

MEDIA RELEASE

1 November 2011

Embargoed until midnight 31 October

Co-ops' competition to perceived failure of traditional business models

Individuals and governments ought to turn their attention to the co-operative model of business in the wake of a global financial crisis and subsequent aftershocks which have seen the European Union fighting for survival and the United States unable to stage a convincing financial recovery, said Greg Wall, Chair of Social Business Australia and CEO of Capricorn Society Ltd.

A focus on short-term financial returns and share prices has found many share market-listed corporations put at risk not only the long-term financial health of their businesses but also the livelihoods of their employees.

The model of co-operative banks and credit unions has demonstrated its resilience in tough times. Of the top ten safest banks in 2011, only one is listed with the stock market with the remainder either government or member-owned, according to Global Finance magazine's rankings.

Australians have embraced the co-operative model through their membership of automobile associations, credit unions, industry super funds, health insurance and retailers with an average of more than one co-operative or mutual membership per capita of the national population.

Mr Wall's comments came today as the former British Prime Minister Gordon Brown joined 150 of the world's most influential co-operative business leaders - including Wall - at the headquarters of the United Nations in New York to launch the International Year of Co-operatives (IYC) 2012.

"We're not just here to talk about the sustainability and social aspects of co-operatives, we're also here to show that these co-operative businesses are globally competitive," said Wall today. "The member-owned model works on many levels, we have strong links to community which prompts loyalty and we are able to give back to our members by giving them access to cheaper services."

According to a report released in New York by the global organisation representing co-operatives, the International Co-operative Alliance, the world's largest 300 co-operatives account for \$US 1.6 trillion which is equal to the gross domestic product (GDP) of the world's ninth largest economy.

Media contacts

Melina Morrison, Director, Social Business Australia
Melina.morrison@socialbusiness.coop + 61 410 902656 | + 61 2 9345 0074

FACTS

International Year of Co-operatives 2012

Ban Ki-moon, United Nations' Secretary-General has declared "Co-operatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility".

The United Nations declares international years as a way of bringing attention and action on major issues. In the case of 2012, it plans to raise public awareness of how co-operatives contribute to poverty reduction, employment generation and social integration.

Australia – the land of co-operators

1,800 co-operatives and 108 mutual banking institutions.

An estimated 7.5 million credit union, co-op and mutual member shareholders – more than the number of Australian private retail investors*.

The Top 100 co-ops, mutuals & credit unions in Australia turned over \$AUD14.7b in 2011*

Australia has the third largest mutual banking sector (credit unions, mutual building societies and mutual banks) after the US and Canada.

Australian mutual banking institutions hold \$83b in assets and serve over 4.6 million Australians.

At the end of March 2011 there were 22,546,300 Australian residents*** maintaining some 23 million relationships with member-based organisations across all aspects of their private lives and business needs:

Over 5 million Australians have superannuation investments managed by an industry fund (Industry Fund website).

Around 6.5 million Australian motorists co-operate through membership of the State automobile associations. (Top 100 List)

An estimated 5 million people have chosen to have their health insurance with either a member based enterprise or Medibank (a Government Business Enterprise). (Medibank website 3.4 million; HBF WA = 951k plus smaller funds)

Some 6.5 million memberships exist in other member-based organisations. (Top 100 List)

That's more than one member-based organisation relationship per capita.

Links:

www.australia2012.coop | www.socialbusiness.coop

*According to the latest Australian Shareholding study approximately 7.26 million people, or 43% of the adult Australian population, own shares; **Co-operatives Australia Top 100 List of Co-operatives, Credit Unions and Mutuals – www.australia.coop; ***ABS announcement 29/09/2011