$106,203,000	$1,294,358,000
39	Combined Super	VIC	$107,227,000	$102,031,000	$95,572,000	$924,897,123
40	Victorian Independent Schools Superannuation Fund (VISSF)	VIC	$90,468,000	$88,264,000	$88,923,000	$784,372,000
41	NESS Super Pty Ltd	NSW	$62,029,834	$58,908,543	$58,510,677	$763,880,958

Notes to Table:

1. ABBT= allocation of benefits before tax. ABAT = allocation of benefits after tax. n/a=not available. All values are reported in Australian $.

APPENDIX C: TOP 100 AUSTRALIAN CME BY ASSETS FY2017/18

Rank	Name	State	Assets (AUD $)	Liabilities (AUD $)	Equity (AUD $)
1	Members Equity Bank Ltd (ME Bank)	VIC	$27,936,749,000	$26,530,579,000	$1,406,170,000
2	Credit Union Australia (CUA)	QLD	$14,323,217,000	$13,286,088,000	$1,037,129,000
3	Newcastle Permanent	NSW	$10,716,100,000	$9,761,807,000	$954,293,000
4	Heritage Bank Ltd	QLD	$9,524,363,000	$8,990,964,000	$533,399,000
5	People's Choice Credit Union (Australian Central CU)	SA	$8,390,573,000	$7,787,531,000	$603,042,000
6	Teachers Mutual Bank Ltd	NSW	$7,069,116,000	$6,543,052,000	$526,064,000
7	Greater Bank (formerly Greater Building Society Ltd)	NSW	$6,711,157,000	$6,196,033,000	$515,124,000
8	IMB Limited	NSW	$5,912,182,000	$5,568,495,000	$343,687,000
9	Beyond Bank	SA	$5,823,060,000	$5,336,152,000	$486,908,000
10	Bank Australia (formerly bank mecu)	VIC	$5,652,030,000	$5,141,856,000	$510,174,000
11	Australian Unity	VIC	$5,456,784,000	$4,783,227,000	$673,557,000
12	RACQ	QLD	$4,465,374,000	$3,060,873,000	$1,404,501,000
13	P&N Bank	WA	$4,149,210,000	$3,863,395,000	$285,815,000
14	Qudos Bank (formerly QANTAS Credit Union)	NSW	$3,763,343,000	$3,507,394,000	$255,949,000
15	Bank First	VIC	$2,508,001,000	$2,304,983,000	$203,018,000
16	Hospital Contribution Fund (HCF)	NSW	$2,415,327,000	$666,585,000	$1,748,742,000
17	Co-operative Bulk Handling Ltd	WA	$2,351,464,000	$584,446,000	$1,767,018,000
18	RACV	VIC	$2,340,600,000	$639,800,000	$1,700,800,000
19	Avant Mutual Group	NSW	$2,299,600,000	$1,106,700,000	$1,192,900,000
20	CUSCAL	NSW	$2,283,500,000	$2,045,900,000	$237,600,000
21	Defence Bank	VIC	$2,277,826,000	$2,108,408,000	$169,418,000
22	Queensland Country Credit Union	QLD	$2,167,525,000	$1,922,338,000	$245,187,000
23	Police Bank	NSW	$1,910,897,943	$1,710,651,387	$200,246,556
24	HBF Health	WA	$1,846,323,000	$491,173,000	$1,355,150,000
25	RAC WA	WA	$1,834,303,000	$980,448,000	$853,855,000
26	BankVic (formerly Police Credit)	VIC	$1,830,317,000	$1,652,685,000	$177,632,000
27	NRMA	NSW	$1,748,717,000	$657,271,000	$1,091,446,000
28	Bananacoast Community Credit Union	NSW	$1,700,373,000	$1,561,241,000	$139,132,000
29	Regional Australia Bank	NSW	$1,403,947,000	$1,286,887	$117,060,000
30	Australian Scholarship Group Friendly Society	VIC	$1,395,717,000	$1,302,370,000	$93,347,000
31	Catholic Church Insurance Limited (CCI)	VIC	$1,384,456,000	$810,565,000	$573,891,000
32	Australian Military Bank (Australian Defence Credit Union)	NSW	$1,346,248,000	$1,252,805,000	$93,443,000
33	G&C Mutual Bank / Quay Mutual Bank (Quay Credit Union Ltd)	NSW	$1,120,680,000	$1,015,920,000	$104,760,000
34	Hume Bank	NSW	$1,104,110,000	$1,028,334,000	$75,776,000
35	Unity Bank (formerly Maritime, Mining & Power Credit Union)	NSW	$1,090,505,000	$989,761,000	$100,744,000
36	Community First Credit Union	NSW	$1,066,278,000	$977,435,000	$88,843,000
37	Credit Union SA Ltd	SA	$1,065,473,000	$964,890,000	$100,583,000

Rank	Name	State	Assets (AUD $)	Liabilities (AUD $)	Equity (AUD $)
38	Gateway Credit Union	NSW	$1,064,121,000	$960,577,000	$103,544,000
39	Police Credit Union Limited	SA	$1,040,734,000	$962,265,000	$781,469,000
40	CEHL (Common Equity Housing Ltd)	VIC	$912,653,927	$70,295,725	$842,358,202
41	Sydney Credit Union	NSW	$867,529,000	$786,870,000	$80,659,000
42	BankofUs (formerly B&E Personal Banking)	TAS	$840,784,441	$770,974,309	$69,810,132
43	QBank Limited (formerly Queensland Police Credit Union Ltd)	QLD	$839,711,000	$761,456,000	$78,255,000
44	Murrumbidgee Irrigation Limited	NSW	$721,052,000	$144,264,000	$576,788,000
45	Summerland Credit Union Limited	NSW	$689,150,000	$630,056,000	$59,094,000
46	Maitland Mutual Building Society Ltd	NSW	$672,078,000	$627,595,000	$44,483,000
47	Endeavour Mutual Bank	NSW	$639,250,000	$556,526,000	$82,724,000
48	Medical Indemnity Protection Society Ltd (MIPS)	VIC	$621,845,000	$299,648,000	$322,197,000
49	Community Alliance Credit Union	NSW	$619,716,000	$575,523,000	$44,193,000
50	MOVE Bank (Formerly Railways Credit Union)	QLD	$614,446,207	$551,181,902	$63,264,305
51	Holiday Coast Credit Union	NSW	$607,657,000	$563,512,000	$44,145,000
52	RAA SA	SA	$563,524,000	$329,601,000	$233,923,000
53	Murray Irrigation Limited	NSW	$526,367,000	$72,033,000	$454,334,000
54	Southern Cross Credit Union Ltd	NSW	$521,961,000	$469,209,000	$52,752,000
55	Coastline Credit Union Ltd	NSW	$503,080,000	$464,916,000	$38,164,000
56	Teachers Health Fund	NSW	$501,176,288	$161,273,753	$339,902,535
57	Mackay Sugar Ltd	QLD	$490,232,000	$285,243,000	$204,989,000
58	StateCover Mutual Ltd	NSW	$474,706,000	$319,011,000	$155,695,000
59	WAW Credit Union Co-operative	VIC	$461,782,046	$431,704,754	$30,077,292
60	Australian Settlements Ltd	NSW	$440,165,443	$427,900,815	$12,264,628
61	Lawcover Pty Ltd	NSW	$429,477,000	$219,719,000	$209,758,000
62	MDA National	WA	$421,013,000	$240,149,000	$180,864,000
63	GMHBA Limited	VIC	$404,370,000	$170,506,000	$233,864,000
64	EML (formerly Employers Mutual Ltd)	NSW	$388,475,000	$251,335,000	$137,140,000
65	Capricorn Society Ltd	WA	$380,024,000	$188,777,000	$191,247,000
66	Goulburn Murray Credit Union Co-Operative Ltd	VIC	$376,628,679	$332,383,244	$44,245,435
67	Foresters Friendly Society Ltd (Ancient Order of Foresters in Victoria Friendly Society)	VIC	$368,011,104	$333,706,488	$34,304,616
68	Horizon Credit Union Ltd	NSW	$345,004,900	$320,577,440	$24,427,460
69	The Capricornian Ltd	QLD	$333,437,351	$309,535,532	$23,901,819
70	Hunter United Employees Credit Union Ltd	NSW	$329,755,721	$305,304,605	$24,451,116
71	EECU Limited (trading as Nexus Mutual)	VIC	$323,252,000	$304,737,000	$18,515,000
72	CBHS Health Fund Limited	NSW	$301,721,000	$905,060,000	$206,812,000
73	Northern Inland Credit Union Ltd	NSW	$287,127,929	$250,950,880	$36,177,049
74	Warwick Credit Union Ltd	QLD	$277,673,642	$254,270,917	$23,402,725
75	Key Invest Ltd	SA	$268,136,443	$230,905,768	$37,230,675
76	Macarthur Credit Union Ltd	NSW	$253,733,455	$228,989,199	$24,744,256
77	Central Irrigation Trust (SA)	SA	$225,557,000	$10,393,000	$215,164,000

Rank	Name	State	Assets (AUD $)	Liabilities (AUD $)	Equity (AUD $)
78	Latrobe Health Services Ltd	VIC	$223,476,406	$50,082,773	$173,393,633
79	Westfund Health Ltd	NSW	$209,573,916	$58,553,629	$151,020,287
80	First Option Credit Union Ltd	NSW	$207,569,433	$193,240,593	$14,328,840
81	Norco Co-operative Ltd	NSW	$201,955,000	$125,840,000	$65,922,000
82	Orange Credit Union Ltd	NSW	$200,253,713	$174,281,132	$25,972,581
83	AlmondCo Ltd	SA	$185,876,000	$155,206,000	$30,670,000
84	Laboratories Credit Union Ltd	NSW	$183,006,210	$169,140,298	$13,865,912
85	Dnister Ukrainian Credit Co-operative Ltd	VIC	$173,407,000	$149,258,000	$24,149,000
86	Health Partners Ltd	SA	$171,507,000	$30,651,000	$140,856,000
87	Central West Credit Union Ltd	NSW	$167,422,000	$148,054,000	$19,368,000
88	South West Slopes Credit Union Ltd	NSW	$164,661,000	$143,376,000	$21,285,000
89	Australian Friendly Society	VIC	$161,637,000	$153,249,000	$8,388,000
90	Geraldton Fishermen's Co-operative Ltd	WA	$155,318,786	$128,413,446	$26,905,340
91	YHA Australia Ltd	NSW	$151,002,918	$98,721,224	$52,281,694
92	Northern Co-operative Meat Co. Ltd	NSW	$150,932,000	$69,738,000	$81,194,000
93	APS Benefits Group	VIC	$147,388,663	$141,309,754	$6,078,909
94	Queensland Teachers Union Health Fund	QLD	$145,319,160	$37,964,109	$107,355,051
95	South-West Credit Union Co-Operative Ltd	VIC	$138,941,106	$128,019,639	$10,921,467
96	Royal Automobile Club of Tasmania	TAS	$137,499,000	$62,355,000	$62,355,000
97	Ford Co-Operative Credit Society Ltd	VIC	$135,300,000	$125,430,000	$9,870,000
98	Family First Credit Union Ltd	NSW	$134,209,024	$122,831,558	$11,377,466
99	UniMutual	NSW	$123,211,038	$53,695,578	$10,734,349
100	Health Insurance Fund of Australia	WA	$121,689,641	$53,116,307	$68,573,334

Notes to Table:

1. This list contains businesses ranked by total assets not turnover and includes several firms that did not appear in the Top 100 lists by turnover (Appendix A), while some of the firms listed there do not appear in this list.
2. Financial information has been sourced in most cases from company annual reports, and where that has not been available from IBISWorld industry reports. All care has been taken to ensure the accuracy of this data; however, it is possible that some information may be incorrect.

APPENDIX D: TOP 100 AUSTRALIAN CME BY MEMBERSHIP FY2017-18

Rank	Name	State	Members
1	NRMA	NSW	2,605,351
2	Australian Super	VIC	2,228,296
3	University Co-operative Bookshop Ltd	NSW	2,128,990
4	RACV	VIC	2,100,000
5	Retail Employee's Superannuation Trust (REST)	NSW	2,012,589
6	RACQ	QLD	1,670,000
7	Hospital Contribution Fund (HCF)	NSW	1,500,000
8	Sunsuper	QLD	1,460,805
9	HOSTPLUS	VIC	1,100,000
10	HBF Health	WA	1,033,657
11	RAC WA	WA	1,000,000
12	Health Employee's Superannuation Trust Australia (HESTA)	VIC	872,299
13	First State Super Fund	NSW	788,507
14	Construction & Building Superannuation (CBUS)	VIC	750,779
15	RAA SA	SA	690,007
16	Credit Union Australia (CUA)	QLD	453,122
17	UniSuper	VIC	441,920
18	People's Choice Credit Union (Australian Central CU)	SA	360,937
19	Heritage Bank Ltd	QLD	316,000
20	Australian Unity	VIC	270,000
21	CareSuper	NSW	247,000
22	VicSuper	VIC	240,704
23	Greater Bank (formerly Greater Building Society Ltd)	NSW	240,000
24	Westfund Health Ltd	NSW	240,000
25	MTAA Superannuation Fund	ACT	233,485
26	Beyond Bank	SA	215,247
27	Teachers Mutual Bank Ltd	NSW	191,415
28	GMHBA Limited	VIC	190,494
29	IMB Limited	NSW	190,000
30	Royal Automobile Club of Tasmania	TAS	184,000
31	LUCRF Super	VIC	163,000
32	Australian Scholarship Group Friendly Society	VIC	155,000
33	Teachers Health Fund	NSW	148,746
34	Statewide Super	SA	142,705
35	Bank Australia (formerly bank mecu)	VIC	130,000
36	Health Insurance Fund of Australia	WA	128,000
37	TWU Super	NSW	120,000
38	Intrust Super Fund	QLD	117,000
39	Tasplan Ltd	TAS	116,300

Rank	Name	State	Members
40	Prime Super	NSW	115,251
41	Bank First (formerly Victoria Teachers Mutual Bank)	VIC	110,583
42	Vision Super Pty Ltd	VIC	109,208
43	Police Credit (BankVic)	VIC	106,263
44	Austsafe Super	QLD	100,000
45	Hastings Co-operative	NSW	100,000
46	NGS Super Pty Ltd	VIC	97,800
47	CBHS Health Fund Limited	NSW	96,000
48	P&N Bank	WA	94,052
49	Qudos Bank (formerly QANTAS Credit Union)	NSW	93,690
50	Australian Catholic Superannuation and Retirement Fund	NSW	92,444
51	Defence Bank	VIC	90,000
52	Local Government Super	NSW	90,000
53	Media Super	VIC	90,000
54	Latrobe Health Services Ltd	VIC	85,104
55	Building Unions Superannuation Scheme (Qld) (BUSSQ)	QLD	85,000
56	Catholic Superannuation Fund	VIC	77,000
57	Avant Mutual Group	NSW	75,000
58	Equipsuper	VIC	74,349
59	Regional Australia Bank	NSW	70,000
60	Queensland Teachers Union Health Fund	QLD	70,000
61	AMIST Super	NSW	68,263
62	Police Bank	NSW	65,757
63	First Super	VIC	64,000
64	Mine Super	NSW	62,600
65	Bananacoast Community Credit Union	NSW	60,000
66	Queensland Country Credit Union	QLD	60,000
67	WA Super	WA	60,000
68	Hume Bank	NSW	58,000
69	Community First Credit Union	NSW	55,000
70	Australian Military Bank (Australian Defence Credit Union)	NSW	53,000
71	MDA National	WA	52,000
72	Medical Indemnity Protection Society Ltd (MIPS)	VIC	51,534
73	Police Health	SA	51,000
74	Credit Union SA Ltd	SA	50,000
75	Energy Super	QLD	47,000
76	Legalsuper	VIC	43,550
77	Police Credit Union Limited	SA	42,000
78	Health Partners Ltd	SA	40,052
79	Gateway Credit Union	NSW	40,000

Rank	Name	State	Members
80	G&C Mutual Bank / Quay Mutual Bank (Quay Credit Union Ltd)	NSW	36,000
81	Peoplecare Health Insurance	NSW	35,235
82	Unity Bank (formerly Maritime, Mining & Power Credit Union)	NSW	35,000
83	Endeavour Mutual Bank	NSW	32,422
84	Newcastle Permanent	NSW	31,482
85	BankofUs (formerly B&E Personal Banking)	TAS	30,000
86	Christian Super	NSW	30,000
87	Maritime Super	NSW	30,000
88	REI Super	VIC	30,000
89	WAW Credit Union Co-operative	VIC	30,000
90	APS Benefits Group	VIC	29,000
91	Holiday Coast Credit Union	NSW	27,251
92	QIEC Super Pty Ltd	SA	27,208
93	QBank Limited (formerly Queensland Police Credit Union Ltd)	QLD	26,000
94	Meat Industry Employees' Superannuation Fund	VIC	24,050
95	Central Coast Credit Union (formerly Wyong Council Credit Union Ltd)	NSW	22,410
96	MOVE Bank (Formerly Railways Credit Union)	QLD	22,000
97	Automobile Association of Northern Territory	NT	20,000
98	Service One Alliance Bank	ACT	20,000
99	Capricorn Society Ltd	WA	19,665
100	Navy Health Ltd	VIC	19,000
100	Woolworths Employees Credit Union Ltd	NSW	19,000

Notes to Table:

1. Not all CMEs make their membership numbers publicly available. This list has been compiled using data sourced from their websites, annual reports and secondary sources such as IBISWorld. In some cases, these figures may represent an estimate of numbers by the source.

About the author:

Tim Mazzarol is a Winthrop Professor in Entrepreneurship, Innovation, Marketing and Strategy at the University of Western Australia and an affiliate Professor with the Burgundy School of Business, Groupe ESC Dijon, Bourgogne, France. He is also the Director of the Centre for Entrepreneurial Management and Innovation (CEMI), an independent initiative designed to enhance awareness of entrepreneurship, innovation and small business management. Tim is also a Qualified Practising Market Researcher (QPMR) as recognised by the Australian Market and Social Research Society (AMSRS), and President of the Small Enterprise Association of Australia and New Zealand (SEAANZ). He has around 20 years of experience of working with small entrepreneurial firms as well as large corporations and government agencies. He is the author of several books on entrepreneurship, small business management and innovation. He holds a PhD in Management and an MBA with distinction from Curtin University of Technology, and a Bachelor of Arts with Honours from Murdoch University, Western Australia.