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## CASE STUDY

# ALBANY CO-OPERATIVE SOCIETY – THE GREAT COCKALORUM, 1867-1885



Source: City of Albany

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## INTRODUCTION

Founded in 1867, the Albany Co-operative Society, was the first co-operative enterprise in Western Australia. Its history is one of rise and fall with an enduring legacy in Western Australian co-operation, and of connections with one of the largest shipping companies that tied the British Empire together. It reflects a historical era when a colonial gentry sought to emulate and recreate an orderly and paternal social structure they knew 'back home', in which those who enjoyed economic and social privilege had a responsibility to ensure that the people under their leadership were cared for and treated with decency.



This mindset was a hallmark of Victorian era society that highlighted the importance of fidelity, patriotism, hard work, benevolence, and philanthropy. These traits featured prominently in the structure, culture, and organisational behaviour of the Friendly Societies that were an important influence in Britain and Australia during this period (Cordery, 2003; Wettenhall, 2019). As well as the Rochdale consumer co-operative model that emerged in 1848 and spread to Australia and the United States in the 1850s (Patmore & Balnave, 2018).

Such a worldview was ultimately overshadowed by the dynamics of a rapidly changing social and economic environment in Western Australia and within the new imperial globalism of the turn of the twentieth century. The Albany Co-operative Society slipped quietly into the shadows of history, but it survived in the experience and memories of the generation who revived the co-operative spirit in the early twentieth-century.

This case study outlines the foundation, operations and demise of the Albany Co-operative Society and its store. It identifies key personalities, especially P&O Agent William Carmalt Clifton, and the main factors that led to its establishment, and the influences from a Victorian era Britain and the economic and social environment of early Western Australian society, that shaped its activities. These historical records are examined within the structure of the conceptual framework for research into co-operative and mutual enterprises (Mazzarol, Simmons, & Mamouni Limnios, 2014).

## BACKGROUND TO THE FOUNDATION OF THE CO-OPERATIVE

The year 1867 was momentous in Western Australia. Eighteen years before, in 1849, the WA had made the decision to become a penal colony. It was a decision motivated by the economic hardships that had beset the colony since its foundation in 1829 and went against the trend found in the more prosperous eastern colonies which had ended convict transportation in favour of a transition to societies characterised by parliamentary democracies and the development of prosperous urban bourgeoisie (Irving, 1974).

Over the period 1850 to 1868, the convict transportation system brought to WA around 9,721 male convicts, 2,000 single emigrant women, and 1,100 guards (Enrolled Pensioner Guards), who supervised the convicts (SRO, 2021). This system provided the colony with a steady supply of imperial money, cheap labour, and population growth.

While WA sought economic salvation from the funding it received for taking convicts, Victoria experienced gold rushes that started in 1851 and rapidly transformed the economies of the eastern colonies. For example, from 1851 to 1860, Victoria's population rose by 82% from 97,489 to 538,234, with similar growth in adjacent colonies (e.g., NSW, South Australia). By contrast, the population of WA grew from 7,186 to 15,346 over the same period, with much of the growth due to the convict transportation system (Cotter, 1967). This contrast in economic prosperity meant that even with restrictions on the ability of released convicts to leave WA, there was already a general trend for labourers to move on to Victoria, South Australia, and New Zealand, creating fears of a looming shortage of workers (Perth Gazette, 1868a; Fox 2009).

Also in 1867, the British imperial government in London entered into a new twelve-year contract with the Peninsula & Oriental Steam Navigation Company (P&O) to convey the mails to India, China, Japan, and Australia, via the 'Overland Route' to Suez, according to reliable timetables (Inquirer, 1868a; P&O, 2022; Johnson, 1979, p. 65). For Western Australia, this would upgrade the existing limited steamer services and replace the unpredictable arrivals of mail by commercial sailing companies, including convict ships.

The P&O company was founded in 1837 and incorporated in 1840 via Royal Charter, with its business underwritten by lucrative contracts to deliver the Royal Mail to Portugal, Spain, and Egypt. To the present day its company colours comprise an amalgam of the national flags of Portugal and Spain. From its foundation P&O had a close relationship with the British Admiralty and its early history was shaped by the rise of British imperialism (Harcourt, 2010).

The carriage of mail was a critical element within the company's business model and without these contracts most of its other services became unviable. By 1867 P&O had secured a special status within British imperial policy and public opinion, having become a symbol of British national identity. During the 1850s the company had expanded its services to China in support of the opium trade and opened its route to Australia. It was also making the transition from sail to steam power, which added significant additional costs to its operations (Harcourt, 2006). From its first use in 1802, steam power technology for ships steadily developed alongside iron hulled vessels, with major advances (e.g., expansion engines, multiple screws) taking place during the 1850s and 1860s (Richards & Hunt, 1960).

The P&O had been established in Albany since 1852 and operated a coaling station with a large establishment known locally as the Diamond Palace, a play on London's new Crystal Palace (Garden, 1977), including several hulks, in the harbour for its and other steamships. P&O services were suspended during the mid-1850s due to the Crimean War (1853-1856), Anglo-Persian War (1856-1857), and the Indian Rebellion (1857), before finally resuming in 1858. A coaling station was established in Mauritius for the Australian route, and P&O's Albany establishment became a permanent station (P&O, 2022). This combination of factors underpinned the formation of a co-operative society among the P&O staff in 1867.

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Albany Co-operative Society – The Great Cockalorum, 1867-1885

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## WILLIAM CARMALT CLIFTON – CATALYST FOR CO-OPERATION

The P&O employees, perhaps aware of their strength at this moment, requested a pay rise (Perth Gazette, 1868a). William Carmalt Clifton, the new and rather canny P&O Agent in Albany recently relocated from Mauritius, responded with an unexpected offer. He had, he said, studied the situation and concluded that the men were not underpaid, but instead their general household costs were exorbitant. This he attributed to profiteering and cartel behaviour among the Albany storekeepers. The solution he put to the men was that they form themselves into a co-operative society and buy all their goods at wholesale prices from Melbourne. P&O could convey the goods to Albany, and the society could distribute them to its members.

The P&O workers agreed to this solution, and the Albany Co-operative Society came into existence about April 1867 with an issue of 750 shares at £2 (\$A307) each (Chinnery, 2007, p. 24). However, Clifton's solution carried certain risks. For example, in 1852 local employees been unwilling to work as coalers (who unloaded and loaded coal for the steam ships) because of the low wages, and in 1859 Clifton's predecessor had reduced the coaler's wages, leading to death threats and detectives being sent from Perth to investigate (Inquirer, 1852; Perth Gazette, 1859; Garden, 1977). The Albany waterfront was not for the faint-hearted.

**Figure 1: William Carmalt Clifton (1820-1885), P&O Agent (1861-1880), Treasurer Albany Co-operative Society (1867-1880)**



(source: Albany Public Library, 2421P)

Clifton had previously tried a mutual solution to the problem of retaining coaling staff back in July 1861 when he formed a savings bank for the coalers to dissuade them from spending all their pay on 'dissipation' (Inquirer, 1861). This may also have been prompted by the death that month of the chief mate on a coal ship who fell to his death while unloading 1,500 tons of coal at the P&O hulks.



An inquiry in 1874 revealed that sixty-five percent of British shipping losses between 1856 and 1872 were due to drunkenness, ignorance, or incompetence (Johnson, 1979, p. 64). The new steam ships required trained and competent staff and raised the importance of retaining skilled dock and ship workers. Whether the coaler's savings bank succeeded is uncertain, but it indicates Clifton's awareness of mutual solutions to the problems of retaining staff and operating a shipping agency in an isolated colonial outpost (Garden, 1977).

## THE RISE OF THE GREAT COCKALORUM

The Co-operative Society, with Clifton one of its directors, was a success from the beginning. Capital was raised through the sale of 750 shares, and after at least one distribution of goods to its members, the Albany Co-operative Store was opened to the general public (not just members) on 3 January 1868, initially in Dunn's Cottage which Clifton had just vacated for an imposing new mansion, 'The Mount' built by P&O (Chinnery, 2007, p. 24; Perth Gazette, 1868).

Within the first three days some £500 (A\$80,000) worth of goods were sold over the counter, and the popular character of the store was evidenced in stories such as the labourer's wife who declared,

*"She could soon afford to send her daughter to 'Hadelaide' to be 'heducated', or the milk boy who bought a share and worked in the store, or the popular name given to the enterprise, 'The Great Cock-a-Lorum'" (Inquirer, 1868b).*

This nickname refers to something that is a bit impudent, or getting above itself, something 'cocky', and seems to have been given by the local Albany storekeepers to the upstart newcomer. as a pejorative but was adopted by the co-operators as a sign of their refusal to accept the storekeeper's dominance. Clifton, writing under the name 'Veritas', confidently declared that the co-operative store was creating a revolution, bringing the storekeeper's monopoly and their high prices to an end. He predicted the storekeepers, citing Dicken's Mr Pecksniff, would "retire to shed a few tears in the back garden, as a humble individual."

Evidence of the storekeeper's perfidy, it was claimed, could be seen in the shepherds who worked for storekeepers all too often finding at the end of a contract that they were indebted to the store with no cash to be received. It was the storekeeping 'combination' that had unanimously raised the price of meat across Albany from 4d to 6d per pound, a 50% jump that the public simply had to accept. The 'Cock-a-Lorum', Veritas predicted, would put an end to such practices

Within two months the co-operative store was being credited with lowering the price of meat and acting as a regulator on other retail prices (Inquirer, 1868c). However, the Albany storekeepers had also began their fightback with insinuations that there was nothing altruistic about Clifton's intentions with the co-operative, instead it was simply a means to 'putting a shilling in his own pocket' (Perth Gazette, 1868b). This set the scene for a somewhat tempestuous existence for the co-operative and attempts by the storekeepers to cast it as Clifton's 'jackal', or agent of immoral behaviour, and sarcastically tar Clifton as the 'Great Pilot of the Great Cockalorum'.

## BENEFITS FROM AND OPPOSITION TO CO-OPERATION

Claims about the benefits or otherwise of the co-operative fuelled public controversy in Albany. 'Not a Storekeeper', writing in the press, quoted a man with a wife and family on £7 (A\$1,118) a month who had cleared six years-worth of debts by shopping at the co-operative after 'escaping the merciless clutches of Storekeeper & Co', and could now feed and clothe his family properly (Inquirer, 1868d).

Every person in the Plantagenet region was indebted to the 'King of Cockalorum', and the next object of the co-operative would be to force 'all storekeepers and their relatives' to pay their workers in cash 'instead of being compelled to take it in slops' (rough charity clothing) and threatened with dismissal if seen in the co-operative store.

'Not a Storekeeper' taunted the storekeepers for their 'wounded feelings', and again Dickens was resorted to, this time quoting Mr Pickwick's plaintive 'I am a most unfortunate man'. By June it was being claimed that the co-operative had changed the lives of 'many poor men' who for years had to pay tuppence for a penny loaf (Inquirer, 1868e). Co-operatives were common in other colonies and progressing everywhere, claimed one writer, one was being mooted for Toodyay, and the rules and by-laws of the Albany Co-operative Society were now being compiled for printing. Nevertheless, vituperation continued in Albany and Clifton, writing under the pen-name Veritas, pleaded for an end to the abuse (Inquirer, 1868f).

The first half-yearly report of the directors of the co-op was presented to a crowded shareholders meeting on 18 July 1868 in the Albany Mechanics Institute. They declared a dividend of five shillings per share and set aside £51 (A\$7,800) to commence the reserve fund. At this point it is useful to note that the rules of the society were being developed as it was operating, and that after six months the directors could declare a dividend and set aside a considerable reserve. The society had not been registered under any colonial laws and it is unclear on what legal basis it operated, but either Clifton or other directors appear to have some working knowledge of a co-operative model and how it should operate. Despite, or perhaps partly because of, continuing vilification from vested retail interests the co-operative store was proving to be a success, and it was being noticed elsewhere.

The *Perth Gazette* editorialised that the foundation of a local newspaper in Albany appeared to reflect the success of the co-operative and its message of self-help (Perth Gazette, 1868c). The *Fremantle Herald* extolled the virtues of working men's institutes for elevating the working men of Britain to a better level of education than the gentry of fifty years earlier and playing a key role in the Reform Act of 1867 that began the enfranchisement of the working classes (Herald, 1868).

This diffusion of knowledge had produced 'wonderful changes' for working people such as co-operative societies and trade unions, and the advancement of civilization and the moral and intellectual advancement of humanity. Such lofty ideals sit with a lecture given at the Perth Working Men's Institute in 1867 by Mr W Irwin (a scripture reader on several convict ships during the 1860s) on Dickens and Tennyson that concluded with a plea to establish co-operative societies across the colony based on his experience with their great benefits and utility in the old country (Inquirer, 1867). The establishment of a Mechanic's Institute in Albany in 1852 was



connected with the establishment of a convict depot and the P&O station (Garden, 1977, p. 118). Clifton, with his responsibilities for P&O, penchant for quoting Dickens and passion for co-operation, was clearly in the same liberal social milieu.

## THE CO-OPERATIVE MATURES AND BUILDS A HOME

Despite ongoing opposition, the Albany Co-operative Society became an established business in the town. In 1869 Police Inspector William Finlay was chairman of the board, Simon (Stephen, Sydney) Stains was secretary and Clifton was treasurer, and the directors included George Butcher, harbour pilot, George Broomhall, prison warder, David Williams, P&O boatswain, and George Campbell, gaoler (Chinnery, 2007).

The involvement of Finlay, Broomhall, and Campbell from the convict establishment along with the P&O officers reflects similar interests in the Mechanic's Institute (Garden, 1977). The convict connections run deep – Campbell and Finlay had arrived in the colony as pensioner guards on convict transports, and Stains had arrived as a prisoner convicted of larceny, or theft of personal property. Staines was a commercial traveller by this time on the Albany-Fremantle-Geraldton sea lane, and in 1880 gained minor fame in helping douse a fire in Caesar's Hotel Fremantle (Herald, 1880). He also travelled between Albany, Adelaide, and Mauritius (Erickson, 1979). Perhaps the biggest link between the co-operative and convictism was in its members, a large proportion of whom were from the P&O workforce that included large numbers of ticket-of-leave (ex-convict) men (Garden, 1977).

The Co-op ended 1869 with a surplus of £130, from which a 25% dividend was declared with the balance carried to the reserve fund, which reached £93 (Chinnery, 2007). The following year the Co-op commissioned the builder John Underwood Green to build a spacious two-storied store in Frederick Street, overlooking the harbour. The building was possibly designed by director Broomhall, who had trained as an architect, and Green was a former convict trained as a carpenter. This was the first purpose-built co-operative premises in Western Australia. It still survives as the offices of Regional Development Great Southern and the Great Southern Universities Centre and is listed on the State Register of Heritage Places as a place of historical rarity and State cultural heritage significance (InHerit, 2022).

The new building opened in August 1870, and the Co-operative was reportedly flourishing, ending the year with a surplus of £187, paying a dividend of 4 shillings for A class shares and 1 shilling and 6 pence for B class shares, leaving a balance of £61 for the reserve fund (Chinnery, 2007). Green was paid in full for the building works, partly drawing on a £300 loan from one of the directors (possibly Clifton), with the rest of the loan to be used to purchase sandalwood for cash and extend their business operations into the Plantagenet hinterland.

However, there was a developing trend for members not to settle their accounts until the end of each month, reducing the availability of cash and so the Co-operative's capacity to take advantage of cash discounts from wholesale merchants in Melbourne (Inquirer, 1870). This problem must have been resolved by 1874 when the half-yearly annual report stated that a large shipment of

goods direct from England would soon be available “with many necessary and useful articles at reduced prices.” (Inquirer, 1874, p. 3).

**Figure 2: Albany Co-operative Society store, corner Frederick and Spencer Streets, 1870**



(Source: Battye Library , 7326B V129)

Unfortunately, few of the Co-operative’s records survive, and it is difficult to track the organisation’s business dealings (Chinnery. 2007). The early years had proven successful, but the lack of readily-available cash by 1870 was a problem across the colony as imperial expenditure on the convict establishment began to decline, and opposition from storekeeping interests remained constant. Nevertheless, the co-operative store continued to operate for another 15 years. By 1871 P&O’s workforce comprised ten percent of Albany’s adult male population, making it by far the largest employer in the town, with its staff all paid in cash, which provided a stable membership and customer base for the co-operative (Chinnery 2007; Bulbeck, 1969).

In 1875 Sydney Stains, the inaugural secretary of the Co-operative Society, resigned and his position of ‘manager and secretary’ was widely advertised across the colony. The advertisement specifically stated, “A married man whose wife understands the Millinery Department preferred” (West Australian, 1875, p. 3). This hints at the importance of female custom in the co-operative store, and perhaps a strategy to increase female patronage, as well as a desire for stable, long-term employees in its staffing.

## THE DEMISE OF THE GREAT COCKALORUM

Nevertheless, the co-operative's business gradually declined during the 1870s, possibly related to ongoing cash shortages in the colony, as well as changing steam ship contracts and developments in steam technology that gradually rendered Albany's coaling operations redundant (Garden, 1997, pp. 179-180). The opening of the Suez Canal in 1869 opened up competition to the P&O on the India-China-Japan routes, seriously reducing its cargos and profits (Harcourt, 2010). A revised mail contract in 1874 allowed the company to use the canal, but at the cost of rationalising many services and increasingly more efficient ship design that required fewer coaling stations (P&O, 2022; Johnson, 1979, p. 62).

P&O had witnessed the construction of the Suez Canal over the period from 1859 to 1869, and the concurrent evolution of steam ships and their ability to travel further, and faster, with less coal (Harcourt, 2008; 2010). This combination of enhanced ship technology, and the reduction in travel time via the Suez Canal, transformed the nature of maritime trade between Britain and Australia (Scott, 1961). These developments would have been known to Clifton and it is likely that both he and the other directors of the co-operative would have consciously started to plan for a post-P&O future.

The recruitment campaign resulted in William J Cooper being appointed. Cooper was the 20-year-old son of a settler from Mauritius and had grown up in the Plantagenet region, and more importantly would soon become the son-in-law of co-operative director and harbour pilot George Butcher (Erickson, 1979). Cooper did not come with a milliner-wife but apparently Christiana Butcher was up to the challenge, and they married in Albany in 1878 (WA BDM, 2022).

The co-operative continued to operate as a retail store, and conflict between the co-operators and the storekeepers remained constant. The storekeepers resented the competition, and class distinctions were evident in the ongoing conflict. Albany's people were no different to many other colonial settlements in seeking to re-create the highly-structured society from where they had come and believed to be natural. A wealthy gentry class, mainly invested in landholding and grazing sat above a merchant class of traders and storekeepers as well as public servants, medical officers, and clergy, who in turn sat above the far more numerous labouring classes that included a large number of ex-convicts (Garden, 1977, pp. 166-171).

Vertical divisions across the classes revolved around permanent and transient residents, and the P&O establishment within which operated a parallel class structure headed by company professionals. Clifton sought to protect the company's interests by, among other things, maintaining an orderly and regulated workforce. The co-operative was central to this, and by opening the store to the general public a level of antagonism between the P&O and the local merchants persisted (Garden, 1977, pp. 174).

## GENTRY NETWORKS

This was further aggravated by Clifton's capacity, as the nephew of a baronet, to mix socially and politically with the old Plantagenet gentry, well above the merchants. Three scions of the gentry Hassell family sought to marry Clifton's daughters, the first, the storekeeper John FT Hassell, was rejected by Clifton in 1868 and had to settle for the Clifton governess, the second, the pastoralist

Albert Young Hassell, was accepted in 1878 for Ethel, and the third another pastoralist Alfred Govey Hassell was suitable in 1879 for Agnes.

Ethel Hassel née Clifton became a leading socialite, regarded as a snob, and regaled as 'Queen of Albany', but secure in knowing her father had bested the local merchants, claiming she had bought 'blue blood' into the Hassells, and ensconced in her new mansion, 'Hillside' high on Mt Melville overlooking the town and harbour (Garden, 1977, pp 174). Ethel Hassell played the role of a colonial lady of the manor on their Jerramungup estate, recording Wiilman legends told to her by local Nyaki Nyaki women.

She also kept notes on their way of life which she later compiled as a manuscript called *My Dusky Friends* (ML A1534). Mrs Hassell was not alone in such gentlewomen's activities, with for example a contemporary, Miss Mary Moore of the powerful Moore family of Fremantle who straddled the merchant/gentry divide founding the Dorcas Society to make clothing for the 'deserving poor' and regularly donating to the Parkerville Waifs Home & Half Caste Mission (Brown, 1992; Doust, 2009).

The underlying source of the conflict between Clifton, the Co-operative and the storekeepers was evident to the town's colonial officials. In 1867 a petition from the storekeepers opposing the co-operative was rejected by the Resident Magistrate, Sir Alexander Cockburn-Campbell, as he considered it stemmed from jealousy and the Co-operative's impact on their profits.

In 1869 another storekeeper's petition complaining of police participating in trade was also rejected by Cockburn-Campbell because, he considered, it was directed at Finlay, the Co-operative Society's chairman. He noted that the signatories were the storekeepers and their dependants, and the 'town drunks and others who disliked the police' (in Chinnery, 2007, pp. 24-25, and Garden, 1977, pp. 172-174). Cockburn-Campbell and Clifton were both gentlemen, and Cockburn-Campbell, who on landing in the colony was appointed Police Superintendent, also operated a large pastoral estate at 'Goblup' in the Plantagenet hinterland. No doubt these social connections assisted Clifton and the co-operative resist the storekeeper's assaults.

### CLIFTON'S DEPARTURE

John FT Hassell may not have been son-in-law material, but his commercial skills still made him attractive to Clifton, and he was appointed by Clifton as his successor in 1880 to oversee the closure of the P&O establishment but still maintain its presence in the town. He also seems to have succeeded Clifton as treasurer of the Albany Co-operative Society.

Clifton and his wife Harriott left Albany in 1880, returning to the UK. All of the Clifton children, now adults, remained in the colony (CFI, 2022; WA BDM, 2022), while their parents retired to their country estate 'Highfields' at Lane End in Buckinghamshire. William Carmalt Clifton died there in 1885 (L&CE, 1885; Bucks Herald, 1885), and Harriott in 1890 (LL, 1890; Gentlewoman, 1890). Both deaths were widely reported in the home and colonial newspapers.

Clifton's departure left in his wake one final and spiteful quarrel. The storekeepers were jubilant, claiming he had left Albany for Melbourne without 'any valedictory or poignant regard' (West Australian, 1880a, p.3).





The co-operators responded that,

*"The late agent Mr. Clifton, who is about to leave the colony, is one who can ill be spared, as the working classes of Albany can testify. He is, moreover, a gentleman"* (Inquirer, 1880, p. 3).

The storekeepers countered that.

*"Mr. Clifton ... as to his loss to the working class, that only is felt so far as the expenditure of the company's money carried him and even by them you can find but few, if any who regret his departure, doubtless for want of gratitude on their part (!)"* (West Australian, 1880b, p. 3).

Figure 3: Advertisement of the reduced P&O service to Albany 1885

**SHIPPING.**

**PENINSULAR AND ORIENTAL STEAM  
NAVIGATION COMPANY.**

 **THE COMPANY'S STEAM  
Ships, under contract  
with the Victorian Govern-  
ment for the conveyance of  
Her Majesty's Mails, will be  
despatched from this port (Albany) as under:—**

DATE.	STEAMER.	TONN.	CAPTAIN.
Dec. 9.	Chusan.	4480	Wyatt.
„ 23.	Kaiser-i-hind.	4023	Stead.
1885.			
Jan. 6.	Carthage.	5013	Hector.

For London via Ceylon

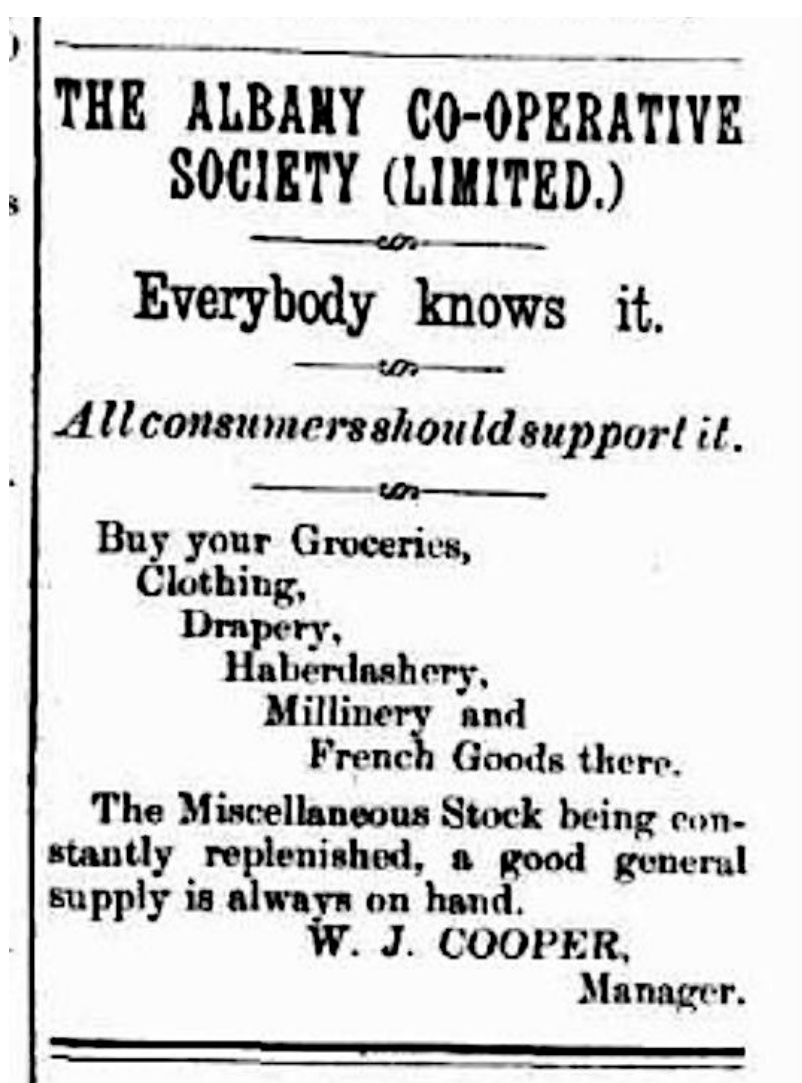
And thence every alternate week.  
Passengers and Cargo booked to London, Italy,  
Marseilles, Egypt, India, China, and Japan at  
moderate rates.  
Return tickets issued both to first and second  
class passengers at especially low rates.  
Cheap reserved accommodation can be obtained  
this company's vessels.  
For further information, apply at the Company's  
Ages, Stirling Terrace, Albany, to  
**JOHN F. T. HASSELL,**  
Agent.

(Source: Albany Mail, 1 December 1885)

## WINDING-UP

From 1880 to 1884, William J Cooper was Secretary of the Albany Co-Operative Society, and store manager in at least 1882 and presumably living in the upstairs residential quarters of the store through this period (Chinnery, 2007). The 1883 half-annual general meeting was postponed because not enough shareholders attended to meet the quorum, and at the reconvened meeting in August 1883 a special resolution was carried to wind-up the Society (Chinnery, 2007, pp. 31-32). The winding-up motion was moved by William Finlay, chairman of the directors and seconded by Hugh Thomas, Clifton's predecessor as P&O agent. Five liquidators were appointed by the meeting, notably the Reverend Wardell Johnson, Dr Cecil Rogers, and George Butcher, one of the original directors and father-in-law of the manager William Cooper (Government Gazette, 1883).

Figure 4: Advertisement of the Co-operative highlighting millinery and 'French Goods'



(Source: Albany Mail, 10 January 1883)



In 1883 a direct competitor on the Australian routes, the Orient Steam Navigation Company, began winning mail contracts from colonial governments, notably Victoria, but by that time P&O had already closed its Albany establishment, and with that the Albany Co-operative Society lost much of its membership and its rationale for operating. However, the business sought to maintain its customers by offering a mixed range of goods, including clothing and luxury goods, such as 'objects deluxe' from France, that were subject to high colonial tariffs. This was illustrated in the advertising published in the *Albany Mail*.

Deprived of its key leadership, especially Clifton, and the loss of much of its membership, the co-operative began to flounder. Amid the winding-up, the Society re-mortgaged the Store building to local investor Dr Cecil Rogers, one of the liquidators, at eight percent interest per annum. At the winding-up meeting on 3 October 1883, Rev. Wardell Johnson, another of the liquidators, in the chair stated, "that the Society had for many years done its work. Its mission was now at an end, and they were now to finally pass the resolution to wind up the society" before members voted to take the steps necessary to liquidate the company (Chinnery, 2007).

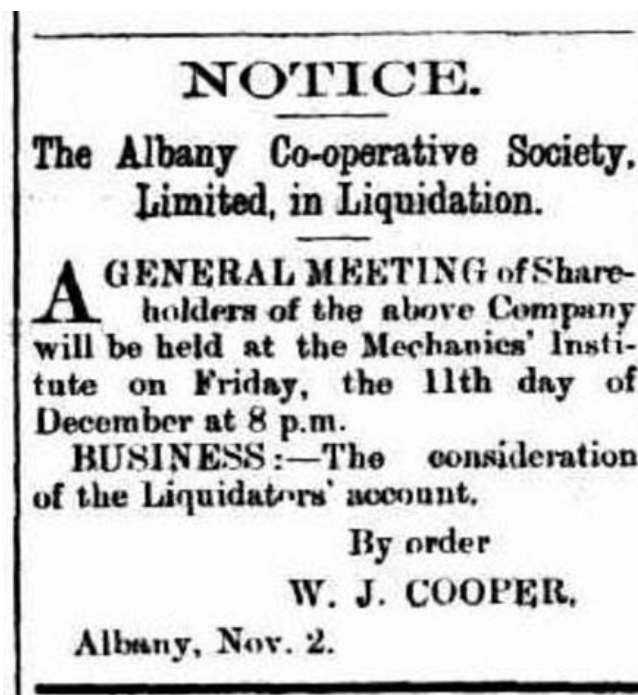
This was the only public explanation given from within the Co-operative for its demise. Press reports of the winding up were a little more forthcoming. In 1883 it was said, "as it is supposed to have fulfilled its mission, there being no longer any necessity for a store of the kind as there is at present plenty of competition amongst the local business firms to keep down the prices to a fair standard", it was time to wind-up the co-operative (*Albany Mail*, 1883a, p. p.2). This was expanded later in the following statement:

*"Of late years however, the business became involved and what with bad debts and the falling off of custom the directors had to borrow on mortgage ... The institution did its work and brought down the prices of goods to a reasonable figure. Competition between the merchants is now keener and the necessity for a co-operative store no longer exists" (Albany Mail, 1885, p 2).*

The key arguments advanced for winding-up were that there was now sufficient competition between storekeepers, and bad debts and falling custom were reducing trade. At the time of the 1883 meetings to commence winding-up, Cooper conducted an advertising campaign that might suggest business was not declining to such an extent, with its implicit call to Albany's women for their continuing patronage in, among other things, Mrs Cooper's millinery department. Nevertheless, all the winding-up resolutions were passed *nem con* (that is, without any dissent), and it has to be assumed that the shareholders, now largely without the P&O contingent and Clifton's leadership, were no longer willing, or perhaps capable of carrying on the business.

The liquidators offered to sell the Store property in two lots (one was vacant), and in February 1884 all the Co-operative's assets, including stock, were auctioned without reserve. The sale raised £722 6s. 9d. (\$A125,845). The Society then defaulted on payment of the interest on the mortgage. With the principal of £1,000 outstanding and interest of £160 in arrears, Rogers exercised his right as mortgagor to put the place up for public auction in October 1885. It was purchased by local storekeeper Alexander Moir for the sum of £1,180 (\$A205,645), almost exactly equalling the debt to Rogers (Chinnery, 2007).

Figure 5: Notice of final meeting of the Albany Co-operative Society 1885



Source: (Albany Mail, 1 December 1885)

After the payment of some other minor debts, a remaining balance of £29 was donated to the Albany Defence Rifles, and Dr Rogers moved a motion, adopted unanimously, 'That the affairs of the company have been fairly wound up' (Government Gazette, 1885, p. 720). Moir was one of the storekeepers who railed against the Co-operative Store and Clifton, and the purchase must have tasted sweet.

## APPLYING THE CONCEPTUAL RESEARCH FRAMEWORK

The conceptual framework for research into co-operative enterprise is focused on understanding the business model of the co-operative and mutual enterprise (CME), and how it is influenced by, and in-turn influences, systems and member level factors (Mazzarol, et al., 2011; Mazzarol, et al., 2014). At the systems level, which relates to the external environment, there are four major inputs (i.e., social cooperation, role of government, industry structure, natural environment), and two major outputs (i.e., economic, and social capital formation). These forces interact with the co-operative enterprise, and the components of its business model (e.g., purpose, profit formula, processes, resources, share structure, and governance), which influence its ability to deliver a compelling member value proposition (MVP) to its membership. At the member level, the framework examines the four roles or "hats" that the member wears (e.g., investor, patron, owner, member of a community of purpose) (Mamouni Limnios et al., 2018). In the following sections the history of the Albany Co-operative Society is examined and the lessons it provides are discussed, with a summary of these issues found in the Appendix.

*Co-operative Enterprise Research Unit (CERU)*

Albany Co-operative Society – The Great Cockalorum, 1867-1885

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## SYSTEMS LEVEL ANALYSIS – INPUT FACTORS

As the narrative history of the Albany Co-operative Society suggests, the foundation of the enterprise was influenced by the four input factors, which continued to play a role in shaping its fortunes throughout its life.

### *SOCIAL CO-OPERATION*

The creation of CMEs requires the existence within the community that form them of a sense of common or shared goals and values, as well as a sense of community that will facilitate mutual trust and respect. Further, for successful creation of a CME, the community must possess at least three things: i) *resources* (e.g., time, capital, skills); ii) *mobilisation* (e.g., mutual needs, common goals); and iii) *motivations* (e.g., desire to cooperate and sustain collaborative effort) (Birchall & Simmons, 2004).

The high food prices and exorbitant interest rates on store credit charged by local shopkeepers in Albany served as a common problem that mobilised and motivated the employees of the P&O company in 1867. However, success of the co-operative was dependent on the work of local leaders such as Clifton and Irwin, who were able to bring to bear their resources (e.g., knowledge, skills, leadership), to facilitate the creation and development of the enterprise.

The story of the Albany Co-operative Society was well known in its day, and the later colonial period. As well as providing inspiration, it also set several markers of the way in which co-operation developed in Western Australia. The first of these is that co-operation developed from the top-down rather than the bottom-up. Leaders such as Clifton and proselytisers such as Irwin and the men of the Mechanics' Institutes were educated liberal gentlemen well imbued with the self-help philosophies of dissenting Protestantism and imperial patriotism. They sought to help the less-well off by helping them to help themselves. As gentlemen they regarded this as their proper role in propagating and maintaining social stability in the colonies through the hierarchical order they knew 'back home'.

Clifton's 'coaler's bank' does not seem to have prospered, but his first attempt at a mutual financial institution drew upon a long-established practice of seamen's chests (Mazzarol 2022) and sits midway between the colonial government's unsuccessful Colonial Chest small savings bank of 1855-1856 and the successful Post Office Savings Bank established in 1863 (18 Vict 3, 19 Vict 9, 27 Vict 5). Learning from this experience, Clifton turned to the newer co-operative model to set up the Albany Co-operative Society in 1867.

In the absence of specific legislative frameworks for CMEs in the colony, Clifton had to take a pragmatic approach to putting into practice the institutions he believed would support the P&O workforce, and the company's presence in Albany, and so the broader imperial project (Gilchrist 2017). These were the hallmarks of a progressive gentleman that the Albany storekeepers so detested, and they ensured the Co-operative operated for nearly 20 years.

### *The British Example*

Another marker to note is that co-operators sought to emulate the known examples in Britain rather than those in other colonies. Clifton's ideas came with him from England, as they did with

other promoters of co-operation such as Irwin. While they seem to have been aware of co-operatives and mutuals in other colonies, it was the British examples they consciously aped and then adapted to the Western Australian situation. Lourens (1974, p13) noted this in relation to the establishment of the Perth Building Society in 1862. George Stone, colonial attorney-general, and a key founder of Perth Building Society, was directly influenced by his brother William's book, *Stone's Benefit Building Societies*, published in London in 1851, in the formation and structure of the Society.

The Albany Co-operative's establishment in 1867 came just eight years after the formation of the first consumer co-operative in eastern Australia, the Brisbane Co-operative Store in 1859 (Balnave & Patmore, 2012). This and other examples in the eastern colonies were known of in Western Australia, but Clifton bought his knowledge from England, and it was the British examples that were more frequently referenced in the Western Australian press. Melbourne was the terminus of the P&O mail route, and while P&O staff in Victoria may well have been familiar with the new consumer co-operatives in that city, Clifton's route from London to Albany was via Mauritius and India, not Victoria. Clifton's proposal for a co-operative was made after he had returned from a visit to the P&O offices in Melbourne, but his earlier formation of the coaler's bank suggests he was already well aware of co-operative and mutual options (Perth Gazette, 1868a). Our research has found no evidence of any links between the P&O establishment in Melbourne and the growing consumer co-operative movement in Victoria. However, Balnave & Patmore (2012) note that the founders of the Rochdale Pioneers Co-operative in Manchester were dominated by skilled and supervisory trades, and had been established to 'combat low wages, high prices and poor-quality food' (p. 986).

The Albany Co-operative Society directors were from much the same class of men, and they took their lead from Clifton and his knowledge or interpretation of Rochdale with its focus on reducing retail prices, but not raising wages. The form of Rochdale co-operation practised in Albany was not a 'pure' copy but an adaptation to the particular needs of P&O and its workforce in Albany. Balnave & Patmore have argued that Rochdale co-operatives, as they developed in Australia, failed to unite around common objectives, and were focused on local goals (Balnave & Patmore, 2012). Albany, despite its inspirational value referred to earlier, confirms this finding from the very beginning of co-operation (at least in the area of consumer co-operatives) in colonial Western Australia.

### *Institutional Networks*

A third factor is the role of institutional networks within the colony. Clifton, Irwin, and the Building Society founders were all members of the Mechanics Institutes. Despite their name, these institutes in the colony were operated by the professional and clerical classes who sought to impart literary, scientific, and 'useful' knowledge to 'raise their moral and intellectual state of the working classes' (Lourens, 1974, pp.14-15). Former convicts were eligible to join the institutes, which was consistent with their rehabilitative promise of adult education, self-improving reading and debating skills. Philosophies of self-help informed the activities of the institutes, along with temperance (abstention from alcohol) and avoidance of religious sectarianism. Readings from Dickens and Shakespeare, in particular, were popular fare at the institutes.

Clifton, Irwin, and Stone were all members of mechanics institutes, as were several of the Albany Co-operative Society directors. Cockburn-Campbell was the founding president of the Albany Mechanics' Institute. Lourens (1974) argues the accepted social status of the institutes in Britain by the mid-nineteenth century was transferred to the colony, making them an important institution for developing innovative new forms of social and economic organisation that could be provided, in an orderly way, to the working classes and lead by the middle and upper classes, rather than rising organically from the working classes (Lourens, 1974, pp. 13-14). This was part of a liberal philosophy that recognised a mutual legitimacy in each of the classes, in their proper place, in the colony just as it did 'back home'.

Stannage (1979, pp. 182-185) has described the changing character of the institutes during the colonial period, and Partridge (2009) notes their inclusion of women, evolution into subscription libraries, and then later decline after the Great War, but Lourens (1979) is the only historian to have understood their role as a seedbed in forming the early co-operatives and mutual movement in Western Australia, and offering an explanation as to why that movement did not arise from the colonial working classes in Perth or Fremantle (or Albany) in a manner similar to the Rochdale Pioneers in industrial Manchester. In 1886, a few years after the closure of the Albany Co-operative Society Store, there were reported to be mechanics institutes 'in almost every district throughout the colony' (Year Book 1886, p. 39). Through such institutions knowledge about co-operation and mutualism was kept alive in public discussion and debate.

These associations between the Mechanics Institutes, the emergence of Rochdale model consumer co-operatives in the eastern colonies, and the foundation of the Albany Co-operative are circumstantial. However, although direct relationships cannot be found in the historical record, there is evidence of social cooperative networks existing within early Western Australia that have served as catalysts for development the state's co-operative and mutual enterprises.

### *Social Networks*

The common membership of mechanics' institutes (and similar organisations such as the Good Templars' and the Freemasons) by the founders of early co-operation in Western Australia, their liberal political leanings and their genteel status further point to the importance of understanding the role of social networks in a small but nevertheless visibly and socially stratified colonial society in the history of co-operation and mutualism. For example, Moore (1989, p. 10) has argued that class was always a more important distinction in Western Australia than religion, unlike some other colonies.

This study of early Westralian co-operation suggests that it was possible to move, to a certain degree, from one class to another through self-help institutions. This is perhaps not surprising in a colonial society in its formative stages where talent, skills and a certain pragmatism could be enhanced by also having connections. It was this capacity that provided the sort of social environment where ex-convicts and gentlemen could meet on a common ground, even if somewhat cautiously, in the institutes, and even if, at least in the case of Albany, this was partly fostered by a common enemy of shopkeepers (Fox, 2009, p. 203). The Perth Mechanic's Institute isolated political radicals among its members to prevent them undermining the civilising influence of liberal gentility on working class members (Stannage, 1979, p. 184).



These networks existed beyond the institutes, with just one example being the connection from Clifton through Sir Alexander Cockburn-Campbell in the Albany Residency. His brother and successor to the family baronetcy, Sir Thomas Cockburn-Campbell, went into partnership in 1879 with Charles Harper of 'Woodbridge' in ownership of the *West Australian* newspaper (Battye, 2022). Within the decade Harper had made the paper a champion for co-operation.

Balnave and Patmore (2012) argue that co-operatives found some support in rural areas from the Country Party and cite a New South Wales Anglican minister in the 1950s complaining that some co-operatives were 'more Tory than co-operative' (pp. 991-992). Harper and his son were involved in the formation of the Western Australian Country Party and the rural co-operative movement in the early twentieth century, meaning the support was mutual rather than conferred. However, that is getting ahead of the story, other than to note that this points to the need to comprehend the background social, familial and financial networks that could make the difference between a successful or failed co-operative or mutual venture.

### *ROLE OF GOVERNMENT*

Government legislation, regulation, and policy all play a role in enhancing or hindering the growth and decline of CMEs. As history of Albany Co-operative shows, the fortunes of the co-operative were dependent on the decisions made less by the colonial government of Western Australia, and more by the decisions made in London and Melbourne. The establishment of the P&O coaling station at Albany in 1852 was influenced by the expansion of British imperial ambitions in securing lucrative trade routes between Britain and its colonial possessions in Australia, New Zealand, and India, as well as its dubious opium trade with China (Harcourt, 2006).

Concurrently, the development of the convict transportation system from 1850 to 1868, reflected the influence of both WA Colonial Government, and British imperial policy, boosting the social and economic capital within Western Australia, and creating the conditions that made founding and development of the co-operative more feasible when the opportunity for its creation came.

### *Regulatory Framework*

Clifton's 'coaler's bank' does not seem to have prospered, but his first attempt at a mutual financial institution drew upon a long-established practice of seamen's chests (Mazzarol, 2022), and sits midway between the colonial government's unsuccessful Colonial Chest small savings bank of 1855-1856 and the successful Post Office Savings Bank established in 1863 (WA Legislation, 1855; 1856; 1863).

Learning from this experience, Clifton turned to the newer co-operative model to set up the Albany Co-operative Society in 1867. In the absence of specific legislative frameworks for CMEs in the colony, Clifton had to take a pragmatic approach to putting into practice the institutions he believed would support the P&O workforce, and the company's presence in Albany, and so the broader imperial project (Gilchrist, 2017). These were the hallmarks of a progressive gentleman that the Albany storekeepers so detested, and they ensured the Co-operative operated for nearly 20 years.

The Co-operative Society was reportedly formed in April 1867. At that time, the only form of statutory business incorporation available in the colony, apart from a private act made by the



Legislative Council, was the *Joint Stock Companies Ordinance 1858* (WA Legislation, 1858). The Co-operative was incorporated under the Ordinance as a company in 1868 with a capital of £1000 in 100 shares of £2 each (Albany Mail, 1885). The Ordinance was minimal compared to today's legislation, but it set out processes for incorporation and winding-up, maintaining a register of shareholders, company administration, contracts and deeds, limited liability for debts, and established a Registrar of Joint Stock Companies.

It was reported in June 1868 that 'the society's rules and bye-laws [sic] are compiled, and no doubt they will shortly be printed' (Inquirer, 1868g, p.3). This was fourteen months after the co-operative society was launched, and presumably around the time it was incorporated. The earliest published use of the name 'Albany Co-operative Society Limited' was in August 1869 (Inquirer, 1869, p. 2).

The Ordinance made no specific reference to co-operatives or mutuals, although it applied to 'Joint Stock Companies and other Associations', except banking and insurance. Presumably the co-operative came under the 'other associations' category, although the wording of the Ordinance makes no such distinctions. The co-operative operated throughout its existence under the provisions of the Ordinance, and its winding-up was reported to be 'in accordance with the regulations of the Joint Stock Companies Act [sic]' (Albany Mail, 1883b, p. 2).

As discussed above, despite the concurrent development of Rochdale consumer co-operatives in Australia's eastern colonies there is no evidence that Clifton and his fellow directors drew directly from these examples when developing their co-operative. In the absence of colonial legislation relevant to co-operatives, the Albany Co-operative Society was incorporated under the statute used for investor-owned firms. However, it operated instead as a member-owned enterprise using co-operative principles that were like those employed by the Rochdale Society.

### *Withdrawal of P&O coaling services*

Just as British government policy had created the conditions that led to the foundation of the P&O coaling station in Albany, so to do such policies lead to its closure. As discussed earlier, this was driven by the construction of the Suez Canal.

The reduction in P&O visits to the coaling depot was flagged as early as 1875. The new contract conditions that allowed the Company to use the Suez Canal imposed strict conditions upon mail delivery times with consequent fines for late delivery, which in turn prompted investment in newer, faster ships with more efficient use of coal and rationalisation of both older merchant steam vessels and the aging sailing ships of the coal fleet.

This would result in a gradual winding-down of the P&O establishment in Albany. It is at this time that the Co-operative Store engaged a young new manager and his soon-to-be-wife as a change in direction, with an emphasis on new customers from among the women of Albany. However, despite these best efforts, the co-operative struggled to survive as a core part of its original purpose (i.e., supporting the operations of P&O in Albany) had disappeared.

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## *INDUSTRY STRUCTURE*

Industry structure focuses on the influence of five competitive forces that shape the strategy of a business (Porter, 2008). These comprise the level of competitive rivalry that exists within a given market, the power of buyers and suppliers, the threats posed by substitutes and new market entrants.

A characteristic of CMEs is their ability to use collective and co-operative effort to challenge any market distortions or failures caused by monopolistic conditions, thereby increasing the buyer or supplier bargaining power. The CME business model enables otherwise under resourced small producers or individual householders, to unite, pool their resources, and either establish a new market entrant able to compete with the incumbent monopolists, or offer a substitute service to that offered by the incumbents.

The creation of the Albany Co-operative Society clearly demonstrated this power of the CME business model. Within its first two months it had commenced the lowering the price of food and other goods and improving the financial situation of its members' households (Inquirer, 1868c). Its presence in the Albany retail sector served as a mechanism of price control, and its policy of requiring cash payment rather than store credit also served to reshape the commercial landscape within the community.

The vitriolic opposition of local storekeepers to the Albany co-operative speaks to its success and would be a lesson well learnt when the rural co-operative movement took off three decades later, as would the importance of key leaders with a commitment to the ideals of co-operation. William Carmalt Clifton was one such leader, and his example would be emulated by others. As the 'Pilot of the Great Cock-a-lorum', Clifton left a legacy that has never really been appreciated until today.

### *Shipping and Maritime Trade Conditions*

While the co-operative was able to shape the industry environment within Albany, it lacked the ability to control the shipping and maritime industry that had been responsible for placing the P&O operations in the town in the first place.

Broeze (1992a) examined the colonial shipping services that carried freight and some passengers between Western Australia and Britain. The salient point is that, despite the existence of some labour shortages and a desire to keep freight costs affordable, neither the colonial shipping companies individually, nor collectively through the West Australian Shipping Association Ltd (WASA) they established in 1884, arrived at the same solution as P&O.

The key reason for this is that WASA, despite its name, was composed of merchant-importers not shipping line operators. WASA controlled the supply of wharf labourers in Fremantle for loading and unloading all ships, and vessels not operated by a WASA member could expect rough treatment. An American captain complained in 1892 that the only workers WASA would allow him to engage were careless drunks to whom he had to supply food, tobacco, and money to prevent trouble, leading him to describe WASA and the dockers as 'damned sons of bitches' (Johnson, 1979, p. 8).

WASA's solution to unruly, underpaid dock labourers was not a co-operative society but encouraging stand over tactics and extortion of money and goods from ships operating outside the WASA circle. A Royal Commission into the 'shipping ring' in 1906 heard from numerous witnesses that all the shipping costs were ultimately paid by consumers or, as one witness put it, 'the good old milch cow, the working man, has to stand it' (Broeze, 1992, p. 52). Clifton's diagnosis of the problem in Albany in 1861 still resounded in Fremantle in 1906, but not his solution.

This suggests that the synergy that had been created between P&O and the Albany Co-operative Society was, at least within Western Australia, unique. It had achieved significant benefits for the workforce of P&O, with spill-over effects on the wider community. However, the changes to the global shipping industry (e.g., enhanced steam power, longer-range ships, and the Suez Canal) that created pressures on P&O's ability to maintain its Albany operations.

P&O's role in establishing an economic framework in Albany for which the creation of a (probably failed) mutual bank and a successful consumer co-operative stabilised the labour needs of the company was a success. However, P&O was, in a sense, an outlier in inter-colonial trade around Austral-Asian ports. Its focus was on delivering Royal Mail contracts between Britain and its south and east Asian possessions, with additional passenger and freight services something of an add-on. The mail contracts were always the key business for P&O in this period, and the suspension of services in the mid-1850s arose because those contracts also allowed the Imperial government to override other activities for strategic reasons, notably the transport of troops and equipment to Crimea, Persia, and India in three successive conflicts.

### *NATURAL ENVIRONMENT*

Geography plays an important role in shaping human activity, and the natural environment has been identified as shaping the behaviour of business organisations and the industries in which they operate (Banerjee, Iyer & Kashyap, 2003). This can be seen in the case of both P&O and the Albany Co-operative Society.

The geography of Australia's southern coastline made the port of Albany a logical location for the coaling station of P&O. For shipping traveling from Melbourne to Britain via the Cape of South Africa it was the last deep-water port before leaving the Australian continent. The construction the Port of Fremantle, which required significant dredging and deepening, did not commence until 1892, under the supervision of Charles Yelverton O'Connor, Engineer-in-Chief, of Western Australia (Evans, 2001).

Western Australia encompasses a total land area of 2.65 million square kilometres, and it has a coastline of 12,500 kilometres (WATC, 2022). Road transport infrastructure within Western Australia in the nineteenth century was at best rudimentary, so coastal shipping was the primary means to moving people and goods around the vast area. The arrival of the P&O steam ship Chusan in Australian waters in 1852, and her visits to the ports of Sydney, Melbourne, and Adelaide, created significant excitement and subsequent investment in the development of steam ship operations between Australia and Britain as well as British colonies in Singapore, and South Africa (P&O, 2022).

As the history of the Albany Co-operative Society shows, the geographic location of Albany was important to P&O, but as steam power technology advanced, and opening of the Suez Canal in 1869 transformed the dynamics of international shipping things changed. P&O faced competitive challenges to its operations and risks to its strategically important British and Colonial mail contracts (P&O, 2022; Harcourt, 2006; 2010).

## ENTERPRISE LEVEL ANALYSIS – ASSESSING THE BUSINESS MODEL

The main elements of the enterprise level analysis are the purpose and member value proposition (MVP), governance, share structure, profit formula, key processes, and key resources (Mazzarol et al., 2018).

### *PURPOSE*

Our research of the available historical records was unable to find any formal statement of the Albany Co-operative Society's purpose or objectives. However, from a statement made at the 1883 liquidation meeting, and from the reported activities of Clifton and the co-operative the following key objectives can be deduced:

1. To reduce prices for retail goods,
2. To provide cash transactions (and avoid debt through store credit),
3. To employ and pay staff in cash, and
4. To provide better quality goods.

In addition to these objectives, a further set of implied objectives can also be ascertained:

5. To retain a stable and skilled workforce in the P&O establishment
6. To reduce labour disruptions in the P&O operations, especially when a steamer was in port
7. To challenge the combination or cartel behaviour of the Albany storekeepers, and
8. To support an orderly and hierarchical social structure in the colony, or at least in the Plantagenet region.

The four key objectives are largely derived from the Rochdale principles, without the Rochdale objective of increasing wages. The four implied objectives relate to reinforcing the status and operations of P&O in Albany to enable the company to meet its Royal Mail contract obligations to the British government.

As can be seen, these objectives suggest that the co-operative was designed as a convivial tool by Clifton in order to resolve the problem of supporting his workforce and improving both the social and economic wellbeing of the P&O, Albany and wider Plantagenet Region surrounding the port.

### *MEMBER VALUE PROPOSITION*

The number of references to the success of the co-operative in meeting the needs of the “working man” or “working class” in Albany, and reports of all the share offers being sold out, suggest that the benefits to the members who worked on the dock or in the coal sheds or in other labouring jobs match the objectives of lower store prices and better-quality food, clothing, and other consumer goods.

As discussed earlier, the co-operative's emergence within the Albany retail sector resulted in a rapid price reduction of food and other goods, while also addressing the problem of storekeeper credit placing many of the poorer people into penury. Despite the hostility evoked by The Great Cockalorum amongst the local shopkeepers, the general evidence available suggests that the Albany Co-operative Society delivered good value to its members.

### *GOVERNANCE*

The incorporation of the co-operative as a Joint Stock Company meant that the business was owned collectively by its shareholders. They would receive shares, be required to subscribe to the Memorandum of Association (e.g., Company Constitution), be able to trade their shares, receive dividends, and have their legal liability limited to the value of their share capital (WA Legislation, 1858). The overall structure of this incorporated entity was that of a contemporary company limited by shares.

Under the *Joint Stock Companies Ordinance 1858*, the co-operative had to maintain a registered office and its location recorded by the Registrar of Joint Stock Companies. In addition, there was a requirement for it to have its name in a conspicuous place on any buildings where its operated, which would either be painted or engraved, and to also place its name similarly on its corporate seal, public notices, advertisements, official correspondence, financial documents (e.g., invoices, bills of exchange, letters of credit). Annual General Meetings of shareholders were also required, along with formal minutes of any general meetings and special meetings. There was also a requirement to keep financial and membership records, maintain solvency,

A minimum of three-shareholder members was required under the legislation, and there were specific provisions governing the duties and responsibilities of directors. However, the Joint Stock Company legislation made no mention of co-operative enterprise, member democracy (e.g., one-member-one-vote), or similar provisions common within co-operatives legislation.

Throughout its history, the co-operative's board of directors remained quite stable, at least during Clifton's time. In 1869 the chairman was William Finlay, the treasurer was Clifton and the secretary Staines, with Broomhall, Campbell, Butcher, and Williams as directors (Inquirer, 1868, p. 2). The directors served three-year terms, with two retiring each year but eligible for re-election (Inquirer, 1870, p. 2). They inevitably were re-elected, with no record of contested elections being found. Staines resigned as secretary and was replaced by Cooper in 1875, but otherwise the board membership remained stable until 1880. Only in the reports of the winding-up special meetings in 1883 and 1885 is there mention of some new director names. Their terms appear to post-date Clifton's departure, and they took an active role in the winding-up process.

### *SHARE STRUCTURE*

The share structure of co-operatives is different to that found within investor-owned firms (IOFs) in relation to the level of ownership that shareholding confers. In a co-operative the principle of one-member-one-vote rather than one-share-one-vote ensures that the mutual ownership and inherent democracy is preserved. This was a principle of the Rochdale Society, and one that has continued to the present (Rochdale Society, 1877).



Share capital structure within co-operatives, depends on whether the entity is distributing (e.g., issues dividends), or non-distributing (e.g., does not issue dividends). There are multiple variants of share structure within co-operatives, each of which is influenced by the following. Is share capital issued only to patron-members, or can non-members become shareholders? Is the share capital redeemable, and can it be transferred? (Chaddad & Cook, 2004).

Within the Albany Co-operative Society, the share structure seems to have followed the standard model of a joint stock company. The price of shares, reported to be £2 (\$A307) in 1868, indicates these may have been beyond the reach of most ordinary labourers, as one labouring wage cited at the time of £7 (A\$1,118) per month would have made a share unaffordable. However, they were accessible to the middle-class professionals and officials who held the Board positions, and who could take advantage of both the reduced store prices and the share dividends.

Whether any system of paying-off shares was available to the labouring members, as there was in Rochdale, which would also give them access to dividends, is not clear but cannot be discounted. The system of A and B class shares in operation by 1870, with different dividends payable, indicates some such system may have been in developed during the 1860s. Balnave & Patmore have noted the deviation from the Rochdale principle of one vote per shareholder, which might be suggested by the A and B class shares, was not uncommon in rural consumer co-operatives in Australia. Nevertheless, the benefit of membership, in whichever class, of cheaper retail prices and better-quality goods, was universal to all members, along with the added piquancy of being able to witness the fury of the local merchants who had ruled the town for so long without challenge.

#### *PROFIT FORMULA*

The profit formula refers to whether the co-operative is a profit oriented, distributing, or not-for-profit, non-distributing entity, and how it approaches price setting and the issuing of rebates to members. As outlined in the co-operative's history, the company appeared to trade profitably in its early years. However, due to a lack of available data, it is difficult to ascertain the profitability of the co-operative. While it is unclear as to whether rebates were paid, there is evidence that dividends were. Further, the policy of the co-operative to only trade in cash, would augur well for profitability. Nevertheless, over time there was a move by the board to seek more profit through engagement with the Sandalwood trade.

#### *Expansion into Sandalwood trade*

The directors reported at the half-yearly general meeting in August 1870 that they were hoping to put into effect a plan to buy sandalwood for cash, to encourage people living in 'the bush' (presumably the sandalwood cutters and their families) to buy shares and become members (Inquirer, 1870). The attraction for the sandalwood cutters would have been the cash payment, especially as many also worked as shepherds who, as noted earlier, were often exploited through the store credit system.

During the 1870s the Plantagenet hinterland was an area dominated by the expansion of pastoralism into sandalwood-bearing Crown lands, and the Co-operative was well-positioned to seek new members. The key markets were in Singapore and Bombay (Mumbai), as well as



Mauritius, Canton (Guangzhou) and Shanghai, all relatively easy to access from Albany, and a failure of the sandalwood plantations in Mysore in the 1870s boosted demand (Statham-Drew, 1990, pp. 18-19).

However, at the same time it was realised that sheep and cattle would eat sandalwood foliage, especially in dry times, which slowed the harvesting of the timber. While the sandalwood trade was profitable, it was worth about a quarter of the value of wool exports in the 1870s (Statham-Drew, 2021a/b). The gentry pastoralists were not necessarily enthused about their shepherd's pulling sandalwood on their new estates and neglecting their shepherding duties and removing stock feed.

Prices fluctuated across the decade but realised a mean of £9 per ton, which would have made the trade quite lucrative for the Co-operative, but there are no further references to the Co-operative and the sandalwood trade, and it seems the attempt to expand the membership beyond the P&O workforce and the Albany townsfolk was not pursued. Factors that may have stymied this expansion would include how much the export trade was already controlled by the Albany storekeepers.

For example, John McKail, was a local storekeeper opponent of the co-operative, and agent for the ASN Co, which regularly conveyed sandalwood to Singapore, whether P&O had an interest in sandalwood cargoes (shipping reports of the period suggest otherwise), the co-operative's capacity to diversify from retailing into producer co-operation (with the sandalwood cutters the producers), and the attitudes of Clifton's fellow gentlemen to sandalwood cutting. The historiography of Western Australian sandalwood tends to focus on the sandalwood cutters, government regulation and trade statistics rather than the merchant and shipping firms involved in the export trade, making any conclusions tentative.

### *PROCESSES AND RESOURCES*

As with profitability, there are few records about the co-operative's business processes and resources. However, the stability of the co-operative's board, and the presence of Clifton as a director and treasurer, Finlay as director and chair, and Cooper as secretary and store manager, suggests that the business was run efficiently for most of its history. In relation to resources, the construction and operation of the co-operative store, and the careful selection of key management people (e.g., store manager), indicates that in general the co-operative had these issues under control.

### **MEMBER LEVEL FACTORS – THE FOUR HATS**

As with the processes and resources issues, the available historical record makes it difficult to get reliable information on the specific benefits to the members, although as noted above, there is a reasonable quantity of information from the local media of the day, to suggest that members found value in the co-operative and its ability to address the price gouging and predatory store credit practices of the local shopkeepers.

In relation to the "Four Hats" roles of the members (see: Mamouni Limnios et al., 2018), the following observations can be made.

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### *INVESTOR ROLE*

The Joint Stock Company structure of the co-operative meant that all members were also shareholders and therefore investors in the company. As explained in the discussion over share structure, the shares were appreciating in value, and a two-tier (e.g., 'A' and 'B' class) share structure had emerged by 1870. While the specific details of these shares remain unclear, the usual structure of A and B class shares is that the A class shares provide their owners with more voting rights in general meetings than is conferred upon the owners of B class shares (Maverick, 2022).

This, along with the reported high value of A class shares, suggests that the co-operative had a group of A class shareholders who had greater ownership rights over the business, alongside a group of B class shareholders who may have had limited control rights. If so, this would seem to conform to the class stratification within the community that formed the members of the co-operative.

### *PATRON ROLE*

A core reason for co-operative membership is to secure access to the economic and social benefits that accrue from patronage. The members of the Albany Co-operative Society, whether A or B class shareholders, all enjoyed the lower prices and cash transactions, not to mention the service and shopping environment offered by the company's new store. The inclusion of luxury goods and clothing targeted specifically at women after 1875 would also have provided value to members within their patron role. In this female member-patrons were being served by females, which would have been of significant importance in relation to the shopping experience.

### *OWNER ROLE*

As discussed above in relation to the share structure, the existence of A and B class shares suggests that ownership within the co-operative may not have been a completely egalitarian and democratic model in keeping with the 'one-member-one-vote' rule that was a hallmark of the Rochdale consumer co-operative. Nevertheless, the patronage rights afforded by membership, the distribution of dividends, and the strong turnout to general meetings suggests that a strong sense of ownership appears to have existed.

### *COMMUNITY MEMBER ROLE*

The community member role is one of the most complex issues to define and measure. It refers to the members' sense of belonging to a 'community of purpose' as enshrined in the co-operative's strategic mission or purpose (Mamouni Limnios et al., 2018). The available historical evidence suggests that there was a strong support for the co-operative amongst both the P&O employees and the general community of Albany and the Plantagenet region. The co-operative was a symbol of these communities' resistance to the local shopkeepers predatory pricing and credit policies.

In addition, the leadership of people such as Clifton, Irwin, Stone, Staines, Broomhall, Campbell, Butcher, and Williams provided a world view that focused on using the co-operative not only to alleviate economic problems, but to transform the society within which the co-operative's members lived. This included enhancing the economic and social well-being of the working-class. These were ambitions written into the company's constitution, and publicly espoused by the

leadership of the co-operative. How much these often-lofty aims were received and accepted by the members is unclear.

### SYSTEMS LEVEL ANALYSIS – OUTPUT FACTORS

The two main outputs from CMEs are their ability to generate economic and social capital. In assessing the contribution, the Albany Co-operative Society made to the economic and social capital of the Albany and Plantagenet region it is necessary to make some assumptions and draw conclusions based on the largely fragmented corpus of available historical data. Nevertheless, some observations can be made.

#### *Economic contribution*

The ability of the Albany Co-operative Society to reduce the price of food and other goods, while alleviating the debt trap posed by high store credit was a significant economic contribution to the company's members and wider community of Albany and the Plantagenet region. In addition, the co-operative achieved its goals of creating new employment, while supporting the workforce of the P&O company located in the region.

The construction of the co-operatives store, which remains a prominent heritage building in Albany today, also contributed to the economy of the community. This was complemented by the co-operative's ability to generate dividends to members, along with the appreciation of their share capital. Its business model enhanced the economic well-being of its members, including the working-classes, by reducing their household debt, and encouraging thrift.

Although it was ultimately wound-up, the co-operative was reported in the local media as having achieved its goal of creating a more competitive and fairer commercial environment in Albany, lowering the price of food and other goods, and setting the benchmarks for the future. It also served as a role model for other consumer co-operatives established in Western Australia during the nineteenth century, which focused on similar goals.

#### *Social contribution*

Assessing the social contribution of a co-operative is challenging due to the lack of reliable metrics and the more indirect nature of its impact. A core measure is the role played by the co-operative in building and enhancing social capital, which is itself a complex and ill-defined concept (Fine, 2001). However, it has been identified as being measurable through the existence within a community of trust, reciprocity, and networks (Woolcock, 1998).

If these measures are applied to the Albany Co-operative Society it can be seen that the company did serve as a mechanism to unite the community, across all social classes, in a common purpose. The creation of the enterprise, and the engagement of its members as patrons, investors, owners, and members of this community of purpose, served to build and reinforce trust. It also fostered mutually beneficial reciprocity through patronage, investment, and participation in general meetings (e.g., ownership). Further, the engagement of members in the co-operative, did much to strengthen existing social networks and create new ones.

## LESSONS AND LEGACY OF THE GREAT COCKALORUM

Albany historian Don Garden wrote in 1979, about the end of another Albany venture, that ‘the old prejudice that nothing ever succeeds at Albany had again been confirmed’ (Garden, 1979, p. 137). The demise of the Albany Co-operative Society might appear to be at one with the ‘old prejudice’, but when placed in the context of co-operative history rather than local history, the Society had been a notable success over its 18 years in reducing local retail prices, maintaining a stable workforce for the P&O Company, and providing an inspiration for other co-operators. A Toodyay example was referred to earlier, and in 1885 as Albany was closing down it was still providing a model for others, such as a butchering co-operative proposed for Geraldton in April 1885 ‘owing to the high prices ruling for meat in that town’ (Inquirer, 1885, p. 3).

The story of the Albany Co-operative Society was well known in its day and the later colonial period. As well as providing inspiration, it also set several markers of the way in which co-operation developed in Western Australia. The first of these is that co-operation developed from the top-down rather than the bottom-up. Leaders such as Clifton and proselytisers such as Irwin and the men of the Mechanics’ Institutes were educated liberal gentlemen well imbued with the self-help philosophies of dissenting Protestantism and imperial patriotism. They sought to help the less-well off by helping them to help themselves. As gentlemen they regarded this as their proper role in propagating and maintaining social stability in the colonies through the hierarchical order they knew ‘back home’.

The vitriolic opposition of local storekeepers to the Albany co-operative speaks to the co-operative’s success and would be a lesson well learnt when the rural co-operative movement took off three decades later, as would the importance of key leaders with a commitment to the ideals of co-operation. William Carmalt Clifton was one such leader, and his example would be emulated by others. As the ‘Pilot of the Great Cock-a-lorum’, Clifton left a legacy that has never really been appreciated until today.

This study, and that of the Perth Building Society (est. 1862 and demutualised in 1987), provide a deeper archaeology of early co-operation and mutualism in Western Australia that is situated in the mid-convict to early-self-government era of the 1860s-1880s. Co-operation and convictism changed the character of the speculative private property colony founded in 1829 (Statham-Drew, 2021).

The concept of co-operation introduced at Albany remained alive in the mechanics and literary institutes and, it might be argued, the libraries and minds of the colonial gentry as they worked to maintain their position in a colonial society that began to rapidly change from the mid-1880s. This study exposes a previously unexplored social and economic correlation between co-operation, gentility, convict transportation and imperial shipping interests that created some of the social conditions for the transformation in the 1890s of one of Britain’s strategically significant Indian Ocean colonies.

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## APPENDIX: ALBANY CO-OPERATIVE SOCIETY WITHIN CME RESEARCH FRAMEWORK

Influencing Factors	Application to Albany Co-operative Society Limited
<i>Systems-level inputs</i>	
Social co-operation	High mobilisation of existing P&O workforce, and working-class Albany families, in formation and sustainability despite opposition and threats from private storekeeper sector, support from gentry class.
Role of government	Regulated under the colonial <i>Joint Stock Companies Ordinance 1858</i> , pre-dates colonial regulatory system for CMEs, operations apparently somewhat consistent with English regulation as interpreted or understood by Clifton.
Industry structure	Operated outside of and competed with established local cartel of storekeepers, imported stock at wholesale prices directly from Melbourne outside existing merchant import networks. Changing competitive market for shipping (e.g., steam power, Suez Canal, competition on mail routes, impacted P&O's operations in Albany.
Natural environment	Albany as only deep-water port in WA. Coal-based energy facilities for steam shipping created local P&O workforce, improving steam technologies reduced and finally ended need for coaling station in Albany. Natural harbour topography favoured and facilitated the coaling station operations. Construction of Suez Canal reduced shipping time, but increased competition.
<i>Enterprise-level factors</i>	
Purpose	Lower retail prices, deter wage increases, increase cash circulation in local economy and support P&O operations in Albany.
Profit formula	Profit made on retail sales in Co-operative Store, not clear if benefits such as discounts and rebates offered, but dividend paid to shareholders. Sales were by cash rather than store credit, wholesale purchases by cash.
Processes	Clifton's 'active voice' through time and intelligence in decision making, held key treasury portfolio; skills of Finlay as chairman, and Staines and later Cooper as secretary/manager were recognised ('responsible voice') – provided consistent management until 1880.

Resources	Construction of store building, experienced retail and management personnel with informal links to P&O, access to private loan funds.
Share structure	For-profit limited liability business, two-classes of shares (A and B shares).
Governance	Competent Board, long-term directorships, but competency challenged with departure of Clifton in 1880 (Co-operative wound-up 5 years after his departure).
Member Value Proposition	Key value to members was lower retail prices, payment of annual dividends and increased choice in purchasing consumer goods.
<i>Member-level factors</i>	
Investor	Individual member shareholders, not clear if shares were traded internally between members or heritable.
Patron	Member benefits through lower retail prices, cash transactions (no credit transactions attracting interest), services directed specifically to female members after 1875.
Owner	Dividend distributed according to rules, general meetings well-attended, 'sense of ownership' through (a) P&O employment, (b) resistance to storekeeper elite, and (c) shift in 1875 to include female shoppers served by female staff: combination of financial + social factors.
Community member	Strong engagement in local community, activities raised social justice type questions about wealth distribution through use of cash transactions, strong public claims of benefits to the working-class.
<i>Systems-level outputs</i>	
Economic capital	Supported stable local employment in P&O establishment, created employment within Co-op Store, built Store building that still survives as high-level State and local heritage asset, supported wealth creation for P&O, created wealth for Co-op shareholders, facilitated use of cash transactions in local community, reduced debt among working class members.
Social capital	Created trust among consumers by consistently providing cheaper goods and accepting cash payments rather than credit (bad debt avoidance), affirmed and probably expanded gentry networks of reciprocity, demonstrated provision of affordable retail goods in isolated locality is possible.

## About the authors:

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**Tim Mazzarol** is a Winthrop Professor and Senior Honorary Research Fellow 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. He is also the founder Director of the Co-operative Enterprise Research Unit (CERU), a special research entity for the study of co-operative and mutual enterprises (CMEs) at the University of Western Australia. In addition, he is a founder Director and Company Secretary of the Commercialisation Studies Centre (CSC) Ltd., a not-for-profit mutual enterprise focused on advancing best practice knowledge of commercialisation. Tim is also a Qualified Practising Researcher (QPR) as recognised by the Australian Research Society (ARS). 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.

**Amber van Aurich** is a Research Assistant at the University of Western Australia where she is engaged in the UWA Business School supporting the Australian Research Council (ARC) Linkage Grant project investigating the economic and social contribution of the co-operative and mutual enterprise (CME) sector to Western Australia. She holds a Bachelor of Arts with First Class Honours from Edith Cowan University (ECU) majoring in History, Politics, and International Relations. Amber is experienced in qualitative research skills, including oral and local history, editing, and feminist theory, as well as skills in publicity, communications strategy, and event management for non-for-profit organisations. Prior to joining UWA she was a transcriber for the Birtwistle Local Studies Library, Armadale, WA.