

Victorian Co-operative News

Bulletin of the Co-operative Federation of Victoria Ltd

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New Co-operatives Act now law

The Victorian *Co-operatives Act 1996* became law on 1 October, 1997. All co-operatives registered under both the *Co-operation Act 1981* and *Housing Act 1983* are now governed by the new act.

For the first time in Victoria, co-operatives now enjoy similar powers to companies.

National scheme

The other states and territories are also moving to substantially adopt the Victorian Act. Queensland's new act came into force on 1 September, and it is expected that the amended New South Wales *Co-operatives Act 1992*, and new acts in South Australia and the Northern Territory will come into force on 1 December 1997.

Tax effective structure

According to Jeremy Martineau, a solicitor with the Brisbane firm McCullough Robertson, the new Queensland Co-operatives Act, modelled on the Victorian act, is long overdue and represents a distinct improvement in a number of significant areas.

Mr Martineau told the Co-operative Federation of Queensland conference in April that combining a co-operative vehicle with co-operative tax status and a primary production business, could result in a highly tax effective structure and

effectively add value to the basic business venture itself.

In comparing companies and co-operatives, Mr Martineau said that active membership, spread of ownership, basis of voting entitlements and exit mechanisms in the new act are four factors that can make a co-operative an inherently more stable structure than a company and one which offers a better prospect of retaining local ownership and control in core sectors of Australian business.

International support

Not only has the Co-operatives Act been acclaimed as a significant milestone in Australian corporate law, the Canadian Government considers the act to be one of the best two co-operative laws in the world. •

John Gill steps down as chairman

On 16 October 1997, John Gill stepped down as chairman of the board of directors of the Federation after four and half years in the post. New chairman, David Griffiths, paid tribute to John's leadership since the Federation was re-formed in 1993.

"The Victorian co-operative sector faced a challenging time following the demise of AAC in March 1993. Under John's stewardship, the Federation has grown to be an influential organisation, with the *Co-operatives Act 1996* and the new national legislative framework for co-operative law being our main achievements. John's professional approach to his role as chairman; his persistence and openness to new ideas, has provided the Federation with a solid foundation for the future", Mr Griffiths said.

John will remain a director of the Federation and a delegate of the Victorian Producers' Co-operative.

Co-operative Federation of Victoria Ltd

Mission

To develop and promote the Co-operative Movement as a means of satisfying the economic and social needs of people.

Objectives

1. Help members improve services to their members by providing information and advice.
2. Make representations to government on legislation and policies to facilitate the development of co-operatives.
3. Promote co-operatives to the public.
4. Facilitate and promote the formation of co-operatives.
5. Educate co-operative members and the community at large in co-operative principles and practices.
6. Facilitate co-operation between co-operatives.

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VICTORIAN CO-OPERATIVES IN ACTION

Purchasing Victoria expands to the nonprofit sector

Purchasing Victoria Co-operative Ltd, originally formed as a purchasing service for local government, has entered into an arrangement with the Nonprofit Management Institute to provide services to Institute members.

NMI exists to provide management and member support to all non-profit and community organisations through its network of local chapters throughout Australia and New Zealand. NMI has 350 members. •

VPC has solid year

Victorian Producer's Co-operative Co. Ltd has achieved a \$305,000 profit compared to the loss of \$2.8 million in the previous year, despite two difficult years experienced by the rural industry. VPC's turnover for the latest year increased from \$460.6 million to \$463.5 million.

VPC's head office is set to relocate to its existing wool store at Brooklyn in early December, after a decision by the board to sell its office building in Carlton.

Managing director, Mike Furzer, said in VPC's September 1997 newsletter there would be numerous advantages to clients and staff in the move. These include easier access to the wool store by the new Western Ring Road, significant reduction in operating costs, increased contact between clients and VPC Melbourne staff, and enhanced balance sheet ratios. •

Members are invited to fax news or opinion to the editor for publication in the Victorian Co-operative News.

Fax: (03) 5348 3253

Dairy co-ops fight for water

Bonlac Foods Limited and Murray Goulburn Co-operative Co. Ltd, Victoria's leading dairy co-operatives, have vowed to fight for a fair share of water for dairy farmers in northern Victoria.

A meeting of dairy farmers at Numurkah in October heard concerns about the impact of the cap on water use in the Murray Darling basin.

Many gravity fed dairy farms have expanded on the expectation that high water allocations would continue. But proposed bulk water entitlements and reduced sales water allocations could affect milk flow and farm income.

Bonlac and Murray Goulburn representatives said they don't want to lose northern Victoria's farm and factory infrastructure, vital for maintaining the state's multi-billion dollar dairy industry.

Good year for dairy co-ops

Murray Goulburn had a record year last financial year, achieving sales of \$1.116 billion for 1996/97, a rise of \$70 million from the previous year.

Bonlac's operating revenue was \$1.017 billion, \$38 million lower than last financial year, due to lower international prices and slightly reduced milk flows. •

Record profit for Genetics Australia

Genetics Australia, the cattle artificial breeding co-operative, paid a record \$1.07 million in rebates to members during 1996 - 1997 financial year.

Genetics Australia chairman Peter Stewart reported to the co-operatives' annual meeting on 20 October 1997 a net profit of \$1.35 million before tax, on a turnover of \$11.29 million. Profit increased by 16% from the

previous year's record of \$1.16 m.

Mr Stewart put the co-operative's performance during the past few years to proving top bulls and a change in management about six years ago.

Mr Stewart warned members that adverse seasonal conditions in some areas and considerable uncertainty in others, will make trading in the current year difficult. •

Child care co-ops look to restructure

Following the loss of federal operating subsidies, a number of Victoria's child care co-operatives face closure at the end of the year.

The Co-operative Federation of Victoria believes that by sharing resources, the centres have a much better chance of survival.

The Federation plans to meet with the Community Child Care Association to explore strategies for achieving savings in the administration and purchasing requirements of the centres. One option is to form a second tier co-operative owned by the centres. •

1997 annual meeting report

The Co-operative Federation of Victoria Ltd held its 1997 annual general meeting on 11 September, 1997. The meeting was attended by 20 delegates and guests.

The chairman, Mr John Gill, highlighted the main achievements of the Federation over the 1996/97 year:

- the passing of the Co-operatives Bill through State parliament and achieving bipartisan support for the new act;
- supported the Co-operatives Council of Australia's efforts in defeating a Federal budget measure to remove tax concessions for co-operatives;
- made representations to the Victorian Ministers for Justice, Housing, Natural Resources and Environment, and Roads;
- established an electric co-operative taskforce with Co-operative Energy Ltd;
- released two discussion papers on co-operative opportunities in health care and farm forestry;
- held workshops on electricity and health co-operatives;

- endorsed a co-operative email news service;
- promoted and sold co-operative books from the UK Plunkett Foundation; and
- provided advice and assistance to 28 members.

The directors* for the forthcoming year are:

Mr Graeme Andrews

South Gippsland AB Co-operative Ltd

Mr Stephen Chenery

Wholefoods Co-operative Ltd

Mr John Gill

Victorian Producers' Co-operative Co. Ltd

Mr David Griffiths

Co-operative Energy Ltd

Mr Bernie Harford

Genetics Australia Co-operative Society Ltd

Mr John Luckman

YCW Co-operative Society Ltd

Mrs Valerie Ogier

Purchasing Victoria Co-operative Ltd

Ms Anne Patullo

Essendon Rental Housing Co-operative Ltd

Ms Elizabeth Pearcey

Phoenix Management Co-operative Ltd

** 1 vacancy exists on the board. Nominations for the vacancies are invited from member co-operatives.*

New chairman

At its first board meeting after the annual meeting, directors elected Mr David Griffiths chairman of the Federation for the next year. David brings a wealth of experience to the post. He is presently secretary and a director of Co-operative Energy Ltd, Southern Energy Co-operative Ltd and a director of Purchasing Victoria Co-operative Ltd. David is now a consultant after previously working in senior policy positions in the Victorian Government.

Photograph of book cover

New release from the US

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A new future for co-operatives

Over 35 people attended a Federation seminar on 11 September, 1997 on opportunities for co-operatives in this era of small government.

The keynote address was given by Mr Mark Latham, Federal Opposition spokesperson for education. Delegates also heard case studies on health, energy, forestry, finance, retail, purchasing and credit co-operatives.

In his speech, Mr Latham said that in the national arena, co-operatives are becoming more important for a number of reasons. "Economically, the nation state is under immense pressure from economic globalism. Most nations are now every exposed to the movement of footloose capital, the creation of global finance markets and the uncertainty as to the location of investment."

"In terms of ownership and organisation of the economy, co-operatives have a critical role.

Because co-operatives, by virtue of their ownership structure, remain within nation states they are not footloose or subject to uncertainty and insecurity.

They have virtues of localism and regionalism that other forms of economic activity could not project. In terms of the new national sovereignty in the economic debate, co-operatives have an important role to play."

Latham spoke of mutuality and social trust being eroded in our society, and how co-operatives are one such body that build bonds of mutuality and trust between citizens. •

In brief

New members

The Board of Directors welcomes the following new members of the Federation:

Commercial Egg Producers' Association Co-operative Ltd
Northcote Rental Housing Co-operative Ltd
The Western Victorian Dairy & Research & Demonstration Farm Co-operative Ltd

1998 National Conference

The Co-operatives Council of Australia is organising a national conference in Canberra on 1st, 2nd and 3rd April, 1998. The conference aims to improve the image of co-operatives with politicians and senior bureaucrats. All Victorian co-operatives will be invited to attend.

Co-operatives Council of Aust

At its meeting on 12 November, the Council discussed taxation, co-operatives legislation, the Australian Stock Exchange paper on listing co-operatives and the image of co-operatives.

The Council has established four interest groups; legislation, taxation, competition policy and image, to manage these important national issues.

The Council plans to hold discussions with State and Territory Registrars seeking a process for reviewing the new co-operative acts.

Building Rural Futures Through Co-operation

The Building Rural Futures Through Co-operation project was launched by the Mayor of Indigo Shire in Beechworth on 22 November.

The project aims to assist rural communities explore the benefits and challenges of working together. The first stage of the project is to produce a study circle kit.

The project is being jointly sponsored by *The Centre for Rural Communities* at the Gippsland Campus of Monash University, *Co-operative Federation of Victoria Ltd* and *Co-operative Energy Ltd*.

Farm Forestry Conference

The secretary of the Federation, Tony Gill, delivered a paper on treegrowers marketing co-operatives to a Farm Forestry Conference in Ballarat in September. Copies of the paper are available from the Federation.

Egg Co-operative set to list

The Egg Industry Co-operative Ltd is set to convert to a public company for listing on the Australian Stock Exchange.

Informed sources have advised that the members of the co-operative have agreed to the conversion.

The co-operative put the conversion proposal to members before the adoption of the active membership requirements of the new act.

YOUR FEDERATION AT WORK

Strategic plan adopted

At its August meeting, the board adopted a Strategic Plan 1997 - 2000 and revised the objectives of the Federation. The board determined the following activities will be priorities for 1997/98:

- advising members on the new act,
- membership recruitment,
- development of member services.

Member survey

The Federation will soon be sending members a survey seeking feedback on the performance of the Federation and areas for future action.

Listing co-operatives on ASX

The Federation responded to an article in *The Weekly Times* newspaper predicting an avalanche of co-operatives listing on the stock exchange. The Federation argued that converting a co-operative to a listed company puts the investor's needs ahead of the primary producer, with the producer losing the bargaining strength in the market that the original co-operative gave them.

Legislation seminars

The Federation held 4 information seminars on the new Co-operatives Act around Victoria during October. The Federation, together with the Office of Business Affairs and Corrs Chambers Westgarth, addressed over 130 delegates from 85 co-ops.

Connected to the Internet

Members can now contact the Federation at the email address coopvic@netconnect.com.au. The board is to consider a proposal for a home page at its December meeting.

Co-operative awards

The board has announced that from the 1998 annual meeting, the Federation will be giving awards for achievements by people and co-operatives to the development of the co-operative movement.

Two directors retire

The board thanked Vern Hughes and Geoff Johnston for their contribution as directors of the Federation. Vern will continue as co-ordinator of the Co-operative Opportunities Project.

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Victorian Co-operative News

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