



9th February 2017

## NZ's co-operative economy mapped for the first time

As announced to our Members and the media late last month, NZ's co-operative economy has been comprehensively mapped for the first time revealing the significance of the sector in terms of revenue, jobs and membership as well as obvious differences between New Zealand's and other co-operative economies globally.



A new report, [The New Zealand Co-operative Economy](#), finds that NZ's Top 30 co-operatives and mutuels generate revenues of more than \$42.3 billion per annum. This equates to 17.5% of our national GDP, while being responsible for 1.4 million memberships and the employment of over 48,500 New Zealanders.

The report – a collaboration between Cooperative Business NZ and researchers from Massey University and the University of Auckland – was funded by Fonterra (lead sponsor), Ballance Agri-Nutrients, CDC Pharmaceuticals, Co-op Money NZ, Farmlands, Farmers Mutual Group, Foodstuffs – South Island, Market Gardeners, Mitre 10, Ravensdown and Silver Fern Farms.

With almost one fifth of New Zealand's GDP being generated by the co-operative sector, almost 50,000 kiwis employed by co-operatives and mutuels in this country, and almost one in three kiwis being served as a Member of a co-operative in NZ, this confirms the importance of the co-operative business model to New Zealand as a country.

The co-operative sector forms the backbone of the NZ economy and involves organisations which have provided their products and services locally and globally for over decades and, in some cases, even centuries.

Of our current 60 Full Members, 40 are now over 25 years old while of the remaining 20, more than half are over 10 years old. Four of our Members are over 100 years old (SBS Bank, Fonterra, FMG and Tatua Dairy Co-op), organisations and brands that are trusted by New Zealanders and in some cases millions of people overseas.

Now we have the opportunity to extend our research on co-operatives, and advocate even more strongly for them, so that we ensure this enduring and sustainable business model is better understood and more widely utilised across NZ business.

The distinguished and widely published research team - Dr Elena Garnevska, Mr DJ Apparao and Professor Nicola Shadbolt from Massey University and Dr Lisa Callaghan and Dr Frank Siedlok from the University of Auckland – say their report provides a much-needed glimpse into a sector of significant economic and social importance to the country.

Lead researcher, Dr Elena Garnevska of Massey University, says the results help us to better understand and promote the co-operative business model to policy-makers, consultants and other stakeholders.

“With 1.4 million memberships, the results show how much the co-operative economy is woven into the everyday lives of New Zealanders,” she says.

The report shows NZ’s Top 30 co-ops and mutuals are very strong in agri-food, accounting for 65.2 per cent of revenue, 67.6 per cent of assets, and 82.8 per cent of employment within the NZ co-operative economy. The next largest sector by revenue is retail and wholesale, accounting for 30.3 per cent.

Of significance, the agri-food and retail / wholesale sectors both account for twice as much of New Zealand’s co-operative economy compared to the World’s Top 300 co-operatives and mutuals, and three times that of Australia’s Top 100.

“We expected the agri-foods sector would be important but we were surprised to find it is twice as much as the global situation,” Dr Garnevska says.



*“The results help us to better understand and promote the co-operative business model to policy-makers, consultants and other stakeholders.”*

**Lead researcher Dr Elena Garnevska of Massey University, pictured.**

The study also revealed significant differences in New Zealand's insurance, banking, and finance sectors compared to overseas trends. Globally, the insurance, banking, and finance sector accounts for 45 per cent of revenue in the co-operative economy, whereas in New Zealand it is only 3.4 per cent with the largest 4 banks in NZ all Australian-owned non co-ops, and the leading general and life insurance providers in NZ virtually all Australian and US-owned non co-ops.

The report identifies a wide variety of ways that New Zealand's co-operatives and mutuals contribute to the country, through their development and empowerment of people, finding new ways to sustain growth in an uncertain and rapidly changing environment, and putting environmental and social impacts at the heart of their business.

Various awards for excellent consumer, employer, and health and safety practices, profitability over extended periods, and leadership of both social and environmental initiatives illustrated these contributions.

The authors hope the report will raise the profile of co-operatives and mutuals in New Zealand and fuel more research within the co-operative sector, University of Auckland researcher Dr Lisa Callagher says,

"Currently New Zealand does not have a research centre with a clear focus on co-operatives and mutuals to co-ordinate and deliver research and training support, but these centres are common in other countries.

"This study provides a broad snapshot and a solid platform to develop new training and education courses. But more research and education is needed to pinpoint strengths, opportunities and evolving needs. Future research could look at the sustainability of the co-operative business model and map long-term trends and cycles," she says.

The report identified the Top 30 co-operatives and mutuals in New Zealand using publicly available and validated data. Using common measures that enable comparison across countries, including revenue, assets, membership, and employment, the report provides the first systematic presentation of New Zealand's co-operative economy.

A triple bottom approach was used to provide further insights about the ways that co-operatives and mutuals contribute to people, profit and planet.



*"Future research could look at the sustainability of the co-operative business model and map long-term trends and cycles."*

**University of Auckland researcher Dr Lisa Callagher, pictured with Dr Frank Siedlok.**

**I summarise some of the key findings as follows:**

- The higher than expected share of GDP
- The higher than expected no. of members
- The even greater dominance of the agri-producer co-op sector than first thought
- The growing emergence of retail / wholesale co-ops in NZ
- The lack of insurance, banking and financial services co-ops in NZ at present
- The virtual non-existence of co-operatives within the public sector in NZ (eg. health, housing and social care) while this is a growth area internationally

The figures are compelling. Here in New Zealand we clearly operate within one of the most co-operative economies in the world. The United Nations' first ever Global Census on Co-operatives in 2014 placed New Zealand at number one in its survey measuring the social and economic impact of co-operatives in 145 countries.

This report was emailed to all Members on 25<sup>th</sup> January while a copy has been posted on the front page of our [website](#). Hard copy booklets have been sent to the sponsors of the project as well as to those Members appearing in the top 30, if you would like a copy of the booklet posted to you please let me know by [email](#).



## PEOPLE

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Co-operatives and mutuals are committed to the development and empowerment of people.



## PROFIT

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The co-operative business model is suited to finding new ways to sustain growth in an uncertain and rapidly changing environment.



## PLANET

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Co-operatives and mutuals are putting environmental and social impacts at the heart of their business to serve their communities and conserve natural resources.

## Co-operative Business Leaders' Forum & Dinner

**Friday, 3<sup>rd</sup> March**

**Fonterra Centre, 109 Fanshawe St, Auckland**



The co-operative sector in NZ is made up of more than 100 businesses and organisations which, as mentioned above, have the top 30 generating 17.5% of our Gross Domestic Product, almost all of which are Members of Cooperative Business NZ. We can all learn from each other as part of the strong co-operative and collaborative spirit that exists amongst our Members, as well as across the co-operative sector globally.

As announced last month, we are now planning a significant Co-op Business Leaders' Forum to be held at Fonterra's offices in Fanshawe St, Auckland CBD, in early March. Invitations were sent to all Members before Christmas with a good level of response so far.

We have confirmed an outstanding lineup of speakers representing the broad spectrum of NZ co-operatives and mutuals. They include chairmen, chief executives and senior staff from the following organisations:

- **Accuro Health Insurance**
- **Ballance Agri-Nutrients**
- **Co-op Money NZ**
- **Farmlands**
- **FMG Insurance**
- **Fonterra**
- **Fonterra Shareholders' Council**
- **Livestock Improvement Corp.**
- **Mitre 10**
- **SBS Bank**
- **Silver Fern Farms**
- **Visique**

In addition, Dr Lisa Callagher and Dr Elena Garnevskva from the University of Auckland's Business School and Massey University respectively will present on their joint research project ***The New Zealand Co-operative Economy*** while our pre-dinner guest dinner speaker will be announced over the next week or so.

We still have some tickets available for this event and are likely to have around 100 people attending. The cost of this event will be as follows:

**Daytime session only:** \$595 & GST  
**Dinner only:** \$150 & GST  
**Both events:** \$695 & GST

If you have not received an invitation and would like to attend please [email me](#) now, otherwise for those Members who have yet to respond to the invitation please let me know if you would like to attend. Alternatively, if you know of others within your organisation who would like to attend, but have not been invited, please let me know.

This event promises to provide real value to our Members both from an educational as well as networking perspective. We will have 16 top speakers presenting on the day which I am sure will be highly informative and interesting for all those attending.



## Co-operation amongst co-operatives

As I posted last November on our [website](#), “*collaboration is ultimately more sustainable than competition*”. There is no doubt that most, if not all, of our [Members](#) would benefit from working more closely with fellow co-operatives.

Thank you to those who have expressed an interest in working more collaboratively with fellow co-ops, 21 Members in total to date which I am confident will grow in future as we generate more and more mutually beneficial outcomes.

Discussions amongst our Members on collaboration have been underway formally and informally for several months now, these including joint supply agreements and the sharing of information and resources.

This is very encouraging and I would like to remind you that one of our Members ([World Travellers](#)) has kindly offered to donate an overseas travel and accommodation package to/from Vanuatu as part of a random draw from among those Members which commence at least one significant joint co-operative initiative before 31<sup>st</sup> March 2017.



**The details are as follows:**

- 1. Travel destination: Vanuatu**
- 2. Value of the travel package:** \$3,000
- 3. Period in which travel must be taken:** 1<sup>st</sup> May - 31<sup>st</sup> Dec 2017
- 4. Winner to be decided by:** Random draw conducted by Christine Burr, Cooperative Business NZ Director, overseen by Craig Presland.
- 5. Eligible entries and qualifying period:** One or more valid and clearly measurable joint co-operative initiative(s) from 1<sup>st</sup> Nov 2016 to 31<sup>st</sup> March 2017, each initiative to be agreed by our judges and qualifying as a separate entry, and to result in a mutual benefit of at least \$5,000 pa.

- 6. “Co-operative initiatives” will be defined by one or more of the following options:**
- i. Purchase of specific products and/or services from other co-ops at mutually beneficial terms and conditions;
  - ii. Selling of specific products and/or services to other co-ops at mutually beneficial terms and conditions;
  - iii. Sharing of information so that duplication is avoided, efficiencies improve, costs are reduced and market size/share increases;
  - iv. Sharing of resources to complement respective peak and low season volumes, avoiding duplication and lower costs;
  - v. Combining overall purchasing requirements with another Member(s) leveraging on increased volumes and lowering costs;
  - vi. Establishing a shared support services function with another Member(s) so that duplication is avoided, administration costs reduce and services improve.
- 7.** Mutual benefits shared between two or more co-ops will need to be clearly demonstrated and easily proven.
- 8.** Details of each initiative to be posted on our website (*with the permission of the respective parties*).
- 9.** Cooperative Business NZ to help facilitate joint agreements.
- 10.** All Cooperative Business NZ Full Members are eligible to take part in this initiative.

## **REGISTER NOW!**

We have created a page on our website titled [Co-op Amongst Co-ops](#), this listing all the products and services provided by our current Members along with details of which Members wish to collaborate and in which areas, that is i. to vi. above. If you would like to register your interest in co-operating amongst co-operatives, as defined above, please email me now.

A key role of Cooperative Business NZ will be to encourage and facilitate such collaboration so that mutual benefits are gained and value is provided to our Members. In future, I plan to post success stories of our collaborative efforts on our website while I will be calling for examples of successful collaboration, as part of the random prize draw above, in early April.

Thanks and Regards,

**Craig Presland**

CEO