

22 May 2020

To the Committee Chair,

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make a submission to the Senate Standing Committee on Finance and Public Administration inquiry into lessons to be learned in relation to the Australian Bushfire Season 2019-20.

The BCCM is the national peak body for co-operatives and mutuals in Australia. It is a member driven organisation, representing co-operatives and mutuals in all industries including agriculture, finance, insurance, mobility services, health, housing, retail and wholesale.

Our submission focuses on providing examples of how co-operatives and mutuals have contributed to the immediate and ongoing bushfire response. As community-owned and community-led enterprises, co-operatives and mutuals must be recognised as important partners with governments, charities and others to achieve long-term recovery and natural disaster resilience.

Our submission primarily responds to the following terms of reference:

*(f) existing structures, measures and policies implemented by the Federal Government, charities and others to assist communities to recover from the 2019-20 bushfires, including the performance of the National Bushfire Recovery Agency;*  
*(i) any related matters,*

### **What are co-operatives and mutuals**

Co-operatives and mutuals are enterprises that are owned by their customers, producers (businesses), employees, a community of interest or a mix of these groups.

Co-operatives and mutuals are based on values of self-help, solidarity and democracy and exist to deliver benefits back to members and the community.<sup>1</sup> They have played an important role in Australia's regional development and resilience, particularly in agricultural industries, essential retail services and financial services.

For example:

- Regional Australia Bank is owned by the customers who bank with it. It operates local branches in regional areas and provides competitively priced core banking products;
- Candelo Bulk Wholefoods Co-op is owned by the people who work in its food retail business. Its focus is providing dignified work to members and access to fresh

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<sup>1</sup> Co-operatives operate under seven internationally-agreed principles that reflect these values.  
<https://www.ica.coop/en/cooperatives/cooperative-identity>

- produce to the community;
- Norco Co-operative is owned by the producers who supply it with milk. Norco does everything it can to pay a good price to members for their milk;
  - Kaniva Community Co-operative is owned by likeminded members of the local community. Members and the community benefit economically and socially from ongoing operation of the town petrol station, which otherwise would have closed.

The top 100 Australian co-operatives and mutuals have a turnover of more than \$31 billion and 8 in 10 Australians are a member of at least one co-operative or mutual (National Mutual Economy Report 2019).

### **Why are co-operatives and mutuals important for community resilience**

Disaster researchers emphasise social resilience—the capability of a community to withstand and recover from a disaster.<sup>2</sup> A key question in the study of disasters is why some communities are resilient in the face of disasters, whereas others are unable to recover.

Academics have studied the capacity of co-operatives in disaster resilience. Van der Vegt et al<sup>3</sup> have suggested that two mechanisms matter: the framing of the cause of the disaster, and the community's capacity to form diverse community businesses. They proposed that disasters attributed to chance or to nature strengthen co-operation and increase the creation of co-operatives.

The researchers above suggest that there is a difference between the types of disasters experienced. Contagious diseases are a very important instance of a disaster that undermines community resilience. It is argued that contagious disease outbreaks that are transmitted person to person are attributed to other individuals in the community. This lowers within-group social integration, fosters distrust, and creates co-operation deficits that lower resilience. Weather shocks, on the other hand, have the usual effect of disasters documented in the literature: they create a sense of shared fate within groups and lead to risk-sharing arrangements and solidarity.

There is evidence that sociable communities (places where members are willing to help one another) are more resilient and ride out weather related disasters more easily than socially impoverished communities. Co-operatives are important entities within a community because they can facilitate social contact and subsequent mobilisation. The research suggests that the existence of strong co-operatives will help recovery as it provides skills and familiarity with communal self-help, and a platform for the creation of new recovery institutions. In other words, co-operatives are key community institutions that are able to be adapted to solve a range of challenges.

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<sup>2</sup> McFarlane and Norris, Definitions and Concepts in Disaster Research, 2006.  
<https://www.guilford.com/excerpts/norris.pdf?t>

<sup>3</sup> Van der Vegt et al, Managing Risk and Resilience, 2015.  
[https://aom.org/uploadedFiles/Publications/AMJ/Aug\\_2015\\_FTE.pdf](https://aom.org/uploadedFiles/Publications/AMJ/Aug_2015_FTE.pdf)

## Co-operative and mutual responses to the 2019-20 bushfires

BCCM has estimated there are at least 90 co-operatives and mutuals operating in regions impacted by the 2019-20 bushfires. A number of these co-operatives operate in heavily impacted communities and have been integral in the community response. They have secured essential supplies, co-ordinated targeted support for impacted members and provided an important social hub during recovery, all while securing local economic activity and opportunity. For example:

- The Cobargo Co-operative Society is a rural supply store that was established in 1901. The store re-opened 2 days after fires decimated the small community. Operating without power, the co-op took orders and supplied goods to local farmers, businesses and community members. The co-operative offered 200 \$200 credits to impacted members to purchase building supplies. The co-op also acts a focal point in the community to talk about trauma.
- Bowral Co-op responded to the fires by working with its members, suppliers and community groups to get support where it was needed. The co-operative wrote to all members asking them to come forward if assistance was needed and, with support from suppliers, raised \$25,000 to provide specific supports to members. It also donated \$25,000 of clothing to Vinnies.
- Farmer-owned meat processor Northern Co-operative Meat Company donated \$50,000 to BlazeAid to support rebuilding farms in Rappville, which was badly impacted by fires.

Co-operatives and mutuals with national coverage were also quick to respond by adjusting services and conditions for impacted members and making significant donations to organisations including BlazeAid, Red Cross and Vinnies. For example:

- Go Vita, a national co-operative of independent health food retailers, supported its members in heavily impacted zones by donating \$500/day in January to these members. Go Vita also supported supply of essential goods and water into heavily impacted regions.
- IMB Bank provides banking to members across southeastern Australia, but with a focus on the Illawarra, South Coast and Southern Highlands regions of New South Wales. IMB Bank pledged \$50,000 to Vinnies and \$50,000 to South Coast community groups to respond to the bushfires.
- Bank Australia has announced a range of measures to support affected members and donated \$50,000 to the Red Cross
- HCF donated \$20,000 to the Red Cross and \$30,000 to the Royal Fire Service and gave employees, whose families were affected by the fires, special leave. HCF also relaxed terms for members who were impacted.
- CUA donated \$50,000 each to the NSW, QLD and Victorian fire services. These donations follow a \$25,000 contribution from CUA to the Australian Red Cross Disaster Relief and Recovery Fund in early December. In addition CUA is financially assisting affected members.
- CBH Group donated \$50,000 to BlazeAid.
- RAA set up a dedicated hotlines for members affected by bushfires and sent insurance teams to affected areas including Kangaroo Island to process claims.

- Marquis Macadamias donated \$20,000 to BlazeAid.
- Australian Unity donated \$100,000 to Australian Red Cross to assist relief and recovery efforts and will also match dollar-for-dollar any contributions its 7000-plus employees make to Red Cross and a number of organisations supporting wildlife and the environment. Australian Unity has also introduced measures to financially support members, customers and employees affected by the fires.

The international community of co-operatives and mutuals have also donated generously to support Australian co-operatives and mutuals and their local communities impacted by the fires, and now the Coronavirus pandemic, to recover and rebuild. International appeals co-ordinated by BCCM, the Australian Mutuals Foundation and the Asian Confederation of Credit Unions have received more than \$270,000, which will be allocated to impacted individuals and communities, co-operatives undertaking rebuilding, and groups seeking to recover through co-operative development.

### **Recommendations**

The BCCM makes the following recommendations:

- 1. That the report of this inquiry notes the important contribution co-operatives and mutuals, as community-owned and community-led enterprises, can make to building increased community resilience.**
- 2. That the report of this inquiry notes the contribution of co-operatives and mutuals, as community-owned and community-led enterprises, in the response to the 2019-20 bushfires.**
- 3. That the report of this inquiry recommend Government policymakers and other stakeholders have a requisite understanding of co-operative enterprise models and their relevance and potential application to support genuine community-led recovery efforts and long-term resilience.**

The BCCM would be pleased to answer any questions the Committee may have about the matters raised in our submission.

Yours faithfully,

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### **Contact**

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