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**Book**

## A History of Australian Co-operatives 1827–2023

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# **A HISTORY OF AUSTRALIAN CO-OPERATIVES 1827–2023**

Greg Patmore, Nikola Balnave and Olivera Marjanovic





# A History of Australian Co-operatives 1827–2023

Co-operatives provide a different approach to organising business through their ideals of member ownership and democratic practice. Every co-operative member has an equal vote regardless of his or her own personal capital investment. They take a variety of different forms, including consumer co-operatives, agricultural co-operatives, worker co-operatives and financial co-operatives.

Patmore, Balnave and Marjanovic provide a perspective on Australian co-operative development within a conceptual framework and international context since the 1820s by exploring the economic, political and social factors that explain their varying fortunes. Drawing upon the Visual Historical Atlas of Australian Co-operatives, a significant database of Australian co-operatives and a variety of historical sources, this book provides a detailed historical analysis of their development, from their inception in Australia to today. Australian co-operatives were heavily dependent on state sympathy for their growth and vulnerable to ideas that challenged collective organisation such as Neo-liberalism. Despite these challenges, the co-operative business model has persisted and since 2009, there has been resurgence of interest and organisation that may provide a platform for future growth.

A useful resource for practitioners, students, educators, policy makers and researchers that highlights a significant alternative business model to the Investor-Owned Business and state enterprise.

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# A History of Australian Co-operatives 1827–2023

**Greg Patmore, Nikola Balnave  
and Olivera Marjanovic**

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**To Gary Lewis**





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# Abbreviations

ABACUS	Association of Building Societies and Credit Unions
ABM	Australian Board of Missions
ABS	Australian Bureau of Statistics
ACC	Australian Association of Co-operatives
ACCCS	Association of Catholic Co-operative Credit Societies
ACCM	Adelaide Co-operative Committee Minutes
ACCORD	Australian Centre for Co-operative Research and Development
ACP	Alf Clint Papers, Tranby Aboriginal College Archives, Glebe, NSW
ACT	Australian Capital Territory
ACWS	Australian Co-operative Wholesale Society
ADB	Australian Dictionary of Biography
AFCUL	Australian Federation of Credit Unions Limited
AFR	Australian Financial Review
AGM	Annual General Meeting
AMH	Australian Mutuals History, Sydney
AMWU	Amalgamated Metal Workers Union
ANU	Australian National University
APRA	Australian Prudential Regulation Authority
APWCF	Australian Producers' Wholesale Co-operative Federation
ASBS	Adelaide and Suburban Building Society
ASX	Australian Stock Exchange
ASIC	Australian Securities and Investment Commission
ASSLH	Australian Society for the Study of Labour History
AUBS	Australian Union Benefit Society
AWB	Australian Wheat Board
AWC	Amalgamated Wallaroo Co-operative
AWFC	Australian Wheat and Flour Company
BCCM	Business Council of Co-operatives and Mutuals (Australia)
BCS	Bega Co-operative Society
BD	Board of Directors
CBCS	Commonwealth Bureau of Census and Statistics
CBD	Central Business District

CBS	Co-operative Building Societies (NSW)
CBH	Co-operative Bulk Handling (Australia)
CCA	Co-operatives Council of Australia
CCF	Christian Co-operative Fellowship
CCPS	Core Consistent Provisions Scheme
CCU	Co-operative Capital Units
CDP	Co-operative Development Program (Victoria)
CEHF	Common Equity Housing Finance (Victoria)
CENSW	Common Equity NSW
CEO	Chief Executive Officer
CF	The Co-op Federation
CFA	Co-operative Federation of Australia
CFCS	Coastal Farmers' Co-operative Society
CFG	Co-operative Food Group
CFNSW	Co-operative Federation of NSW
CFQ	Co-operative Federation of Queensland
CFWA	Co-operative Federation of Western Australia
CHS	Co-operative Housing Societies (NSW, Queensland and Victoria)
CICSM	Collie Industrial Co-operative Society Minutes
CMHRC	Coalfields Museum and Historical Research Centre (Collie, WA)
CN	Co-operative News (Australia)
CNL	Co-operatives National Law
CNUK	Co-operative News (UK)
COBA	Customer Owned Banking Association
CRC	Chambers Research Collection, The University of Sydney
CSA	Co-operative Supermarkets Australia
CSASS	Colonial Society for the Advancement of the Social System (Sydney)
CSCSV	Civil Service Co-operative Society of Victoria
CSHA	Commonwealth State Housing Agreement
CSR	Corporate Social Responsibility
CU	Co-operative Union (UK)
CUIA	Credit Union Industry Association
CUFA	Credit Union Foundation of Australia
CUNA	Credit Union National Association (US)
CUSCAL	Credit Union Services Corporation of Australia
CWS	Co-operative Wholesale Society (England)
DFC	Dairy Farmers' Co-operative Milk Company, later Dairy Farmers Co-operative
EEC	European Economic Community
FT	Farming Together
GDP	Gross Domestic Product
GFC	Global Financial Crisis



GNCC	Gippsland and Northern Co-operative Company (Victoria)
HPF	Horace Plunkett Foundation (UK)
ICA	International Co-operative Alliance
IMBS	Illawarra Mutual Building Society
IOB	Investor Owned Business
IPSA	Industrial and Provident Societies Act
IYC	International Year of Co-operatives (UN, 2012)
KCDA	Killarney Co-operative Dairy Association
MCC	Ministerial Council for Consumer Affairs (Australia)
MGC	Murray-Goulburn Co-operative
MRC	Macleay Regional Co-operative
MOB	Member Owned Business
NCA	National Co-operative Archives (Manchester)
NCB	National Centre for Biography (ANU)
Nd	No date
NDCA	Northern District Co-operative Association (Australia)
NGMG	Newcastle Greater Mutual Group
NMH	Newcastle Morning Herald (Australia)
NPBS	Newcastle Permanent Building Society
NORCO	North Coast Co-operative Company
np	no pages
NSCS	Newcastle and Suburban Co-operative Society
NSW	New South Wales (Australia)
NSWACBS	NSW Association of Co-operative Building Societies
NSWCL	NSW Co-operative League
NSWCSA	NSW Co-operative Societies' Association
NSWCWS	New South Wales Co-operative Wholesale Society
NSWCU	New South Wales Co-operative Union
NSWGG	NSW Government Gazette
NSWSAR	NSW State Archives and Records
NETC	North East Telecommunications Co-operative
NT	Northern Territory
NZ	New Zealand
OFWCF	Overseas Farmers' Wholesale Co-operative Federation
PFCS	Plunkett Foundation for Co-operative Studies
PNG	Papua New Guinea
PPCA	Primary Producers' Co-operative Associations Act (Queensland)
PRC	People's Republic of China
PROV	Public Record Office of Victoria
QCAC	Queensland Co-operative Advisory Council
QRC	Queensland Registrar of Co-operatives
RBA	Reserve Bank of Australia
SA	South Australia

SACHA	South Australian Community Housing Authority
SAFCU	South Australian Farmers' Co-operative Union
SBA	Social Business Australia
SCBC	Sydney Co-operative Baking Company
SCWCCC	South Coast and West Camden Co-operative Company
SGCS	Sydney General Co-operative Society
SCWS	Scottish Co-operative Wholesale Society
SLSA	State Library of South Australia
SMH	Sydney Morning Herald
SWTHC	South West Timber Hewers' Co-operative Society (WA)
TAHO	Tasmanian Archives and Heritage Office, Hobart, Australia
TCU	Traditional Credit Union (NT)
TEFHC	Tasmanian Egg Floor (Hobart) Co-operative
TMB	Teachers Mutual Bank
UCB	University Co-operative Bookshop
UK	United Kingdom
UN	United Nations
UNEA	University of New England Archives (Armidale)
US	United States
USA	United States of America
USDA	United States Department of Agriculture
UWA	University of Western Australia
VCA	Victorian Co-operative Association
VGG	Victorian Government Gazette
VHAAC	Visual Historical Atlas of Australian Co-operatives
WA	Western Australia
WAPCU	WA Producers Co-operative Union
WCG	Women's Co-operative Guild (UK)
WDCPD	Western District Co-operative Produce Company
WEA	Workers' Educational Association
WFL	Westralian Farmers Limited (Australia)
WOCCU	World Council of Credit Unions
YCW	Young Christian Workers

# 1 What Is a Co-operative?

This chapter provides a framework for understanding the history of Australian co-operatives, which is the focus of this book. The chapter explores the meaning of the term co-operative, as a Member-Owned Business (MOB), particularly drawing upon the early principles of the Rochdale consumer co-operative movement and more recently the International Co-operative Alliance (ICA), which is the international body of the co-operative movement founded in 1895 (ICA, 1895). While these principles have guided the co-operatives, they might not be strictly followed in practice and there can be cultural and geographical variations. The chapter then looks at the variety of different types of co-operatives. While consumer co-operatives were the major focus of co-operation during the mid-nineteenth century, there are now multiple types of co-operatives that have since developed, including agricultural, worker, financial and business co-operatives. The lines between different types of co-operatives can blur and co-operatives may transform themselves from one type to another across time. The chapter then compares co-operatives to other forms of business organisations including mutuals and the Investor-Owned Business (IOB) and explores the relationship of co-operatives to ideas such as the shared economy. Finally, the chapter concludes by exploring historical factors that account for the formation and fluctuating fortunes of the co-operatives both at the local and national levels.

## Defining a Co-operative

The co-operative is an MOB as opposed to an IOB. Members either work for the co-operative as in the case of a worker co-operative or consume goods and services such as groceries as in the case of a consumer co-operative, or grain storage facilities as in the case of an agricultural co-operative. Johnston Birchall (2011b, p. 4) has defined an MOB as a

business organization that is owned and controlled by members who are drawn from one (or more) of three types of stakeholder – consumers, producers and employees – and whose benefits go mainly to these members.

## 2 What Is a Co-operative?

MOBs provide goods and services to members, and while they are sometimes considered to be “non-profit,” they must make a surplus to cover costs and provide for future capital investments. MOBs are contrasted to IOBs, with the focus of the former being on people and the latter on money. Investors can appropriate profits and increases in share value, whereas members can take the surpluses and give priority to other objectives such as quality of service, community assistance and better conditions for employees. More generally, the existence of a member-owned sector provides more choice for members who may value the benefits of membership over the goods and services (Birchall, 2011b, pp. 8–9).

Co-operatives as MOBs have been defined by a set of principles. The origins of these principles lie in the formation of the Rochdale consumer co-operative model in 1844, in the wake of an unsuccessful weavers’ strike over wages. A group of “pioneers,” dominated by skilled and supervisory trades, in Rochdale, England, started the movement to combat low wages, high prices and poor quality food (Patmore and Balnave, 2018, p. 2). As Wilson, Webster and Vorberg-Rugh note (2013, p. 37) the “principles of this model both spread across the world and survived to the present as the ‘ideal.’”

Birchall (1994, pp. 54–64) noted that there were nine fundamental principles set out in the early rules and publications of the Rochdale co-operative. The first principle related to *democracy* and the Rochdale consumer co-operatives differ from other businesses in that management is based on democratic principles with “one member one vote” rather than “one share one vote.” This meant that someone holding 100 shares had the same number of votes as someone holding one share. These rights also extended to women before they had the right to vote in the political sphere. The second principle was *open membership* whereby individuals had an opportunity to join of their own free will (Birchall, 2011a, p. 7). The third principle was *fixed and limited interest on capital*. This principle recognised the need to attract capital through members’ shares not only by rewarding shareholders with interest on their shares but also limiting the interest payment on shares so that it did not undermine the need to reinvest capital in the co-operative to ensure the maintenance and upgrading of facilities. This principle was also linked with limitations on size of shareholdings to ensure that wealthy individuals did not use their economic influence to distort the democratic process (Wilson, Webster and Vorberg-Rugh, 2013, pp. 38–39). The fourth principle was *the distribution of the surplus as a dividend on purchases*. This is the “divi” associated traditionally with consumer co-operatives and the dividend encouraged forced saving by members and gave the co-operative a short-term capital boost as dividends tended to be paid quarterly, for example, at a rate of 6 per cent on their purchases. In worker co-operatives, the dividend could be distributed from the surplus based on member’s wages (Holyoake, 1893, p. 156; Webb and Webb, 1930, pp. 12–15).

The fifth principle was *cash trading*. There was strong hostility to giving credit to poorer people because of the growth of debt and many earlier co-operatives had failed due to the provision of unsecured excessive credit. There

was a hope that this principle would encourage thrift among members, who would not live beyond their means (Cole, 1944, pp. 69–70; Wilson, Webster and Vorberg-Rugh, 2013, pp. 40–42). The sixth principle was to sell *only pure and unadulterated food*. This reflected a widespread mid-nineteenth century practice of substituting cheaper and even dangerous ingredients such as water in milk and sawdust in bread to reduce the costs of production (Cole, 1944, pp. 70–71). The seventh principle was *education*. Education related to learning co-operative principles but also to technical education and the “intellectual improvement” of members, highlighting a belief that education could improve moral character. There would be a levy on funds to finance educational programs (Birchall, 1994, pp. 61–62; Cole, 1944, pp. 71–72). The eighth principle was *political and religious neutrality*. This was to avoid conflict in the early co-operative movement. However, there is no evidence that early members were denied membership on political and religious grounds. The final principle was the *disposal of net assets without profit to members*. If the co-operative was wound up, then members would receive what they held in their share accounts and any remaining assets would be distributed to other co-operatives and charities. This would stop individuals from trying to take over the co-operative to gain control over its assets (Birchall, 1994, pp. 62–63).

Despite the significance of Rochdale principles, they were not necessarily strictly followed by co-operatives. For example, there were consumer co-operatives that breached the principle of cash only transactions in favour of credit for reasons such as the provision of credit facilities by competitors, seasonal variations of rural income and the impact of unfavourable economic and industrial events such as strikes on household income. Co-operatives have taken loans from non-members and allowed outside investors to purchase shares to raise capital, which can undermine democratic control by members. The principle of political neutrality has been difficult to observe, with Rochdale consumer co-operatives in the United Kingdom (UK) forming the Co-operative Party in 1917 and entering an electoral alliance with the Labour Party in 1927 (Patmore and Balnave, 2018, p. 3).

The ICA from 1930 became a forum to redefine the Rochdale principles considering the wide variation of practice by co-operatives (Patmore and Balnave, 2018, p. 4). Two principles that fell out of favour over time were cash trading and political and religious neutrality. The former was viewed as a business practice rather than a key principle, while the latter clashed with the political culture of some co-operative movements which had organised on political or religious lines. The ICA after an extensive survey of its members in 1995 came up with the following seven fundamental principles to define the co-operative identity: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community (Birchall, 1997, pp. 57–65; 2011b, p. 196). The ICA (2022) broadly defines a co-operative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural

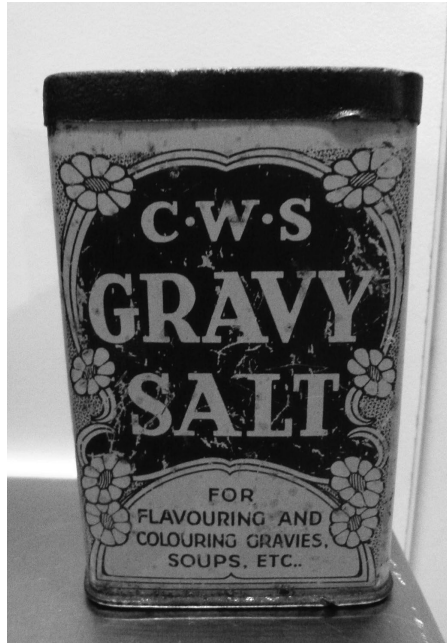
#### 4 *What Is a Co-operative?*

needs and aspirations, through a jointly owned and democratically controlled enterprise.” It further notes that “co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity.”

##### **Co-operative Types**

While there are a variety of different types of co-operatives, including worker, agricultural, financial and business co-operatives, the retail consumer co-operative was the focus of the early co-operative movement. Consumer retail co-operatives supply goods and services to members. Members purchase shares in the co-operative and elect a board of management to govern the co-operative. The board of management appoints managers to run the co-operative and purchase goods for the co-operative. The traditional Rochdale model involves consumers receiving dividends on their purchases and interest on their shares and other investments in the co-operative such as member bonds. Co-operative shares are not publicly traded but remain in the co-operative if a member leaves or dies. To survive and prosper, the co-operative must have a sufficient surplus after paying a dividend and interest to invest in improvements, particularly in a competitive retailing environment. There are variations, for example, with members paying an annual fee and receiving member discount prices rather than dividends (Birchall, 2011b, pp. 43–64).

One important extension of retail co-operatives is wholesale co-operatives. While many retail consumer co-operatives developed relationships with non-co-operative wholesalers to survive, there were early examples of opposition from traditional wholesalers and manufacturers to supplying co-operatives. There were also concerns about consumer co-operatives bidding against each other in a competitive market. In the early years of the movement in Great Britain, the purchasing of stock was a major concern to co-operative management committees and managers were subject to greater scrutiny than in non-co-operative retailers (Purvis, 1998, pp. 57–61). As Gurney (1996, p. 94) notes, “wholesaling was vital to co-operative success as it reduced costs and helped solve the problem of boycotting; with a strong wholesale organization, co-operators could buy their supplies directly from the manufacturer, thereby cutting out the capitalistic middleman.” To meet these issues in Great Britain, the English Co-operative Wholesale Society (CWS) and the Scottish Co-operative Wholesale Society (SCWS) began trading in 1864 and 1868, respectively (Birchall, 1994, pp. 81–87). One of the important developments associated with the rise of these wholesale bodies was the creation of a common co-operative label. The CWS in the UK initiated branding its own name for its own produce and some of its suppliers. A notable example occurred in July 1884 when the CWS made a deal with Armour and Company, a leading United States (US) meat processor, to produce tinned meat with the CWS label (Figure 1.1; Webster, Wilson and Vorberg-Rugh, 2017, p. 579). The survival of consumer co-operatives since the Second World War has rested partially on their ability to develop integrated systems of wholesaling to match



*Figure 1.1* CWS Gravy Salt. Photographer Greg Patmore.

the economies of the larger non-co-operative retail chains (Ekberg, 2012, pp. 1007, 1115).

Worker co-operatives provide a direct way for workers to control their production and shape the economy. Workers who are employees of consumer co-operatives can be members of the consumer co-operative but have their rights within a consumer co-operative limited in terms of representation on the Board of Directors (BD) due to a perceived conflict of interest and a view that consumers' interests are paramount over workers (Balnave and Patmore, 2006, p. 61; Wetzel and Gallagher, 1987, pp. 519–521). In the UK, the term producer co-operative is also used when discussing worker co-operatives. Wilson, Webster and Vorberg-Rugh (2013, p. 44) define producer co-operatives as “a producer/industrial organization owned at least partly by the workforce, which shared the profits of the organization after meeting essential commitments like interest on loans, wages and other costs.”

While there is no generally accepted definition of worker co-operatives, there are a number of characteristics on which most commentators would agree. The enterprise is autonomous, and workers can become members of the enterprise usually through nominal holdings of share capital. There are formal provisions that exist for the direct and indirect participation by worker members in all management levels of the enterprise. Workers should receive a share of the income after the payment of material costs, and the co-operative



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principle of one vote for each member applies. However, there are variations in the model. Membership of traditional French worker co-operatives is not confined to current workers. The link between ownership and employment can break down if the co-operative hires non-member staff to meet increased demand for its output. The Mondragon Co-operative system in recent years has expanded internationally but it does not offer membership rights to workers in other countries so that the number of member workers has fallen from 90 per cent in 1990 to 38 per cent in 2009 (Birchall, 2011b, p. 175; Markey, Balnave and Patmore, 2010, p. 249). As Birchall (2011b, p. 175) has noted: “It seems that Mondragon may after all be deforming into a kind of worker capitalism.”

Farmers have protected their interests through forming agricultural co-operatives. Agricultural co-operatives can provide crucial supplies for farmers such as seeds and fertilisers through bulk purchases that reduce costs. These agricultural co-operatives may overlap with consumer co-operatives by providing their members with groceries and a variety of consumer goods. They may also allow farmers to vertically integrate by marketing and distributing their goods. Farmers can also vertically integrate through co-operatives by establishing facilities to allow the processing of their products so that they are fit for human consumption. As with all co-operatives, members control the agricultural co-operative. They engage with the co-operative by either selling their produce or purchasing goods and services (Patmore and Balnave, 2018, pp. 8–9).

Individuals formed financial co-operatives to obtain access to credit where credit was not provided by existing financial institutions or to avoid moneylenders, who may charge high fees and interest rates. These financial co-operatives include credit unions, building societies, co-operative banks, saving and loan associations and Starr-Bowkett societies. The building societies that provided housing finance could be terminating, with the co-operative being dissolved once sufficient funding was raised to meet housing needs. In Starr-Bowkett societies, members generally would pool their savings through the payment of monthly subscriptions at a level related to the number of shares that they have. Once the requisite number of members had registered, these pooled funds would be used to make interest-free loans based on a ballot in which all members have an equal chance of winning and the winner was unable to participate in any further ballots. Once all members have repaid their loans the society is terminated. These building finance co-operatives could also be permanent with the rules not specifying a fixed time or event after which it ceased operating. The permanent society had two types of members – those who deposited sums of money for interest payments and those who borrowed at a slightly higher rate of interest to build or purchase a house. Permanent building societies, for example, accepted deposits like a bank and survived by having more deposits than loans and holding mortgages over the land and the building for which the money was lent. Terminating societies generally developed before the establishment of permanent societies (Balnave and Patmore, 2018, pp. 9–11).



Business co-operatives have also been referred to as entrepreneur co-operatives, business services co-operatives, enterprise co-operatives, shared service co-operatives and retailer co-operatives such as Foodstuffs in New Zealand (NZ) and Ace Hardware in the US. Their business members are not co-operatives but independent businesses, which can be sole traders, partnerships and registered companies, that all retain their separate legal identity and financial control. They include, for example, small shopkeepers, newsagents, butchers and professionals, who form co-operatives to advance their business interests, rather than an association or an IOB, where they may hold shares. There are a variety of reasons for the creation of business co-operatives; the desire to reduce costs by purchasing goods and services in bulk such as hair-dressing supplies and even office space; ensuring stability and sustainability in the supply chain by engaging in vertical integration through setting up their own abattoirs or manufacturing facilities; gaining marketing advantages by having a common brand; and engaging in political lobbying. Overall, the business co-operatives increase small businesses market and political voice based on a governance model that has the principle of one member one vote irrespective of the business size of members (Patmore, Balnave and Marjanovic, 2023, p. 154).

New types of co-operatives keep emerging with two recent examples being social co-operatives and platform co-operatives. Social co-operatives have developed since the 1960s, particularly in Italy, to meet deficiencies by both the state and the private sector in delivering social services. The decision-making process is democratically driven with the simultaneous participation of a variety of members including users of the services, workers, volunteers, financing members and various legal entities. Revenue derives from supplying services to both the state and private firms. Examples of activities include home-based and residential services for the disabled (Patmore and Balnave, 2018, p. 11). While platform co-operatives are a response to the rise of the shared economy and web-based businesses such as Uber and Airbnb, there has been earlier co-operative interest in internet based platforms such as the Community Memory Project in the Bay Area of California in the mid-1980s and the formation of platform co-operatives such as Ottawa's National Capital FreeNet in Canada established in 1992 (Longford, Clement, Gurnstein and Shade, 2012, p. 8; Patmore, 2020, pp. 209–210). Critics of Uber and Airbnb argue that while they are incredibly convenient for consumers, they are owned by a small number of individuals, are not accountable to the communities they operate in and disregard established regulations including labour law. If organised as platform co-operatives workers in Uber, for example, would own the service and have a say through the participatory democratic practices of a co-operative (Sullivan, 2015). More recently, platform co-operatives have started pursuing new opportunities beyond their sharing economy counterparts. For example, various forms of data co-operatives emerged out of a desire to protect and share data in healthcare and agriculture (Zhu and Marjanovic, 2021).

There are a variety of other types of co-operatives. They include housing, energy, insurance and health co-operatives, which provide medical services.

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There are peak co-operatives or co-operatives of co-operatives such as the CWS and the ICA and “outsider co-operatives” which operate outside any co-operative network. There are also co-operative auxiliaries which promote co-operatives. The best known example is co-operative women’s guilds, which developed in England in the 1880s (Patmore and Balnave, 2018, pp. 11, 84–85). Finally, there developed the ideal of the Co-operative Commonwealth, particularly associated with the socialist Laurence Gronlund (1886), where the market economy would be transformed so that all forms of economic activity would be organised along co-operative lines.

There can be difficulties with clearly defining a co-operative type. Agricultural co-operatives, which are primarily concerned with supplying agricultural goods and services to farmers, may widen their scope to supply household goods and broaden their membership to include the public. The co-operative provision of financial services, housing or insurance may arise as an adjunct to the activities of consumer co-operatives (Hilson, Neunsinger and Patmore, 2017, p. 5). There can also be hybrid or multi-stakeholder co-operatives that bring together workers, consumers and other parties such as suppliers. These co-operatives raise questions of how those interests are going to be represented in the governance of the co-operative with workers and consumers, for example, having equal representation on the BD even though consumer members may outnumber worker-owners. An example of this is Eroski, which is a co-operative supermarket chain that commenced in the Basque Region in 1969 and now operates in Spain and France. There are approximately 12,000 workers who are “worker partners” and over 7 million customer members or “client partners,” with the worker partners and the client partners having equal representation at the Annual General Meeting (AGM) and the governing board (Sacchetti and Birchall, 2019). There also are transformational co-operatives where the form of the co-operative shifts over time to match changes in local economic conditions. The Macleay Regional Co-operative on the mid-North coast of New South Wales (NSW) in Australia, founded in 1905, began as a dairy co-operative with a butter factory and transformed into a retail consumer co-operative as the dairy industry went into decline (Patmore, 2012, p. 10).

### **Co-operatives and Other Business Models**

Co-operatives are one of many possible business models with four major alternatives being proprietorships, partnerships, IOBs and mutuals. The proprietor is the sole owner of the proprietorship and the proprietor or someone selected by the proprietor manages the business. All income is distributed to the sole owner as a return on their equity investment. In a partnership, the partners own the business and they can vote on matters relating to the firm usually in proportion to each partners’ equity proportion. To join a partnership, you must be able to provide sufficient equity capital and be acceptable to the other partners. All net income belongs to the partners and is distributed as a return on their equity investment (Barton, 1989, pp. 9–11).

IOBs are distinct from MOBs such as co-operatives with the focus of the former being on a good money return to investors and the latter being on services to members and their communities. IOBs are generally listed on stock exchanges and their shares traded in an open market. Voting is not based on one vote per member but in proportion to the number of shares that you own, which means the larger shareholders have a greater influence than smaller shareholders in an IOB. For co-operatives and IOBs authority flows from owners to an elected committee of management or BD and down a management hierarchy to employees. Directors in IOBs are generally comprised of people who are external to the organisation and recommended by management because of their business expertise and ability to influence governments. Co-operative board members are less likely to be drawn from the business community and they tend to be lay members whose views reflect that of the membership. Co-operative members have greater interest than the return on their shares as they are usually the consumers of the goods and services of the co-operative. Management in IOBs and co-operatives are responsible for operating the organisation efficiently and are responsible for achieving the goals set by the committee management and board (Wetzel and Gallagher, 1987, pp. 521–523).

Mutuals, like co-operatives, are MOBs. While there are recent tendencies to place mutuals and co-operatives together, describing them as Co-operative and Mutual Enterprises (Yeo, 2002, pp. 12–14), there are differences. As Birchall (2011b, p. 6) has noted, compared to co-operatives, mutuals “do not have such a strong social identity; their history is much more mixed and less obviously heroic, and they cannot be said to constitute one movement.” The term “mutual” is usually applied to a member-owned financial business, whose object is to raise funds to provide services such as savings and loans, life assurance and medical insurance. Like co-operatives, they do not require outside investors as the mutuals recycle sufficient funds in the mutual to meet its needs. Mutuals insist that customers become members, while co-operatives in principle can have dealings with customers who are not members. This later principle though can be overridden such as in Japan where consumer co-operatives could only trade with their members. While the International Association of Mutual Benefit Societies (2022), the international umbrella organisation of health mutuals, emphasises the principle of “one member, one vote,” health insurance mutuals in Australia can differ from the traditional Rochdale model in that a relatively small number of governing members, who have a recognised expertise regarding running a health insurance fund and/or community interest, vote for the BD as opposed to general members. Similarly, Australian industry superannuation funds are not directly member governed in that the trustees are selected indirectly by employers’ associations and unions. Unlike Rochdale co-operatives, mutuals do not generally issue dividends, but they can provide discounts for members in terms of reduced premiums (Patmore and Balnave, 2018, p. 13).

While co-operatives are distinct from other business models, they can own other types of businesses and even incorporate features of other types of

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businesses. Some co-operatives have used other types of business models to reduce risk when experimenting with product or service innovation (Balnave and Patmore, 2015, pp. 1140–1142). At an international level in recent years, increased competition and globalisation have led some co-operatives to set up overseas subsidiaries that are not co-operatives. The Rabobank, a Dutch co-operative bank, had 603 offices in over 46 countries by 2011 through strategic acquisitions and new business start-ups. Almost all the new foreign banks were not turned into co-operatives and the overseas customers were not offered membership (Birchall, 2011b, p. 149). Co-operatives have also found it necessary to develop hybrid business models to survive. For the few remaining Australian Rochdale consumer co-operatives, there is no national wholesale co-operative network as in a number of Western European countries. To sustain themselves and grow, they become franchisees of a major independent supermarket chain, such as IGA, which reduced their autonomy, but gained the economies of scale for marketing and supply chain management necessary to compete with the large Australian IOB supermarket chains of Coles and Woolworths (Balnave and Patmore, 2015, p. 1137).

### **Why Do Co-operatives Form, Grow and Decline?**

The traditional way through which co-operatives are formed is by individuals voluntarily getting together and forming a co-operative. They generally must raise their own capital and initially provide their own labour on a voluntary basis to get the co-operative started. Consumer co-operatives, for example, can start on a small scale with a buyers' club, whereby members contribute collectively to the purchase of items and then distribute according to their contribution to the club. There may be no store under this arrangement, but there may be some money set aside to provide the capital for the purchase of an existing store or the building of a new store (Neptune, 1977, pp. 9–11).

A less common way in which co-operatives have been formed is where an existing owner of a business offers to mutualise. One example of this was in Nuriootpa in the Barossa Valley of South Australia (SA) where a local retailer decided, following the death of his male heir during the Second World War, to allow the community to take over his store. The town had a long history of community projects, including a community hotel run by a trust. There was a small group of individuals who had a sufficiently large amount of capital to make the project viable and co-operative membership was open to all members of the community. The existing goodwill, inventories, store staff and management were transferred over to the store removing many of the issues involved with starting up a new retailing business (Balnave and Patmore, 2015, p. 1148).

Once established, co-operatives may expand through the recruitment of new members and opening branches in new locations or through the purchasing of existing businesses. Co-operatives take risks when expanding into areas with insufficient support for co-operativism or where there are established

competitors. Another approach is for the smaller co-operatives to merge into larger co-operatives to have sufficient capital to invest in new technology and compete with other businesses. Patrizia Battilani (2003, pp. 110–112) argues that this process transformed the Italian consumer co-operatives during the 1950s and 1960s and explains the greater success of consumer co-operatives in Italy compared to other European countries. There were however problems with these mergers as the larger size of the co-operatives distanced members from the general management and reduced the importance of members and the boards of directors who represented them. As Jerry Voorhis (1961, p. 176), a leading US co-operator noted “there is also the problem of maintaining informed interest, loyalty, concern and a sense of responsibility among... members ....”

Historians have suggested a number of economic, political and social factors that assist the formation and growth of co-operatives. Market failures are an important explanation for the rise of co-operatives. Price inflation and its impact on real wages and purchasing power is one key factor for consumer co-operatives. As prices rise, consumers look for ways to reduce their grocery bills. By cutting out the “middle man” and redistributing the surplus back to consumers, co-operatives can have a downward effect on prices (Birchall, 2011b, pp. 27–28). There are a variety of reasons why farmers form co-operatives. They may wish to obtain a fair price for their produce and to reduce production costs through economies of scale, greater co-ordination and avoiding intermediaries who may charge large fees for their services. Anger with the charges imposed by bankers, grain merchants, implement manufacturers and storekeepers fuelled the enthusiasm of Prairie grain growers in Canada for co-operatives in the early part of the twentieth century. Farmers also desire to create new markets for their produce and protect existing markets. Agricultural co-operatives also allow farmers to pool risk in what can be a volatile industry in terms of market demand, weather and pests and capture profits from others involved in the food supply chain. Greater stability in income allows farmers to exercise greater quality control and achieve greater productivity through crop variety and herd improvements. Overall, by combining farmers increase their market power (Patmore and Balnave, 2018, p. 9).

Periods of unrest, when disenchantment with the prevailing economic and social order leads to an interest in alternative ways of controlling both consumption and production, is another important factor in explaining the development of co-operatives. Such periods include the industrial revolution in the UK, the Great Depression of the 1930s, and the counterculture movements of the 1960s and 1970s. One notable response to these periods of unrest from the earliest days was to build utopian communities based on co-operative ideals. Two nineteenth century examples of this are Robert Owen’s New Harmony in the US during the 1820s and the “New Australia” settlement in Paraguay during the 1890s (Patmore and Balnave, 2018, p. 14).

Once a favourable political and legal environment is established for co-operatives, this may further enhance the growth and development of

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co-operatives. A good example of the state encouraging co-operatives can be seen in Italy (Sarina and Fici, 2015). After the Second World War the Italian co-operative movement developed in a context of general recognition for the role it could play in the economic and social development of the country. Article 45 of the 1946 Italian Constitution recognises the social role of co-operatives as based on mutuality and non-profit goals and encourages the law to promote co-operative development. Favourable laws followed that assisted the growth of co-operatives, such as 1977 legislation that allowed undistributed profits to be set aside in indivisible reserves and not be liable for corporate tax, a measure that increased co-operative self-finance considerably (Battilani, Balnave and Patmore, 2015, pp. 65–67).

Colonialism, immigration and religion played an important role in spreading co-operative ideas internationally. Colonial authorities saw co-operatives as aiding the economic development and welfare of their colonies and being consistent with the mutual aid practices of the Indigenous population. The British introduced Raiffeisen financial co-operatives into India to circumvent money lenders and promote economic development; a system that was copied elsewhere in British colonies. Finnish immigrants, notably in Michigan, Minnesota and Wisconsin in the US, established consumer co-operatives in those states (Patmore and Balnave, 2018, pp. 15–17). A variety of religious groups through their beliefs and clergy have promoted co-operatives. Catholic interest in co-operatives grew with Giuseppe's Toniolo's foundation of the Catholic Union for Social Studies in 1889 in Italy and Pope Leo XIII's *Rerum Novarum* in 1891 which highlighted the Church's need to address the concerns of the poor and labour. In Italy, the focus was on financial co-operatives, agricultural co-operatives and consumer co-operatives (Zamagni and Zamagni, 2010, p. 48). An important Catholic movement in promoting co-operatives can be seen in the example of the Antigonish movement. It started at St Francis Xavier University in Nova Scotia, Canada in 1930, and approached co-operative development with study circles that identified local problems and proposed co-operative solutions, particularly credit unions. The Antigonish movement had a wide international impact including the Caribbean in the 1950s, South Korea and Zimbabwe. While the Catholic Church played an important role in the international spread of co-operatives, Protestant clergy were also important. Toyohiko Kagawa, a Japanese Christian evangelist, promoted co-operatives in Japan and overseas and published an influential book, *Brotherhood Economics* (1936) that emphasised financial co-operation as a means of achieving international peace (Patmore and Balnave, 2018, pp. 15–16).

Support for co-operatives has historically come from farmer groups and the labour movement. Farmers have established not only agricultural co-operatives but also Rochdale consumer co-operatives in rural areas to buy in bulk, ensure continuity of supply, and keep prices down. Where farmers are well organised, farmers' political parties and lobby groups have provided legislative support for co-operatives. The labour and co-operative movements have similar roots



in industrialisation and the idea of collectivism and share a strong emphasis on member control through democratic practices and ensuring the best for their members and the community (Wetzel and Gallagher, 1987, p. 517). However, co-operatives are also businesses that need to ensure a surplus to survive and compete in a capitalist economy with businesses that are not organised on co-operative principles. This has the potential to place co-operatives in conflict with organised labour particularly regarding labour costs and ensuring that recognised wage standards, whether through statutory regulation or collective bargaining, are observed. This link between the movements is strong in the UK with the Co-operative Party affiliation with the Labour Party (Patmore, 2020, pp. 12, 16).

Technological change also played a role in the development of co-operatives. In the dairying industry the cream separator, which was invented in 1878, had major implications for the development of co-operatives. In Denmark, freehold farmers with small landholdings and a few cows were unable to produce quality cheese and butter. Through establishing co-operative dairies and pooling resources to purchase cream separators, which had been first used by the large landowners, they were able to gain economies of scale that allowed them to produce quality butter for the same high prices that had previously been attained by the large landowners. A hauler picked up daily the small quantities of milk from each co-operative farmer and took them to the co-operative dairy for processing. The first Danish co-operative dairy was established in 1882. Another example of technological advancement that encouraged agricultural co-operation was the grain elevators or wheat silos in Prairie Canada (Patmore and Balnave, 2018, p. 17).

One factor that several scholars have recently explored is the link between the formation and survival of co-operatives and their local community and region, particularly in rural areas. The social and economic networks built in a locality or region, whether it be in the Mondragon region of Spain or a village in India or rural communities in Australia, promote a sense of “localism” and encourage a “propensity to co-operate” (Balnave and Patmore, 2006, pp. 51–52, Birchall, 2011b, pp. 24–25). As Robertson (2010, p. 213) has noted for consumer co-operatives: “for some of its members, the role of a co-operative society within a community extended beyond the realms of grocery shopping.” They become enmeshed in the cultural and social environment of the community by sponsoring local sporting groups, for example through financial sponsorship and forms of assistance. Co-operatives become a core institution in the local community promoting employment and retaining profits with the community. Consumer co-operatives promote “buy local” campaigns to ensure that residents of particular communities purchase from local businesses and they do not spend money elsewhere. These campaigns are designed to preserve local job opportunities and maintain viable communities. There are examples of consumer co-operatives ensuring the maintenance of the retail profile of the community by stocking goods formerly sold by businesses that have closed and even purchasing failed businesses to ensure that

the goods and services continue to be provided to the community (Balnave and Patmore, 2006, pp. 63–65; Robertson, 2012, p. 935). Localism could also have a downside for the broader co-operative movement with local co-operative societies preferring their local autonomy in buying and being reluctant to purchase from centralised co-operative wholesalers (Webster, 2012, pp. 886–890).

The sense of community was reinforced by a cultural dimension. Co-operatives are not just businesses, they are also a movement with regional, national and international organisations such as the ICA, which promotes the co-operative movement worldwide and provides a forum for international co-operative collaboration. There is an ideology and culture built around collective self-help, economic democracy and community obligation enshrined in co-operative principles. There are important cultural artefacts associated with the co-operative movement such as International Co-operative Day, co-operative halls of fame and museums. Co-operative culture in England included tours of CWS factories and recreational activities such as reading rooms, marches, tea parties, festivals, plays and choirs (Gurney, 1996, pp. 61–87; Patmore and Balnave, 2018, p. 85). All these various activities “strengthened understanding of and support for co-operative ideology” (Wilson, Webster and Vorberg-Rugh, 2013, p. 40).

Co-operatives have also faced multiple challenges that have led to their decline and disappearance including demographic changes and competition from the non-co-operative sector. The decline of working-class communities in mining areas and the waning population in rural areas due to mechanisation in agriculture and economies of scale brought about by the consolidation of rural properties have had a negative impact on consumer and agricultural co-operatives. Increasing car ownership in rural areas in developed economies created further difficulties for consumer co-operatives reliant on their remoteness for success (Patmore and Balnave, 2018, p. 18).

Poor management and even corruption can aid the decline and collapse of co-operatives as with other types of businesses. One crucial issue particularly for co-operatives is the quality and commitment of management. There are long-standing concerns within the co-operative movement about the training of co-operative managers and the commitment of managers to the co-operative ideology particularly if they were recruited from the private sector. There are also divergent practices regarding the relationship between the BD and the co-operative managers. At one extreme, there were BD that micromanaged the stores. They failed to engage in long-term planning and demoralised store managers. At the other extreme, boards acted as members’ “vigilance committees,” giving the managers a great deal of autonomy and only blaming them when things went wrong (Birchall, 1994, pp. 146–150; Cole, 1951, pp. 150–154).

There can also be ideological challenges to the principles that underlay co-operatives that weaken them. Anti-democratic movements and ideas that promote individual over collective behaviour do not favour co-operatives. Communist and Fascist states have attacked co-operatives and incorporated



them into the state. Neo-liberalism, with the push towards privatisation and deregulation during the 1980s and the following two decades, created a climate that favoured the IOB and co-operative demutualisation (Battilani and Schröter, 2012).

Co-operative demutualisation is defined as “changes in the ownership structure of user owned and controlled organizations from a mutual to a for-profit, proprietary organization” (Chaddad and Cook, 2004, p. 576). Co-operative shares, which can usually be traded within the co-operative, may become unrestricted common stock in a corporate organisation, with the possibility that demutualisation will be followed by a public listing, with additional risk capital being acquired by outside investors. There is also the issue of maintaining the principle of one person one vote with the votes now being based on the number of shares (Birchall, 2011b, p. 163).

While there are a range of factors that can explain the growth and decline of co-operatives, there is a view that co-operative failures may arise from systemic problems inherent in all co-operative structures. The Webbs (1914, p. 21), who were more sympathetic to consumer co-operatives, argued that worker co-operatives tended to degenerate into non-participatory organisations due to the inability of workers to exercise self-discipline regarding production quality and output. Workers did not understand the product market and were resistant to adjusting work practices to meet changing markets. If worker co-operatives are successful, then worker-owners may be reluctant to dilute their equity by hiring new workers as labour rather than recruiting new members. There is a danger that members with large amounts of capital and entrepreneurial ability will demutualise the co-operative and convert it into a capitalist enterprise to maximise their financial returns. Allowing workers to own the company rather than specific shares or requiring large majorities in any decision to demutualise the co-operative could minimise any tendency towards demutualisation. Sometimes workers may convert an existing capitalist firm in a financial crisis into a worker co-operative to continue production but are unable to reverse the problems that led to the crisis in the first place (Markey, Balnave and Patmore, 2010, p. 251).

Similar ideas more recently are drawn from agricultural economics concerning agricultural co-operatives. Co-operatives arise from market failures and a revolt against the present economic and political system, especially during economic downturns, and when times improve either fail or are demutualised. They tend to be less flexible in shifting their economic focus than IOBs as markets change due to their democratic governance and their attachment to the original objectives that underlay their formation. As they get bigger, there tend to be more competing interest groups which leads to conflict and a tendency for those with goals relating to organisational gain rather than co-operative ideals to take over. The co-operative increasingly behaves like an IOB with corporate-orientated aspirations such as profitability and financial stability taking priority over member centred goals such as the level of service and economic democracy (Cook, 1995; Helmberger, 1966; Hind, 1999). Cook

and Burress (2009) have noted five phases of the co-operative life cycle: economic justification; organisational design; growth, glory and heterogeneity; recognition and introspection; choice, whether to “tinker, reinvent, spawn” or set up a “separate entrepreneurial venture” or “exit.” The “life cycle” theory has been used to explain the survival and demise of agricultural co-operatives (Mazzarol, Mamouni Limnios and Simmons, 2014, p. 137).

While this “life cycle” approach can be criticised for determinism, the long lifespan of some co-operatives indicates that co-operative demise is not inevitable as co-operative members and managers have choice and can adapt their organisations and objectives, without compromising the essential democratic nature of co-operative enterprises, even shifting forms as is the case of transformational co-operatives (Cook and Burress, 2009, pp. 14–15). Two examples of agricultural co-operatives that have survived the fluctuations of the business cycle are Land O’ Lakes in the US, founded in 1921, and NORCO in Australia, founded in 1893 (Patmore, 2020, p. 19).

## Conclusion

This introductory chapter provides a framework for understanding the history of Australian co-operatives. Co-operatives are MOB that deliver benefits and services to members. They are defined by an evolving set of principles that flow from the development of the Rochdale consumer co-operatives through the ICA to the present day. Despite these principles, there are variations in practice and between differing legal jurisdictions. Co-operatives are distinguished from other types of businesses for their principle that one member has one vote irrespective of their number of shares and their focus on members and the communities rather than external investors, as in the case of an IOB. There can sometimes be difficulties in distinguishing between different types of co-operatives with agricultural co-operatives, for example, engaging in the retailing of household goods. There can also be hybrid co-operatives that bring together workers and consumers as owners and transformational co-operatives which can change their type over time.

There are factors that have favoured the development of co-operatives including market failures, periods of political and social unrest, immigration, favourable clergy, technology and community. There are also factors that weaken them including competition from the non-co-operative sector and unfavourable ideologies such as Neo-liberalism. While there is a notion of a life cycle for co-operatives, the fate of co-operatives is not pre-determined and shaped by the choices of managers and members. Overall, however, individual co-operatives can fail like all other businesses if they are poorly managed.

Against the background of this introduction, Chapters 2 and 3 provide the general context for the development of the Australian co-operatives by examining the history of co-operatives internationally and then providing an overview of Australian co-operatives over time and space based on the Visual Historical Atlas of Australian Co-operatives (VHAAC). The Atlas contains

data from 9,557 Australian co-operatives dating from the 1820s until the present. Chapter 3 discusses the strengths and weaknesses of the Australian data and speculates on why co-operatives have largely been hidden from view in mainstream Australian history. It then draws upon the Atlas to provide insights into overall trends in Australian co-operative history before proceeding to the major chapters that are organised around key periods in Australian economic and social history.

Chapter 4 explores the early Australian interest in co-operatives dating from the 1820s drawing upon the ideas of Robert Owen and later the Rochdale pioneers. There was interest in Owen's ideas for organising land settlement and Indigenous communities, but there were problems clarifying what was meant by a co-operative. Chapter 5 explores the development of co-operatives through the economic long boom that followed the Australian gold rushes noting the fluctuating fortunes of Rochdale consumer co-operatives, the growth of building societies with the expansion of Australian cities and towns and the beginnings of agricultural co-operatives. The first attempts to provide a legislative framework for co-operatives appear in several colonies drawn from the UK with the passage of Industrial and Provident Societies legislation. Chapter 6 concludes the examination of the nineteenth century with an analysis of the 1890s Depression and the years leading up to the outbreak of the First World War. Major events such as the federation of the Australian colonies and the formation of the Australian Labor Party had significant implications for the development of Australian co-operatives. There was a surge of interest in worker co-operatives and co-operative community settlements during the political and social unrest of the 1890s Depression. A rapid expansion of agricultural co-operatives occurred with English CWS interest in trade possibilities in commodities such as butter. A downside for the co-operative movement was the collapse of building societies, whether based on mutual principles or not, which weakened public interest in financial co-operatives, except for a surge of Starr-Bowkett societies in NSW after 1901.

Chapter 7 examines the two world wars and the inter-war period. There was a major surge in the number of Australian co-operatives which peaked in the mid-1920s and then further upsurges in the late 1930s as the economy recovered from the Great Depression and the final years of the Second World War. Inflation during and immediately after the First World War saw a short-term growth in consumer co-operatives. There was dramatic growth of agricultural co-operatives, particularly in the Western Australian Wheat Belt. The growth of co-operatives was aided by the formation of the farmers' Country Party which played a crucial role in the passage of the breakthrough co-operative legislation in NSW in 1923. Mistrust of banks following the Depression led to a non-Labor Government in NSW passing legislation to support the establishment of Co-operative Building Societies (CBS) to finance home purchasing.

Chapter 8 explores the period of post-war prosperity until its end by 1975. While consumer co-operatives faced major challenges during the prosperous period after the Second World War as competitors were able to take advantage

of the development of supermarkets and supply chain management, there was a major upsurge in the numbers of Australian co-operatives. The quest for finance to fund personal loans and housing led to a spectacular growth of credit unions and CBS with legislative encouragement by state and federal governments. The number of agricultural co-operatives peaked in the early 1950s, followed by a consolidation of co-operatives, particularly in the dairy-ing sector. While there was a strengthening of state co-operative organisations, the national organisation of co-operatives remained weak, with financial co-operatives developing their own organisations.

Chapter 9 explores the challenges that co-operatives faced with the end of the post-war boom and the rise of Neo-liberalism. There was a trend toward demutualisation of agricultural and financial co-operatives. Financial co-operatives such as credit unions continued to grow but public policy initiatives shifted their focus away from co-operative principles. The collapse of the traditional consumer co-operative movement was highlighted by the failure of the largest consumer co-operative in Newcastle, NSW in 1981. Despite these setbacks, there was a significant upsurge in worker co-operatives in the 1980s as state Labor governments viewed them as both a way to maintain employment and promote economic democracy. There were also the beginnings of platform and food co-operatives, with the latter built around the organic and local food movements. The co-operative movement, however, remained fractured and weak at a national level, with the collapse of the Australian Association of Co-operatives (ACC) in 1993, inhibiting its ability to counter the challenges raised by Neo-liberalism and globalisation.

Chapter 10 explores a heightened awareness of co-operatives following the Global Financial Crisis (GFC) and the United Nations (UN) International Year of Co-operatives in 2012. The formation of the Business Council of Co-operatives and Mutuals (BCCM) in 2013 provided a national platform for Australian co-operatives to lobby for legislative reform and federal funding of co-operative initiatives. There has also been expanded interest in food, worker, energy and social co-operatives. Chapter 11 concludes this book with a re-examination of Australian co-operative history and the development of a more comprehensive historical framework.

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## 2 An International Co-operative Movement

This chapter explores the international co-operative movement focusing on themes of significance for the development of Australian co-operatives. It examines the history of the international consumer co-operative movement from its origins in the industrial revolution of the UK and the ideas of Robert Owen and William King, highlighting the establishment of the Rochdale consumer co-operative in 1844. The Rochdale consumer co-operative provided the main model for all co-operative development that followed. The chapter then explores the expansion of the Rochdale consumer co-operative movement in the UK and beyond, followed by an examination of the development of two other significant types of co-operatives, financial and agricultural. The chapter concludes with an overview of a history of the ICA, the international organisation of co-operatives.

### **Industrialisation and the Consumer Co-operative Movement in the UK: 1759–1820**

While there may have been earlier forms of mutualism and co-operation, the rise of the consumer co-operative movement is associated with the onset of the industrial revolution and the beginnings of modern capitalism in the 1760s in England. The development of new steam technology and the breakdown of agricultural life due to the enclosure of land to increase farm production, brought larger numbers of workers to the growing overcrowded and insanitary industrial towns to work in factories where large-scale production was needed to match a growing demand. Workers faced long working hours, received meagre wages and worked at a pace that was at odds with pre-industrial life. Workers also had to deal with the “truck system,” which was eventually outlawed, where unscrupulous employers forced workers to obtain low quality and highly priced goods at stores owned and operated by them by paying them with script that was only redeemable at those stores. Workers could also be tied by debt to a shopkeeper due to fluctuating incomes as they could no longer grow their food in the fast-growing urban areas. These issues underlay the early worker interest in consumer co-operatives (Birchall, 1994, pp. 1–6, 10–13; Wilson, 1995, p. 33).



From 1759 until 1820, at least 46 flour and bread societies were established in parts of England and Scotland to retail bread and flour at below the prevailing local “market price.” They challenged the high prices and poor quality of bread arising from “adulterating” flour through mixing in substances such as China clay. These societies were directly owned by consumers or operated indirectly through a local friendly society. They represented vertical integration into retail distribution and beyond that into bakeries and flour milling and highlighted a market failure in terms of the rapid increase in the price of grain. The earliest known of these societies were formed in 1759 associated with government dockyard workers at Chatham (Middlesex) and Woolwich (Kent). They spread into England and Scotland with the Hull Anti-Mill recruiting 1,435 members in 1795 and opening a mill in June 1797. The average life of these companies was 48 years with the Hull Anti-Mill surviving for 100 years. A small number of these societies were to link themselves later with the growing Rochdale consumer co-operative movement (Bamfield, 1998, pp. 16–21, 31; Patmore and Balnave, 2018, pp. 28–29).

There are early examples of broader consumer co-operatives, which did not specifically focus on milling and baking. A Weaver’s Society in Fenwick in Scotland began as early as 1769 to purchase necessities and the earliest known English consumer co-operative was the Oldham Co-operative Supply Company established in 1795. At least one English baking society, the Sheerness Economical Society, extended into co-operative retailing in 1816 (Patmore and Balnave, 2018, p. 30).

### **Robert Owen, Dr. William King and Early Co-operatives 1820–1844**

Two significant individuals arose in the UK that had a major impact on the development of co-operatives – Robert Owen and Dr. William King. Robert Owen, born in Wales, began work as a shop assistant at a drapers’ shop at the age of 9. He eventually became a manager of a spinning mill. He married the daughter of David Dale, one of the largest cotton mill owners in Britain, and took over the management of the New Lanark mills in Scotland from his father-in-law after he and several associates purchased it. He established a reputation for creating humane conditions at New Lanark where workers received high wages and good working conditions (Patmore and Balnave, 2018, p. 31).

Owen, however, was not satisfied with his achievements at New Lanark despite popular acclaim. He first popularised his ideas in *A New View of Society*, published in 1813, and coined the term “co-operative and economical society” in January 1821 in the first issue of his magazine, *The Economist*. Owen was concerned with the impact of industrialisation upon workers’ living standards. Owen called for the creation of villages of mutual co-operation, which would have a population of between 500 and 1,500 people and would transform capitalism, as workers would produce for themselves and exchange surplus goods with other co-operative villages. He relied for capital on wealthy

subscribers, who would either form joint stock companies or become trustees, with the common property as security. A significant example of an Owenite community was founded at New Harmony in Indiana in the US, which operated from 1825 to 1827 and failed after conflict between its diverse range of members (Patmore and Balnave, 2018, pp. 31–32, 36–37).

King was a medical practitioner who was born in Ipswich, England, in 1786 and in 1821 moved to the small coastal town of Brighton, which had about 25,000 inhabitants. Like Owen, King was concerned about the declining living standards of workers. King believed that industrialisation by 1828 had led to the decline of wages to one-third of what they were 100 years previously and workers were on the verge of starvation.<sup>1</sup> King advocated through his magazine, *The Co-operator*, which began publication on 1 May 1828, that Owen's supporters should open stores and use the surpluses to emancipate themselves. He, like Owen, believed that workers would establish self-sufficient communities that would buy land for unemployed to work and provide sickness benefits. Unlike Owen, King's motivation was partly religious, and he believed that these co-operative communities could operate in the current society without any need for a radical transformation (Patmore and Balnave, 2018, pp. 32–33).

A movement developed that combined the elements of both King and Owen's ideas. While London provided an initial base for the discussion of Owenite ideas, the broader movement began in 1826 in Brighton, which was a fast-growing town where the older skilled trades faced rising unemployment as industrialisation hit. While some co-operators saw themselves as saving to set up communities such as Orbiston in Scotland and Exeter in England,<sup>2</sup> others established "union shops," like worker co-operatives, to sell their own products and build up capital to form a co-operative community like Orbiston. The strength of the movement is highlighted by eight Co-operative Congresses, the first of which was held in Manchester in May 1831 and the last in Halifax in April 1835. The co-operative movement, however, had virtually collapsed by 1834 with an economic depression and an uncertain legal status, which made the early co-operatives vulnerable to mismanagement and fraud (Cole, 1944, pp. 25–27; Durr, 1988, pp. 18–20; Patmore and Balnave, 2018, p. 35).

A small number of co-operatives survived, and new ones were established after 1834. While the Owenite movement was in decline, Chartists, who called for political reform and the enfranchisement of the working class, saw co-operative stores as supplementing their political activity by providing economic power and a way of raising funds for their cause. There were amendments in July 1834 to the UK friendly societies legislation that extended the scope of the legislation to include all societies established for any legal purpose. While there may have been a continued interest in using the surplus from these stores to fund Owenite communities, the co-operatives seemed primarily concerned with supplying unadulterated food at reasonable prices. Overall, it is estimated that between 1835 and 1844, there were at least 120 retail societies and 25 more specialised trading societies in England, selling everything from bread to shoes manufactured by their members, in operation at various times. (Jones, 1975; Purvis, 1986; Thornes, 1988, pp. 39–42).

Beyond the UK, there was also an interest in co-operation in France, where industrialisation followed a different pattern to Britain with production remaining small scale and focussed on local markets with an emphasis on skilled labour rather than mass production. There were French promoters of co-operatives. Comte Henri de Saint-Simon, who participated at the Battle of Yorktown in the American Revolution and was the president of a Paris commune during the French Revolution, called for the public ownership of industry per “scientific” principles, where individuals would work according to their ability, and everyone was rewarded according to services rendered. A worker’s newspaper, *L’Artisan*, first promoted the idea of worker co-operatives in 1830. Charles Fourier, the French equivalent of Owen, advocated co-operative communities as a solution to the problems of industrialisation, and Philippe Buchez, a doctor and the equivalent of King, provided the movement with a set of principles that would give it direction and purpose. Buchez, inspired by Saint-Simon, advocated democratic governance, return of surpluses in proportion to the work done, the indissoluble nature of a co-operative, with assets being transferred to another co-operative if the co-operative dissolved, and all workers gaining full membership to the co-operative after one year. Buchez set up an association of cabinetmakers in 1831 and four workers, inspired by Buchez, set up a jewellers’ worker co-operative in Paris in 1834. The socialist Louis Blanc, in his book *L’Organisation du Travail* (1839) advocated the idea of the social workshop; a worker co-operative with equal benefits shared among the members and receiving state aid. Beyond worker co-operatives, there were experiments with consumer co-operatives, such as *le Commerce Véradique et Social*, which operated at Lyon from 1835 to 1837 (Patmore and Balnave, 2018, pp. 38–39).

### **The Establishment of the Rochdale Co-operative 1844**

Rochdale, an East Lancashire mill town 16 kilometres north-east of Manchester, had a population of 25,000 inhabitants by 1844 with another 40,000 living in nearby villages. Wages were in decline for the hand-loom weavers and work was irregular. Both the cotton and woollen industries faced wild fluctuations in demand with the flannel trade being hit hard by US tariff developments in 1828 and 1841 which led to a sudden and severe fall in exports. By the early 1840s, economic depression had led to large-scale unemployment and hunger (Cole, 1944, pp. 39–42, 54).

The Rochdale workers tried to address these issues in a variety of ways including the involvement in non-conformist religious sects such as Wesleyanism and trade union activity. A major strike defeat in 1844 led weavers to look for alternative solutions to their grievances including emigration. Weavers and others at a meeting on 15 August 1844 formed a co-operative in Rochdale. The Rochdale Society of Equitable Pioneers was registered under the Friendly Societies legislation on 24 October 1844, with 40 subscribers paying three pence a week to raise capital to open a store, which commenced business on the evening of Saturday, 21 December 1844 on the ground floor

of a warehouse at 31 Toad Lane, Rochdale, with opening hours from 8pm to 10pm. There were some immediate issues such as the small amount of capital to purchase stock, which affected the price and quality of the early goods for sale, that being sugar, butter, flour, oatmeal and tallow candles. Shares were one pound each and the Society's rules provided for a range of activities beyond running the store, including the construction of houses for members, the manufacture of goods, the purchase or rent of land for cultivation to allow the employment of the unemployed and the opening of a Temperance Hotel. Owenism was still an influence with an objective being to establish a "self-supporting-home colony" (Birchall, 1994, pp. 39–41; Patmore and Balnave, 2018, pp. 41–42; Thompson, 2012, p. 14) (Figure 2.1).

While the formation of the Rochdale co-operative and its principles has influenced the development of the international co-operative movement, it brought together ideas from other co-operatives and organisations that predated it. The first rules were based on the Rational Sick and Burial Society, which had been formed in Manchester in February 1842. The Society arose from an Owenite critique of friendly societies, which were viewed as having too high surpluses and wasting money on processions and feasts. The democratic principles of one member one vote also underlay Chartism, trade unions, friendly societies, the non-conformist chapels and other co-operatives. There was a long-standing concern about the provision of credit to workers and a preference for cash payment dating back to the flour mill and baking co-operatives. The April 1832 Co-operative Congress in London adopted a report rejecting credit and the earlier consumer co-operative formed in Rochdale in 1832 failed for providing excessive credit for members. (Patmore and Balnave, 2018, pp. 41–42).

### **Beyond Rochdale**

From 1844 to 1914, there was a major growth of consumer co-operatives in the UK, with an expansion of consumer co-operatives into wholesaling, agriculture, manufacturing and financial services. Co-operative membership grew steadily in Britain from 350,000 in 1873, when accurate data begins, to 3,054,000 in 1914, with an average annual growth of 5.3 per cent. While the number of retail consumer co-operatives peaked in 1903 at 1,455, the average number of members of a society grew from 564 in 1881 to 2,205 in 1914 (Cole, 1944, p. 371). By 1914, consumer co-operatives supplied between 7 and 9 per cent of Britain's total retail trade and 17–19 per cent of Britain's total trade in groceries and provisions (Wilson, Webster and Vorberg-Rugh, 2013, p. 99).

The early co-operative movement also played an active role in promoting the Rochdale principles and engaging in political lobbying to obtain favourable legislation. George Jacob Holyoake, a former Owenite missionary, wrote a history of the Rochdale Pioneers, which was published 1857, and



*Figure 2.1* Rochdale Toad Lane Store as a Museum. Courtesy of the Berkeley Historical Society.

had wider effect not only in Britain but internationally with translations into many languages including French, Spanish and Italian. It was reprinted 13 times between 1858 and 1907. Holyoake went on lecture tours explaining the Rochdale system. Lobbying and influential parliamentary allies secured the passage of the Industrial and Provident Societies Act (IPSA) of 1852, which gave the co-operatives recognised legal status, and further amendments to the IPSA in 1862 that gave co-operatives limited liability and income tax exemptions (Patmore and Balnave, 2018, pp. 53–55).

The early consumer co-operatives saw a need to set up a co-operative wholesaler. Private retailers saw co-operatives as unwelcome competition and threatened boycotts of wholesalers who supplied co-operative stores. After several attempts, the final push to enter co-operative wholesaling came in 1863 with the formation of the CWS. The 1862 amendments to the IPSA provided the legal basis for the CWS by authorising co-operatives to hold shares in another co-operative and allowing them to advance capital to them. A special conference in Manchester in April 1863 established the CWS. The CWS provided goods to co-operatives on a cost-price basis with a commission to cover its costs and minimise stock to reduce the risk of price fluctuations undermining capital. The CWS was a federation of retail consumer co-operatives or a “co-operative of co-operatives.” The new wholesaler was registered under the IPSA in August 1863 and by October 1863 48 retail consumer co-operatives joined. It appointed a temporary buyer in December 1863 and commenced trading in a small warehouse Manchester, on 14 March 1864 with butter, coffee, tea, sugar and soap being among its first goods. While the CWS sold only to co-operative stores, the co-operatives were free to buy elsewhere which undermined the CWS and strengthened private competitors. In Scotland, consumer co-operatives formed their own SCWS in August 1868 to trade only with registered consumer retail societies, with the CWS allowing their Scottish members to transfer their shares to the SCWS (Patmore and Balnave, 2018, pp. 58–59, 79).

The development of co-operative wholesaling underlay the growth of the co-operative movement in Britain. The CWS grew dramatically from its humble beginnings in 1864 to a global enterprise by 1914 with capital of almost £10 million and net sales of almost £35 million (Redfern, 1913, pp. 418–419; 1938, p. 532). The headquarters of the CWS remained in Manchester with several blocks of imposing offices and warehouses. The CWS established branches in Newcastle-on-Tyne in 1871 and London in 1874 and depots, warehouses and salerooms throughout England to serve regional needs. The CWS, to ensure supplies for its stores, also moved into production of basic products such as shoes, soap, clothing, furniture, biscuits, pickles and jams. It became a direct importer of cheap foods from abroad which were either processed in Britain, such as corn or flour, or the country of origin, such as bacon. The CWS established depots outside Britain, the first being for butter in Tipperary in Ireland in 1868, and locations such as New York in 1876 and



Hamburg in 1874. The depots had resident buyers who purchased local supplies and shipped them back to England. The CWS purchased a bacon factory in Denmark in 1900, a tea estate in Ceylon in 1902 and three further tea estates in Ceylon in 1913, while constructing a new bacon factory at Tralee in Ireland in 1901. The CWS, concerned about shipping rates, furthered vertical integration by entering the steamship business through purchasing its first steamship, the SS Plover in May 1876 and launching the SS Pioneer in 1879. The CWS also moved into banking and insurance. It established in 1899 the Co-operative Insurance Society, which was absorbed into the CWS and the SCWS in 1913. The CWS built conference halls for business meetings and co-operative gatherings. By 1905, the CWS was the 16th largest company in Britain, with £4.4 million in capital (Patmore and Balnave, 2018, pp. 74–77).

There was controversy about the CWS moving to set up factories with critics arguing that production should be done by producer co-operatives, where workers would share both management and profits. There was scepticism about these ventures, which included co-operative coal mines, as a number had failed in the 1860s and 1870s. The CWS twice experimented unsuccessfully with paying a bonus on any surplus made to its own workers. Aware of these failures, John Mitchell, the CWS chair, was a strong supporter of the “federalist principle” that consumer, rather than producer, control underpinned the co-operative movement. His personal support for the “federal principle” helped embed it as the main doctrine of the English co-operative movement (Patmore and Balnave, 2018, pp. 77–78). Mitchell won the support of the influential Beatrice Potter (1891, pp. 117–169), later Webb, who as noted previously, was an advocate of “consumer sovereignty” over workers in the consumer co-operative movement.

The British consumer co-operatives developed into a national movement. The *Co-operative News* (CNUK), which was founded in 1871, became recognised as the official publication of the co-operative movement and by 1898 had a circulation approaching 50,000 copies per week (Cole, 1944, pp. 202–203). There was a revival of co-operative conferences with the first being held in London in 1869, which led to the formation of the Co-operative Union (CU). The CU was open to co-operatives of all kinds including producer co-operatives and building societies in Britain and Ireland. It became a debating forum by organising the Annual Congresses and engaged in political lobbying on behalf of the movement. The CU provided business services, such as accounting, and co-operative education, opening its Manchester headquarters, Holyoake House, in 1911. By 1913, the CU membership represented 1,272 co-operative societies and totalled 2,874,574. Co-operative women organised through the Women’s Co-operative Guild (WCG), which was formed in 1883 and encouraged the formation of women’s guilds at each consumer co-operative. The movement was reinforced by co-operative culture and ideology with its own practices, symbols and rituals such as reading rooms, marches and choirs (Patmore and Balnave, 2018, pp. 82–85; Figure 2.2).



*Figure 2.2* Holyoake House in Manchester. Photographer Greg Patmore.

### **Beyond the UK – The Rochdale Model**

There was an expansion of consumer co-operatives internationally beyond the UK. Three major developments underpinned this growth. The growth of international trade, immigration and colonialisation. The development of railways and steamships allowed cheaper foreign foods into Europe with



American wheat, and later Canadian and Indian wheat, arriving in Britain at half the local price (Birchall, 1994, p. 70). Communication also became faster with the expansion of the telegraph, alongside railways and underneath oceans, and the invention of the telephone, with the first transcontinental telephone connection in the US occurring in 1914 (Birchall, 2011, p. 158). European immigration globally reached unprecedented levels in the second half of the nineteenth century with millions initially coming from North-Western Europe and spreading to Southern Europe and Eastern Europe. There were 3.4 million Europeans who emigrated between 1821 and 1850, 8.1 million from 1851 to 1880 and 32.1 million from 1881 to 1915 (Graff, Kenwood and Loughheed, 2013, pp. 54–55). Some immigrants, for instance from Britain, Germany, Italy and Finland, brought with them ideas about co-operation. Colonisation by European powers, the US and the newly industrialising power of Japan spread to all corners of the globe with a “scramble” to secure territories in Africa and Asia. European settlers in these colonies drew from Rochdale traditions to establish their own consumer co-operatives (Patmore and Balnave, 2018, p. 71). The co-operative business model spread throughout the world. One estimate indicates that by 1937, there were worldwide at least 810,512 co-operative societies with 50,279 being consumer co-operatives (Cole, 1944, p. 353).

The Rochdale model had an influence on the development of these consumer co-operatives as it provided a concrete example of success, but this does not imply a simple translation of the model (Eklund, 2007, pp. 129–130). There were delays in its adoption. The Rochdale model had its greatest impact, for example, on France during the final quarter of the nineteenth century, where it was a major source of ideas such as the dividend. Many of those promoting the Rochdale model in Europe had a middle-class background and supported it as a way of ensuring social harmony, which clashed with working-class interest in consumer co-operatives as part of a socialist movement. Some saw the co-operative movement as the third way between capitalism and socialism such as the French economist, Charles Gide, who was concerned that workers were turning to Marxism. He wanted to win them back to co-operation and pioneer a new economic system – the Co-operative Commonwealth. The strong identification of some European co-operative movements with socialist parties splintered the co-operative movement with anti-socialists such as the Catholic Church forming their own conservative co-operatives. There were local influences underlying the development of mainland European consumer co-operatives in the mid-nineteenth century as well as the Rochdale example in Britain. Hans Christian Sonne, a local pastor, who founded a Danish consumer co-operative at Thisted in 1866 that set the pattern for the Danish movement was inspired by both the Rochdale pioneers and German financial co-operatives (Christiansen, 2012, p. 25; Patmore and Balnave, 2018, p. 92).

### **The Post-war Period and Consumer Co-operatives**

Consumer co-operative movements in Western Europe experienced mixed fortunes in the post-War period. While some could survive or strengthen their

market share, others went into decline. Consumer co-operatives in France, for example, were relatively slow in their uptake of self-service and supermarkets. While in 1959, one in six people was a member of a consumer co-operative, the regional nature of the movement meant that they had multiple branches, and like their counterparts in other countries, were not structured to deal with large-scale distribution. As supermarkets were established outside cities, the co-operatives struggled, with only a few small societies remaining by 1985 (Birchall, 1997, p. 91; Lambersens, Artis, Demoustier and Mélo, 2017, pp. 111–117).

In contrast, the UK consumer co-operative movement was a leader in self-service and supermarkets in the post-war period. By 1950, the movement had 11 million members, and a 10 per cent market share (Secchi, 2017, p. 535). It was also leading the way in modernisation, and by 1950 had 40 per cent of the supermarkets and 90 per cent of all self-service shops (Birchall, 1997, p. 84). However, its growth had stalled by the late 1950s, as other retail stores adopted self-service, with downward pressures on the level of co-operative dividends due to competition. There were also structural weaknesses with over 1,000 societies, which had many small stores and a lack of integration with their wholesalers compared to the competing chain stores. While from 1958 there was a recognition of the need to centralise, local societies defended their independence. The movement's fragmentation and reluctance to embrace structural reform contributed to a significant decline in the UK consumer co-operative movement between 1964 and 1984, with membership falling from close to 13 to 8 million, and the market share decreasing from nearly 11 to 4.2 per cent (Birchall, 2011, p. 54; Secchi, 2017, pp. 534–536, 540).

The UK consumer co-operative movement began to regain its strength from the late 1970s. The CWS merged with the SCWS in 1977 and successfully responded to consumer concerns over issues such as Fair Trade. There was an emphasis on buying out marginal and small consumer co-operatives. This led to a new era in the UK consumer co-operative movement. For the first time since 1963, co-operative membership grew in 1989 (Secchi, 2017, pp. 538–544).

Other co-operative movements adapted and prospered. The Italian consumer co-operative movement achieved success from the mid-1970s. Networks of consumer co-operatives led to the adoption of unified strategies for thousands of small co-operatives and the creation of a group of not more than 100 co-operatives with the same brand. There were also favourable legislative measures that recognised their economic and social role and contributed to their institutional viability. Finally, the Italian movement adapted to the changing needs and wants of consumers, shifting its values and objectives since the 1980s from the protection of worker purchasing power to the promotion of responsible consumption and the protection of consumer health (Battilani, Balnave & Patmore, 2015). Similar success occurred in the Nordic countries, with the Swedish movement beginning structural reorganisation by merging local societies into larger units and becoming “the most dynamic and innovative of all the European sectors” (Birchall, 2011, p. 56).

While consumer co-operatives faced challenges, they adapted to meet changing social conditions. There were Indigenous co-operatives in the Canadian North, particularly in the Arctic region among the Inuit from 1959 to meet the needs of isolated communities, and a shift towards organic food stores. Canadians protested the North American agro-food industry use of chemicals in the production of crops and the traditional way in which stores, including traditional retail consumer co-operatives, were managed. In Canada, the largest concentration of these food stores was found in British Columbia in the 1980s. (MacPherson, 2017, pp. 446–450, 452). While as previously noted traditional French consumer co-operatives struggled following the Second World War, there were new “organic co-operatives” in France, the first appearing in Lyon in 1971, which promoted natural organic products and services and were linked to environmental concerns (Lambersens, Artis, Demoustier and Mélo, 2017, pp. 117–118).

Similarly in the US, which saw the collapse of large Rochdale consumer co-operatives such as the Consumers Co-operative of Berkeley, there developed new food co-operatives. Disillusionment with capitalism during the late 1960s and 1970s led to the formation of new consumer co-operatives. Protestors against the Vietnam War, environmentalists, community control advocates and civil rights activists saw co-operatives as a symbol of the counterculture. Some of these co-operatives have been able to prosper by specifically focusing on organic foods and locally produced goods. Examples of those still trading include the New Pioneer Food Co-op in Iowa City, founded in 1971, and the Greenstar Coop in Ithaca. Both co-operatives provide an opportunity for members to work in the store and receive a discount on their purchases. The growth of these consumer co-operatives led to the formation of the National Co-operative Grocers’ Association in 1999 (Knupfer, 2013, pp. 66–67; Patmore, 2020, p. 71).

### **Financial Co-operatives**

While co-operative principles are associated with the foundation of the Rochdale consumer co-operative in the UK in 1844, financial co-operatives also have a long history. An example of an early building society was at Deritend, near Birmingham, formed by workers in 1781 interested in building their own houses and meeting the property ownership requirements for voting in elections. It was terminated as the workers wound it up when their housing needs were met. The origins of financial co-operatives are especially linked to Germany, where German peasants required credit to rebuild their holdings following a major famine in 1846–1847 and the political revolution of 1848. There were similar issues for townspeople who required capital as joint stock banks provided capital for heavy industry rather than for workers and traders. Hermann Schulze-Delitzsch and Friedrich William Raiffeisen promoted the idea of financial co-operatives to provide finance not available from banks. The success of these financial co-operatives encouraged their diffusion throughout

the world, with legislation being introduced by the British in 1904 in India to promote Raiffeisen co-operatives as a means of challenging village moneylenders who could charge excessive fees for services and force villagers into debt, particularly during periods of drought and flood, and exacerbate rural poverty (Patmore and Balnave, 2018, pp. 8–9, 30).

Financial co-operatives also expanded in Canada and the US. Alphonse Desjardins, born in Quebec, had a major influence in both countries. Catholic social activism, and Raiffeisen influenced Desjardins' desire to alleviate the problems of the poor in Quebec and he formed a peoples' bank, the *La Caisse populaire de Lévis* in 1900. With the support of his wife, Dorimene Desjardins, he perfected the operations of peoples' banks and expanded them throughout Canada. The movement across the US border of Quebec immigrants encouraged the spread of the idea to the New England states. There was a need in the US for financial co-operatives as the existing banking system was not meeting the needs of farmers or the urban poor. Desjardins also assisted in the formation of the first credit union in the US in 1909, the St Mary's Co-operative Credit Association in Manchester, New Hampshire, following a request for assistance from the Monsignor of St Mary's Catholic Church. The New Hampshire legislature passed a special act to provide statutory support for the St Mary's association and to allow the establishment of similar financial co-operatives. Pierre Jay, the Massachusetts Commissioner for Banks, with assistance from Desjardins and the Boston entrepreneur Edward Filene, who had been acquainted with the financial co-operatives in British India, secured the passage of the Massachusetts Credit Union Enabling Act in 1912, with the term "credit union" rather than "co-operative bank" being adopted, as the latter was used indiscriminately by local building and loan associations (Balnave and Patmore, 2018, pp. 98–99). Filene joined with other business leaders to form the Massachusetts Credit Union Association in 1914, which MacPherson (1999, p. 15) claims "was the first attempt at creating an institution that could systematically develop credit unions."

Credit unions spread in the US against the background of the consumer revolution and the prosperity of the 1920s, which helped people consolidate debts and purchase goods such as cars, refrigerators and radios. Through democratic principles, members had greater control over their finances than relying on hire purchase plans provided by retailers. Roy Bergengren, a lawyer, and other activists, financially supported by Filene through the National Credit Union Expansion Bureau from 1921 until 1934, played a crucial role in organising credit unions and persuading states to pass credit union legislation with many credit unions being based on employment, notably public servants and teachers. President Franklin Delano Roosevelt promoted credit unions by supporting the 1934 Federal Credit Union Act, which recognised that credit unions had fared well during the 1930s Depression and provided an opportunity for all citizens to organise credit unions. There was an expansion of credit union organisation with the formation in 1934 of the Credit Union National Association (CUNA), which also created the CUNA Mutual

Insurance Society, to provide insurance services for credit unions, and CUNA Supply to provide bookkeeping and promotional supplies to credit unions (Patmore and Balnave, 2018, pp. 134–136).

Following the Second World War, both the US and Canadian credit union movements took a strong interest in promoting credit unions throughout the world, seeing their form of economic democracy as part of the struggle for a more democratic world in the Cold War. CUNA established in 1954 a World Extension Division to assist emerging national movements and became CUNA international in 1964. One successful area of expansion was the West Indies with West Indian immigrants playing a significant role in the development of credit unions in the UK in the post-war period. CUNA's growing international activities, however, placed strains on its organisation leading in 1970 to the formation of the World Council of Credit Unions (WOCCU), which consisted of the three national confederations in Australia, Canada and the US and freestanding leagues from several countries. The US credit unions dominated the WOCCU with 49 per cent of the world's credit unions, 72 per cent of world credit union membership and 73 per cent of international assets in 1978. US sources also initially provided approximately 90 per cent of the WOCCU budget and the WOCCU was closely tied to CUNA (MacPherson, 1999, pp. 106–107; Patmore and Balnave, 2018, pp. 161, 180; Shaffer, 1999, pp. 412–413).

### **Agricultural Co-operatives**

Denmark provided an important example of agricultural co-operatives for Europe and beyond, particularly regarding dairy and bacon manufacturing. By the 1880s Danish agriculture, which was focused on grain production and export, was in crisis as imports from Russia undercut its economic viability. Expanding milk production and the invention of the cream separator allowed the small-scale Danish farmers to combine to form dairy co-operatives to process their milk. The pioneer farmers in West Jutland in 1882 wrote the model dairy co-operative rules and by the outbreak of the First World War 90 per cent of Danish farms and smallholdings had joined the co-operatives, with high quality Danish cheese and butter entering the international market and Britain being a major export destination. Co-operative bacon manufacturing commenced in 1887, but its development was slower than the dairies due to strong competition from private firms run by dynamic capitalists with international experience, the need to bring together many pig producers to ensure economic viability, and more substantial transport facilities required to achieve economies of scale. Despite this by 1914, the co-operative bacon factories covered about 85 per cent of the products manufactured from pigs, with Danish bacon, like Danish butter, becoming a household name on international markets (Christiansen, 2012, pp. 29–31). By contrast, agricultural co-operatives remained underdeveloped in UK with Flanagan (1969, p. 31) noting that “there was no export pressure to organize farming as in other countries” and “food was largely for the home market.”

North America also provided important examples for the development of agricultural co-operatives. There were agricultural co-operatives in the US from as early as 1810 when farmers pooled their resources to produce dairy products. Following the US Civil War in rural areas railway construction assisted the settlement of farmers and the development of domestic and export markets for agriculture allowing farmers access to wholesalers and manufacturers. Farmers saw a need to co-operate to overcome the limitations of family farms in terms of capital and labour. The Patrons of Husbandry or the Grange Movement, which was founded in Washington in December 1867, aimed to remove middlemen and bring consumers, farmers and manufacturers into “direct and friendly relations.” The Grange movement, which influenced both Canada and the US, recognised in the mid-1870s the advantages of the application of the Rochdale system to the marketing of goods such as tobacco and wool. Later, US farmers’ organisations such as the Farmers Alliance formed in 1872 and the American Society of Equity formed in 1902, both of which were short-lived, and the Farmers’ Educational and Co-operative Union formed in 1902, all continued to promote agricultural co-operatives. From the 1870s, cranberry farmers in New Jersey and later Massachusetts formed growers’ associations to market their produce and obtain market information, while from the 1880s Californian fruit farmers developed marketing associations for dried fruits and nuts. As in Europe, US and Canadian dairy farmers formed co-operatives to process dairy products, with over 1,200 co-operative creameries across Canada by 1900. There were differences, as unlike their Danish counterparts, Minnesota’s co-operative creameries did not normally require members to sign a milk delivery contract. On the Canadian Prairies grain growers formed associations; the United Grain Growers in 1906, the Alberta Co-operative Elevator Company in 1913 and the Saskatchewan Co-operative Elevator Company in 1913; to gain a better bargaining position by organising grain storage elevators locally and at the port railway terminals. By 1914 in the US, there were 270 farmers’ grain elevators in Minnesota with a membership of 34,500 farmers; 20 per cent of Minnesota’s farmers, marketing 30 per cent of the state’s grain (Patmore and Balnave, 2018, pp. 63, 95, 97–98).

The relationship of US agricultural co-operatives with the US Government fluctuated. While before 1890 they were largely ignored, the passage of the Sherman Antitrust Act led to attempts to declare agricultural co-operatives illegal through court action. The situation improved before the First World War with President Theodore Roosevelt in 1908 establishing the Country Life Commission that recognised the success of rural financial co-operatives in Europe, and President Wilson sending, in 1913, a Commission to study co-operative development in Europe. The Federal Farm Loan Act of 1913 provided the basis for the establishment of a co-operative Farm Credit System, while the US Department of Agriculture (USDA) in 1913 broadened its research and advisory programs to include co-operatives (Curl, 2012, pp. 118–119; Ingalsbe and Groves, 1989, pp. 113–114).



The number of farmers' marketing and supply agricultural co-operatives in the US grew to 12,000 by 1929–1930 (Eversull, 2015, p. 5). There was favourable legislation at both the federal and state level, particularly from 1920 to 1932, with many states passing co-operative legislation and federal legislation favourably clarifying the treatment of co-operatives under anti-trust legislation through the Capper-Volstead Act of 1922, exempting agricultural co-operatives from federal income tax, formalising the USDA's support for agricultural co-operatives and establishing a Federal Farm Board to encourage agricultural co-operatives through loans in 1929. Rural co-operation was promoted as an alternative to socialism and a remedy for the agricultural depression following the First World War, with the county agents organising rural co-operatives and providing expert advice on co-operative management. The Californian lawyer Albert Sapiro, a forceful and dynamic speaker, encouraged large numbers of farmers to form co-operatives as legal monopolies restricted to agricultural producers for the marketing of single commodities such as wheat and tobacco with contracts and a guaranteed annual average price for produce during the early 1920s. There were also alternative views that favoured a more federal model of co-operatives rather than a centralised one culminating in the formation of the American Institute of Co-operation in 1925 and in 1929 what became the National Council of Farmer Co-operatives (Ingalsbe and Groves, 1989, p. 114; Patmore and Balnave, 2018, pp. 133–134). This encouraged the growth of “large-scale” co-operatives that operated over an entire state with almost 200 of the 10,803 marketing and supply co-operatives being “large scale” in 1925–1926 (Eversull, 2015, p. 1).

On the Canadian Prairies when wheat prices fell following World War I, farmers turned to contract pooling influenced by the US advocate Sapiro. The grain grower associations purchased the entire system of grain elevators and by 1929 had 1642 country elevators and the terminal elevators at the Head of the Lakes and on the Pacific Coast, accounting for more than a third of the total Canadian terminal storage and the largest single grain elevator system in the world. While these pools successfully captured half of the market between 1924 and 1928, the collapse of wheat prices during the Great Depression and a series of bad harvests led the Government to take over the pools and eventually establish the National Wheat Board. The pools retained ownership of the grain elevator systems, which forced privately operated grain elevators to reduce their prices and provided the basis for the development of a variety of marketing and agri-business co-operatives (Patmore and Balnave, 2018, p. 138). By 1942, it was estimated that 26 per cent of all Canadian farm products sold by half a million farmers was through co-operatives (Coady, 1943, p. 25).

### **The International Co-operative Alliance**

The international nature of the co-operative movement was highlighted by the formation of the ICA, which held its first Congress in London in August 1895



with participants from a range of countries including Argentina, Denmark, Italy, Germany, India and the US, with the largest number being from the UK. The British domination of the ICA executive continued until the 1920s, reflecting the support of the British co-operative movement for the ICA and the high travel costs for other representatives outside Britain. At the outbreak of the First World War, the ICA was dominated by consumer societies with working-class sympathies particularly from Britain, but that insisted on political autonomy from socialist parties and trade unions (Patmore and Balnave, 2018, pp. 105–107).

While its congresses and executive meetings were disrupted by the two World Wars, the ICA continued to function and diversify its activities. At its peak in 1932, 40 countries were represented covering 99,600,000 members and by 1938, it had representatives from 34 countries covering 168,672 co-operatives and 72,384,164 members (Parker and Cowan, 1944, p. 35). Membership by 1937 had extended beyond Europe to include Argentina, India, Japan and Palestine. The ICA Executive was transformed in 1921 from a purely British group to having representatives from the leading co-operative countries. The ICA developed a close relationship with the International Labour Organisation, which was an agency of the newly created League of Nations that established a Co-operative Service to assist the international development of co-operatives. The International Co-operative Women's Guild was established in 1924 and became an advocate for the political rights of women, world peace and international disarmament (Patmore and Balnave, 2018, p. 144).

The ICA clarified and reinforced the co-operative identity. It reviewed the ICA co-operative principles with the 1937 Paris Congress adopting seven principles of which four were obligatory for any co-operative – open membership, democratic control, dividends on purchases and limited interest on capital. To highlight the international significance of co-operatives the Executive Committee in 1923 declared the first Saturday in July to be International Co-operative Day and in 1925 formally adopted the Rainbow Flag as its official ensign (Shaffer, 1999, pp. 14, 120–122).

The ICA's international standing expanded in the decades following the Second World War. The ICA's Relief Fund assisted refugees and the rebuilding of the co-operative movements in Germany, Italy and Austria. While Cold War produced tensions and distrust within the ICA over the issues of political neutrality and democratic autonomy, the ICA began to expand geographically with a development fund established in May 1953 to promote co-operation and bilateral links established with developing countries, particularly in Asia and Africa. By 1960, the number of non-European countries exceeded the number of European countries for the first time. It also further extended beyond consumer co-operatives with the admission of housing and fishing co-operative federations and greater coverage of agricultural and financial co-operatives. The ICA set up its first regional office for South East Asia in New Delhi, India, in 1960 and in 1968 it established its first African regional office

in Moshi, Tanzania. The ICA shifted in 1982 its headquarters from London to Geneva, and more recently to Brussels in 2016 (Patmore and Balnave, 2018, pp. 177–178, 214). Currently, the ICA (2023) has 317 member organisations from 107 countries.

## **Conclusion**

Consumer co-operatives arose from the inequities of the industrial revolution in the UK with workers concerned over the quality and price of the food and the need to circumvent company stores. The CWS in the UK highlights how consumer co-operatives can expand their activities to include wholesaling, manufacturing, banking, insurance and international trade as well as the promotion of the co-operative ideal through the CU and the WCG.

While the consumer co-operative movement successfully spread throughout the world, there were tensions. The notion of “consumer sovereignty,” whereby consumers rather than workers played a dominant role in consumer co-operatives and their economic activities became the ethos of the CWS influenced by failures of producer co-operatives. It should not be assumed that there was a simple translation of the model elsewhere. European consumer co-operatives became embroiled in socialist and anti-socialist politics. Finally, while consumer co-operatives faced challenges in the post-war period in terms of competition from other retailers, their decline was not inevitable as some consumer co-operative movements such as Italy thrived. Further, continued market failures in terms of retailers failing to meet the growing consumer environmental concerns lead to the growth of local food co-operatives in Canada, France and the US.

Significant co-operatives also developed in finance and agriculture. Financial co-operatives have their origins in building societies but were especially linked to Germany and the financial needs of peasants and townspeople in the 1840s that were not met by the existing financial system. The financial co-operatives promoted by Hermann Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen spread around the world. Financial co-operatives in Canada and the US took the form of credit unions. The formation of CUNA and later WOCCU encouraged the spread of credit unions to the West Indies, for instance, which through immigration encouraged the spread of credit unions in the UK, the home of the Rochdale co-operative.

Farmers were inspired to form co-operatives to remove “middlemen” who charged them fees to handle their products and increase their bargaining power. Danish farmers led the way for agricultural co-operatives for Europe and beyond, particularly regarding dairy and bacon manufacturing with expanding milk production and the invention of the cream separator. There were agricultural co-operatives in the US from as early as 1810 and railway construction in rural areas following the US Civil War assisted their development. Significant influences in the development of US agricultural co-operatives included the Grange Movement following the Civil War and Californian lawyer

Albert Sapiro following the First World War. Sapiro also influenced Canadian wheat farmers to develop co-operatives to handle the marketing of their product with grain elevators and terminals.

The formation and development of the ICA highlights the international dimension of co-operative movement. While initially dominated by the UK, the ICA's membership has spread throughout the world with the establishment of regional offices in Africa and Asia. It has become the forum for defining the co-operative movement in terms of revising the original Rochdale principles. It has also promoted co-operative culture through ideas such as International Co-operative Day. Against the background of this international context, the next chapter will set the framework for understanding the history of Australian co-operatives.

## Notes

- 1 *The Co-operator*, 1 May 1828, p. 1.
- 2 *The Co-operative Magazine and Monthly Herald*, June 1826, pp. 194–199, July 1826, pp. 226–227.

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### 3 An Australian Overview – Insights from the Visual Historical Atlas of Australian Co-operatives

This chapter examines the historiography and methodology underlying the book, particularly the Visual Historical Atlas of Australian Co-operatives (VHACC), or the Visual Atlas for short, which in July 2023 contains data on 9,577 Australian co-operatives dating from the 1820s until the present. The chapter first examines the place of co-operatives in Australian historiography and speculates on why co-operatives have largely been hidden from the historical narrative. It provides an overview of the Visual Atlas and discusses the strengths and weaknesses of the Australian data. It draws upon the Visual Atlas to provide insights into overall trends in Australian co-operative history before proceeding to the major chapters that are organised around key periods in Australian economic and social history.

#### Australian History and Co-operatives

Australian academic historians have generally overlooked co-operatives. For example, the major Australian bicentennial history of 1988 (Fairfax, Syme and Weldon & Associates, 1988) makes no direct reference to co-operatives but does briefly recognise the role of building societies in providing housing finance in nineteenth century Australia. The later *Oxford Companion to Australian History* (Davison, Hirst and Macintyre, 1998, p. 159) only refers to co-operative community settlements, highlighting the experiments in the 1890s, but overlooks more significant co-operatives in agriculture, finance and retailing. There are also significant gaps in specialist volumes such as demographic history (Jupp, 2001) despite the significant role of co-operatives in providing community infrastructure and services for both Indigenous and immigrant communities. One state history that recognises the significance of co-operatives is Bolton's (2008, p. 102) study of Western Australia (WA), which notes that the co-operative movement associated with the Westralian Farmers Limited (WFL) "promoted a sense of united identity of farming communities of various origins" assisting the rise of the Country Party in state politics.

One area of Australian historiography that has shown an interest in co-operatives is labour history. However, labour historians do not generally view

co-operativism as historically significant since the Australian labour movement preferred to take the path of trade unionism and the Labor Party rather than pursue co-operativism. Labour historians also highlight the ambiguous role of co-operatives in class relations. There have also been doubts about the significance of “islands of socialism” such as co-operatives as an effective challenge to capitalism (Balnave and Patmore, 2011, p. 147). Connell and Irving (1992, pp. 128, 131) do see the co-operative store as a common feature of the Australian “union town,” but argue that the working-class impulse for co-operation through co-operative stores, building societies and friendly societies “was contained within a bourgeois social form – the joint stock company.” Eklund (2001, p. 134) in his study of the relationship between storekeepers and the working class highlighted that Australian private retailers shared “the virulent anti-cooperative mentality” of their British counterparts and opposed the Rochdale co-operatives as a threat to their economic viability. He notes that despite this, the Rochdale movement achieved “some success” before 1940. Eklund (2007, p. 130) later also challenged the idea that the English co-operative movement was simply translated to Australia. He argues that far from being “simple English copies, colonial societies were characterised by a bewildering heterogeneity.” Where labour historians have focussed on co-operatives, they have examined Rochdale consumer co-operatives in local labour histories, particularly in the Illawarra and Hunter regions of NSW (Arrowsmith and Markey, 1999, pp. 201–205; Blackley, 1999, pp. 21–22; Lee, 2001, pp. 70–75; McQuilton, 2001, pp. 147–149).

There has also been limited interest in co-operatives in the Australian journal of *Labour History* before 2006. Walker (1970) and Markey (1985), who focus on NSW in the 1890s, wrote the only articles that specifically deal with co-operation in *Labour History*. Both recognise the vagueness of the term “co-operation” during the 1890s but only make brief references to the Rochdale movement. Walker was primarily concerned with the unsuccessful experiments involving co-operative community settlements, while Markey focussed on trade unions and producer co-operatives. Markey (1985, p. 51) dismissed it by noting that “consumer co-operation never gained the working class support that it had in Britain and seems to have taken strong hold in the coalfields ....” Walker (1970, pp. 26–27) also dismissed the Rochdale movement in Australia but recognised its presence outside the NSW coalfields in the Adelaide Co-operative, which was larger than any consumer co-operative in the “mother colony.” In several *Labour History* articles (Cochrane, 1974; Ellem and Shields, 2000; Salt, 1985), there is recognition of Rochdale co-operatives at the local level in mining towns such as Broken Hill, Kurri Kurri and Wonthaggi. *Labour History* virtually ignored the other forms of co-operation before 2006. There was only one study of building societies (Jackson, 1984) and one other study of co-operative community settlement (Lewis, 1984). There was also a long-running interest in William Lane’s co-operative community settlement experiment in Paraguay during the 1890s (Kellet, 1997).



A special thematic issue of *Labour History* in 2006, which focussed on the politics of consumption and co-operation, saw the first specific articles in the journal on credit unions, Starr-Bowkett societies and consumer co-operatives (Balnave and Patmore, 2006). Darnell (2006) provided insights into Starr-Bowkett building societies in NSW from 1900 to 1930. For many Australians, they allowed a way of escaping rapidly increasing rents by providing access to housing finance which was otherwise generally blocked by high interest rates and deposit requirements. Cutcher and Kerr (2006) examined how the credit unions' perceptions of themselves have changed over time through an examination of the newsletters of the NSW Credit Union Association from 1959 to 1989. With the general debate concerning co-operative demutualisation, they found that there has been a shift from a social democratic perspective towards one based on economic rationalist ideals within the credit union movement. Since 2006, there has been some further interest in consumer co-operatives in Australia and NZ (Balnave and Patmore, 2008), as well as some interest in worker co-operatives, particularly in relation to workers' control, and co-operative education (Burgmann, Jureidini and Burgmann, 2012; Oldham, 2015; Patmore and Westcott, 2023).

Labour historians are not alone in their neglect and misconception the role of co-operatives. Business and retail history have added little to our understanding of consumer co-operatives in Australia apart from demonstrating the confusion over the extent and influence of the movement. While Webber and Hoskins (2003) emphasise the significance of consumer co-operatives in Australian retail history, most writers either neglect or downgrade the role of co-operative stores. Boyce and Ville (2002, pp. 181, 268–269) are aware of the development of Rochdale consumer co-operatives in the UK and the significance of the Co-operative Wholesale Society (CWS) but have nothing to say about Rochdale co-operatives in Australia. Humphery (1998, p. 51) notes that a limited consumer co-operative movement existed in early twentieth century Australia but dismisses it as providing little threat to the independent grocer or to the development of larger retail firms. Reekie (1993, p. 124) briefly notes the active participation of women in consumer co-operatives and hence in consumer politics. Kingston (1994, pp. 32–33) argues that the co-operative movement “was one of several working-class ideas adopted and developed out of recognition by the middle classes,” identifying the Melbourne Mutual Store and the Civil Service Co-operative in Sydney as the most memorable examples of the co-operative movement in Australia, both of which “were modelled on London's middle-class co-operatives.” Kingston (1994, pp. 32–36) emphasises the Civil Service Co-operative, although this was not considered to be a true Rochdale co-operative by the movement, again demonstrating the confusion over the character and role of consumer co-operatives in Australian history.<sup>1</sup>

While co-operatives have been largely overlooked or significance underestimated by labour and business historians, there are some notable examples of Australian co-operative history. Gary Lewis (1992, 1996, 2006) has written the most important histories of the Australian co-operative movement concerning NSW Rochdale co-operatives, Australian credit unions and Australian



agricultural co-operatives. However, his research generally does not provide a long-term set of data on Australian co-operatives or develop a long-term theoretical perspective that explains the development of the co-operative movement in Australia. Nevertheless, his publications provide a solid basis for further research into the history of Australian co-operatives. Patricia Hampton (1986) also produced a detailed history of consumer co-operatives in the lower Hunter Valley in NSW. While academic historians have generally overlooked the importance of agricultural co-operatives in rural Australia for farmers and their local communities, Boyce and Ville (2002, pp. 269–271) noted the significance of agricultural co-operatives in Australia and NZ between 1900 and 1930 to the extent that they posed a competitive threat to stock and station agents during the 1920s. There have been a series of articles focusing on the history of permanent and terminating building societies particularly in NSW and Victoria (Abbott and Doucouliagos, 1999, 2001; Thomson and Abbott, 1998). The terminating building societies, known initially as CBS in NSW and Co-operative Housing Societies (CHS) in Victoria, grew dramatically in post-war Australia to 3,257 societies in NSW in 1980 with a membership of 63,000 and total assets of \$732,744 (Abbott and Doucouliagos, 2001, p. 232) before the NSW Government forced a series of amalgamations into the renamed CHS to modernise management practices and reduce costs for members.<sup>2</sup> A more recent example of historical co-operative scholarship is the history of the Peter Lalor Home Building Co-operative (Scully, 2012), which was established in Melbourne in 1946 to help its members, mainly returned servicemen, build their own houses.

The Australian co-operative movement itself has to some degree filled the gap in our understanding of co-operatives by preserving and publishing their own histories. Credit union activists established in 1986 the Australian Credit Union Historical Co-operative, later the Australian Credit Union Trust and now Australian Mutuals History, which holds extensive archives of financial co-operatives and has an online database. They have also been active in capturing the oral history of the movement (My Mutuals History, 2022).

There are a wide range of historical publications produced by co-operatives and their activists. One of the earliest was Frank Pulsford's *Co-operation & Co-partnership* (1913) which explored the development of co-operatives both in Great Britain and Australia. Pulsford was a Congregationalist minister and member of the Balmain consumer co-operative in Sydney. He saw co-operation as “applied Christianity” and an answer to worst aspects of capitalism (Lewis, 1992, pp. 61–62). Early examples of organisational histories include the Adelaide Co-operative Society (Fisher, 1924) and the Eudunda Farmers' Co-operative Society (1946). There are a number of commemorative histories produced by the agricultural co-operatives (e.g. Ayris, 1999; Ryan, 1995), financial co-operatives (e.g. French, 1979; Lewis, 2005; McNicol, 2017) and other types of co-operatives (e.g. Ford, Daniels, Turner, 2005; Technology Ski Club, 2006). The oldest co-operative federation in Australia, Co-operatives WA, recently published a book to celebrate its centenary (Baskerville, 2019).

While Australian co-operatives have a sense of their own history, there are several possible explanations for the neglect of co-operatives in mainstream Australian historiography. Unlike the labour movement, which is centred on workers, co-operatives cover a broad range of groups including farmers, small business and workers. This diverse constituency does not fall easily into class based analysis despite the collective ethos underlying both trade unions and co-operatives. Hilson (2017, p. 20) has also argued that, despite the working-class origins of the Rochdale movement, there was an ambivalence towards class among many consumer co-operators, who believed that the movement should be open all consumers irrespective of social class. Further, some co-operators also presented themselves as a pragmatic “middle way” between “the unregulated free market on the one hand, and centralised control and planning on the other” (Hilson, 2013, p. 18), challenging both liberalism and socialism on one hand and more extremely communism and fascism on the other (Patmore and Balnave, 2018, p. 121).

One specific problem for co-operatives that weakened their profile in Australian history has been the lack of a national or even state organisations. Co-operative legislation was a state responsibility with co-operatives focusing on state rather than national concerns. The long-standing example of a peak state body is Co-operatives WA, which was formed in October 1919 at the instigation of the WFL and dominated by farmers’ co-operatives (Baskerville, 2019). Federations in other states are largely a post-war phenomenon enjoying varying degrees of success. The Co-operative Federation of NSW (CFNSW), which represented a wide variety of co-operatives and was established in 1964, subsequently formed its own Australian Association of Co-operatives (AAC). This body collapsed in 1993 and NSW co-operatives reformed the CFNSW, which has recently rebranded itself the Co-op Federation, with a membership crossing state boundaries. At a national level, after at least two previous Australian Co-operative Congresses, a Commonwealth Consumers Co-operative Conference with representatives of co-operatives from six states held at the Albert Hall in Canberra in December 1943 led to the establishment of a permanent secretariat in Canberra known as the Co-operative Federation of Australia (CFA). The CFA, however, remained weak and fluctuated in its level of activity, becoming moribund in 1986. There was also fragmentation among different types of co-operatives, with consumer co-operatives, building societies and credit unions, for example, forming their own state and even national organisations. Only in the wake of the UN International Year of Co-operatives 2012, co-operatives and mutuals finally launched the Business Council of Co-operatives and Mutuals (BCCM) in July 2013 to represent the whole sector (Balnave and Patmore, 2012, pp. 992–994; Lewis, 2006, p. 151; Patmore and Balnave, 2018, pp. 212–213).

## **Data and Methods**

The VHAAC (Co-operatives Research Group, 2022: Patmore, Balnave and Marjanovic, 2020) or the Visual Atlas provides the comprehensive research

data for this study. The Visual Atlas is long-term historical research tool with data from 1827 to the present, developed by the authors with funding from the Australian Research Council. Its inception was inspired by the recent development of the National Atlas of Productive Aging (National Seniors Australia, 2011) and parallels deep time Australian research undertaken by Quinlan (2017) on worker mobilisation. The Visual Atlas focuses on research data collection and visual data exploration of all forms of co-operatives in Australia including retail co-operatives, agricultural co-operatives and financial co-operatives, such as credit unions and co-operative building societies. The Atlas also includes co-operative federations and auxiliary organisations such as co-operative women's guilds. It does not include insurance mutuals, such as health funds, which can restrict membership participation to a small group of "governing members," or industry superannuation funds, where members do not directly elect the Board of Directors (Knowles, Patmore and Westcott, 2016, p. 62). Insurance funds, health funds and superannuation have not been covered by specific Australian co-operative legislation.

The Visual Atlas draws upon and integrates data from a range of reputable sources. It is the first to use the Australian National Library Trove newspaper database to develop a long-term picture of the development of a business model, particularly for the nineteenth century. The general data relating to the development of Australia co-operatives are collected by the researchers from a variety of sources including the limited surviving historical records of various state and national bodies relating to the movement. Additional data were derived from various public sources such as newspapers, particularly at community level, published co-operative histories, detailed case studies, parliamentary papers and debates and material sent to the various Registrars of Co-operative Societies.

While the research primarily focuses on Australian sources, Eklund (2007) has highlighted the value of examining the international records of the CWS in Manchester for obtaining further information on nineteenth century Australian co-operatives. For example, one significant English source, *The Co-operative News* (CNUK), published reports and correspondence relating to Australian co-operatives and the CWS developed a commercial relationship with Australian co-operatives, both as an importer of agricultural goods and an exporter of consumer goods. The CWS also established for varying periods manufacturing facilities and an office in Sydney and CWS officials visited Australia on several occasions (Lewis, 2006, pp. 7–9).

The Visual Atlas, which is developed using the state-of-the-art data visualisation software called Tableau Public, in July 2023 contained the historical data of 9,557 co-operatives at 2,509 locations (Co-operatives Research Group, 2023). The main data stored by the Tableau's database includes location, date of operation, type of co-operative, membership, employment, finances and end status. The financial data includes assets, turnover, liabilities and surpluses/losses. Locations include, for example, branch stores and produce handling facilities. The data are derived and coded by the researchers from various

documents such as registration files and co-operative records, which examine co-operatives over long periods, rather than short-term data that may cover only one or two years. The data are cross-checked and verified using different historical records to confirm that the co-operatives are indeed co-operatives given the lack of legal definition in the Australian environment for a long period. Finally, the data is recorded by historical researchers on spreadsheets, which are then given to visual analytics researchers to be uploaded and stored in previously designed data structures (called multidimensional data models). When visualised, the data highlight trends and allow patterns of growth, decline and revival to be made visible with only a proportion of the population of co-operatives. As more data is inputted in the Visual Atlas, these patterns also become clearer. The Visual Atlas also can highlight where co-operatives are concentrated geographically, provide estimates of the average life span of co-operatives and allows researchers to examine issues such as demutualisation over time and space.

The Visual Atlas researchers developed a typology to classify Australian co-operatives which recognises the diversity of Australian co-operatives and the development of different types of co-operatives over time. As Table 3.1 indicates co-operatives are identified by their main type of activity, but the notion of transformational co-operatives with co-operatives that can shift for example from agricultural production to retailing is also recognised, meaning that the total number of co-operatives by type exceeds the total number of co-operatives. Four types of co-operatives – financial, agricultural, consumer and community – have dominated the Australian co-operative landscape. A wide variety of financial co-operatives have existed in Australia and are identified in the Visual Atlas – building societies (3,095), both terminating and permanent, credit unions (577), Starr-Bowkett societies (358), co-operative banks (20) and finance co-operatives (18), where co-operative members lend money or invest their funds such as the Australian Gas Light Company Staff Officers Share Purchase Association which operated in Sydney from 1922 to 1934.<sup>3</sup> There are also a wide range of agricultural co-operatives in the Atlas with the most important being production (492), marketing (456) and supply (437). Farmers also formed irrigation (25) and finance co-operatives (5) to meet their specific needs, while there are very small number of examples of agricultural co-operatives forming agricultural wholesale co-operatives (4), such as the Murray River Wholesale Co-operative founded in 1921 in SA.<sup>4</sup> Fishing co-operatives (114) are also included under the broader category of agricultural co-operatives. There were also consumer retail co-operatives (836), including food co-operatives and co-operatives that supplied specific services such as town water, and co-operative wholesale societies (8) for retail co-operatives.

The term community co-operative is used in the Visual Atlas to classify co-operatives that provide social infrastructure for communities by managing sporting groups, registered clubs, halls and information services. They also include Victorian school fund-raising co-operatives (Ministerial Advisory Committee on Co-operation, 1986, p. 49). Some Australian jurisdictions had

Table 3.1 Types of Australian Co-operatives 1827–2023

<i>Type</i>	<i>Number</i>
Agriculture	1,533
Arts	57
Business	366
Community	1,552
Consumer	844
Co-operative auxiliary	67
Co-operative business	4
Co-operative community settlement	92
Co-operative federation	71
Co-operative newspaper	4
Education and training	148
Energy	33
Financial	4,068
Flour and bread	3
General	1
Health	45
Housing	311
Indigenous	150
Insurance	5
Platform	13
Producer	30
Property	40
Publishing	20
Social	33
Workers	124

*Source:* VHAAC Version 31.0 July 2023.

specific legislation for incorporated associations rather than co-operatives, which covered non-profit organisations, such as clubs and societies. SA and WA had incorporated associations legislation as early as 1858 and 1895. The Australian Capital Territory (ACT), Northern Territory (NT), and Tasmania passed similar legislation in 1953, 1963 and 1964, respectively, while NSW, Queensland and Victoria did not pass similar legislation until the 1980s (Sievers, 2001, p. 128). The term “community co-operative” also differs from the use of the term by Birchall (1994, p. 197; 1997, p. 185) to describe village co-operatives that have multiple roles, including finance and retail services, and clusters of co-operatives that build capital for further community development including Israeli Kibbutz. There is at least one example of a general co-operative found on the Cocos Islands in the Indian Ocean, which was formed in 1978 with the assistance of the Australian Government, to acquire the wide-ranging business operations of the Clunies Ross Estate (Cocos Islands Co-operative Society, 2022). Co-operatives that establish whole communities are classified as co-operative community settlements and range from government initiated co-operative settlements in the 1890s to counterculture communities formed from the 1970s (Metcalf, 1995).

Other types of co-operatives have also shaped the Australian co-operative sector. There are early types of co-operatives such as bread and flour societies and producer co-operatives found in Australia which form part of the nineteenth century experience, while social co-operatives and platform co-operatives are more recent forms. There are a range of co-operatives that focus on specific services including health, housing, education/training, energy, insurance, property management and publishing. Workers, Indigenous Australians, businesses and artists have formed co-operatives to serve their interests.

There are co-operatives that focus on promoting the co-operative movement or developing co-operative businesses in ways other than wholesaling. A small number of co-operative newspapers have been published and federations of co-operatives formed at a local, regional, state and national level that represented either types of co-operatives or attempted to speak on behalf of the whole movement. There were also co-operative auxiliaries that ranged from women's guilds to the Mercury Co-operative (2023) in NSW that currently works "with our members to help them build viable, self-sustainable, and equitable enterprises for, and with, their organisations and communities." An example of a co-operative business was the Co-operative Brick and Tile Works at Enfield near Sydney, which was opened in 1950, with the co-operative being dissolved in 1957.<sup>5</sup>

Despite being a very comprehensive source of data on Australian Co-operatives to date, there are some limitations to the Visual Atlas. The data stored in the Visual Atlas are good for understanding the life span and type of co-operative, which is important for understanding overall fluctuations of interest in co-operatives. However, the database is still limited regarding financial, membership and employment data. While the Visual Atlas does have performance data on specific co-operatives, the confidentiality agreements with some Registrars, signed at the time of data collection, do not allow the specific co-operatives to be identified. Despite these limitations, the data set captured by the Visual Atlas is very comprehensive, and as such it is uniquely placed to examine the development of co-operatives in Australia over time and space and issues such as demutualisation. To date, there is no alternative comprehensive database available that charts the development of Australia co-operatives.

One of the major problems in researching co-operatives is precisely defining what they are. The states have had legislative responsibility for co-operatives with the legislative framework for co-operatives varying between jurisdictions. Australian co-operatives could register at varying times under Friendly Societies, Industrial and Provident Societies and Company Acts, as well as specific co-operative legislation. Similar problems occurred for building societies which would be registered as societies or companies (Butlin, 1964, p. 246). Changes in other legislation could radically influence the number of co-operatives, with registered clubs in NSW in 1969 required by the amendments to the Liquor Act to incorporate as a company or a co-operative, with many choosing the latter (Patmore, Balnave and Marjanovic, 2023, p. 159).

There was a lack of a precise legal definition of a co-operative for most of their history in Australia. The NSW company legislation of 1874 did not



prohibit any company describing itself as a “co-operative” with 250 companies being registered as co-operatives over the next half-century and only a few based on genuine Rochdale principles (Lewis, 1992, pp. 12–13). The existence of bogus co-operatives becomes an issue in tracing co-operative history in Australia with the Tasmanian Co-operative Motors in Hobart, which does not follow Rochdale principles and was established in 1913,<sup>6</sup> continuing to use “co-operative” in its title. Specific Australian co-operative legislation, such as the 1923 NSW Act, allowed only new societies registering under the new Act to include “co-operative” in their title (Lewis, 2006, p. 38).

The problems of defining co-operatives are highlighted by the Rochdale principle of one person one vote. There have been variations such as the Civil Service Co-operative of NSW in 1871, where members could have up to one vote per five shares, with a maximum of 20 shares or four votes.<sup>7</sup> While this is recognised for purposes of the Visual Atlas, beyond this, co-operatives that allow multiple votes are not included. An extreme example is the King Island Co-operative Company in Tasmania, which functioned from 1920 to 1990 and allowed one vote per share for every 20 shares or proportion of 20 up to 75 votes per member.<sup>8</sup> Some co-operatives denied voting rights for some members. The Mt. Barker Co-operative in WA, registered as a company, gave farmer members full voting rights, but allowed town members access only to a share of profits and denied them a voice in its management (Balnave and Patmore, 2012, p. 987). The significant 1923 NSW co-operative legislation did not provide a clear definition of co-operation along Rochdale lines, requiring that registered co-operatives undertake 90 per cent of their business with their members to obtain taxation advantages (Lewis, 1992, p. 96). There remained a gap between co-operative practice and principles with a Horace Plunkett Foundation (hereafter HPF, 1926, pp. 205–207) survey of NSW agricultural co-operatives finding that 69 per cent did not follow the principle of one person one vote allowing up to three votes per member based on either their shares or the amount of produce they delivered to the co-operative. NSW co-operative legislation did not fully incorporate the ICA principles until 1992 (Magarey, 1994, pp. 3–7).

Another challenge in examining Australian co-operatives is the absence of consistent and complete series of data, for example, on the membership, turnover, assets and market share of specific co-operatives. While the NSW Friendly Societies Act of 1873 created a Registry of Friendly Societies with extensive powers, the Registrar had no administrative Staff. Registry records were not kept until 1895 and the first Registrar’s Report was not tabled in Parliament in 1902. The first financial data for co-operatives and building societies registered under Friendly Societies legislation appeared in the NSW Statistical Register in 1896 with 51 organisations in 1895 (Coghlan, 1896, pp. 380–381, 408–409; Lewis, 1992, p. 12). The last detailed published data on individual NSW co-operatives was in 1950 (NSW Registrar of Co-operative Societies, 1953). To compensate for and overcome these limitations, where possible missing data was extracted from historical sources such as co-operative annual returns to the various Registrars, annual reports and newspapers.

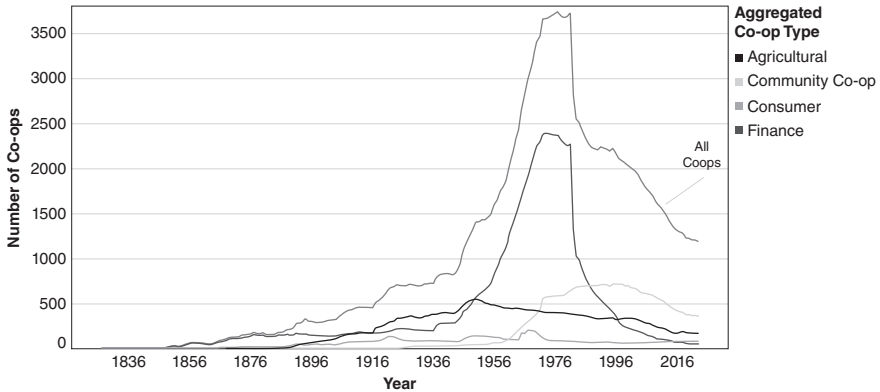


While there are limitations to the data set, the Atlas is supplemented by a series of case studies primarily focusing on primarily consumer and agricultural co-operatives to allow greater insights into the growth and decline of co-operatives. There are six case studies of consumer co-operatives in Adelaide (SA), Newcastle (NSW), Collie (WA), Nuriootpa (SA), Junee (NSW) and Terang (Victoria). Junee, Nuriootpa and Terang are the only ones that are still successfully operating. These co-operatives provide a sample of metropolitan, coal-mining and rural consumer co-operatives. Collie is a classic example of a Rochdale consumer co-operative found in coal-mining districts. Adelaide and Newcastle are examples of Metropolitan co-operatives, while Junee, Nuriootpa and Terang are in rural areas. There are three agricultural co-operatives – the Letona Co-operative Cannery (NSW), Co-operative Bulk Handling (CBH, WA) and NORCO (NSW). These co-operatives have long continuous histories and only the Letona Co-operative no longer operates. There are in addition to these case studies two examples of two transformational co-operatives, which began as dairying co-operatives, but transformed into consumer co-operatives – the Killarney Co-operative (Queensland) and Macleay Regional Co-operative (NSW), with the latter currently being in liquidation. These case studies are also supplemented by a study of the Credit Union Foundation of Australia (CUFA), which is a co-operative auxiliary that provides significant insights into the development of Australian credit unions (Patmore and Westcott, 2021). The case studies involve an examination of the available records of the co-operative such as reports, minutes and publications, from their formation. Some have existed for long periods and have considerable surviving records such as the Adelaide Co-operative, which operated from 1868 until 1962 (Balnavé and Patmore, 2008, pp. 99, 103), and NORCO founded in 1893.<sup>9</sup> Oral histories of participants have been undertaken to supplement the written records.

### **The Australian Co-operative Landscape**

The Visual Atlas provides a range of insights into the history of Australian co-operatives. As Figure 3.1 highlights, there has been a growth in interest in co-operatives since the 1820s with the peak occurring in 1977, with a rapid decline in 1982 relating to the amalgamation of CBS in NSW. There have been relative notable periods of growth from 1882 to 1894, 1916 to 1924, 1943 to 1950 and 1953 to 1972. The growth relates to times of political and social unrest arising from economic downturns and the disruption of war, but also coincided with the post-war prosperity following the Second World War. During the post-war period, state governments also promoted co-operatives through an active Co-operative Registrar in NSW and specific co-operative legislation in Queensland in 1947 and Victoria in 1953 (Lewis, 2006, pp. 130–131).<sup>10</sup>

Figure 3.1 also highlights that there are different patterns for the four major types of Australian co-operatives – financial, agricultural, consumer and community. Building societies have existed in Australia since the late 1840s with a



*Figure 3.1* Trends for All Co-operatives, Agricultural Co-operatives, Community Co-operatives, Consumer Co-operatives and Financial Co-operatives.

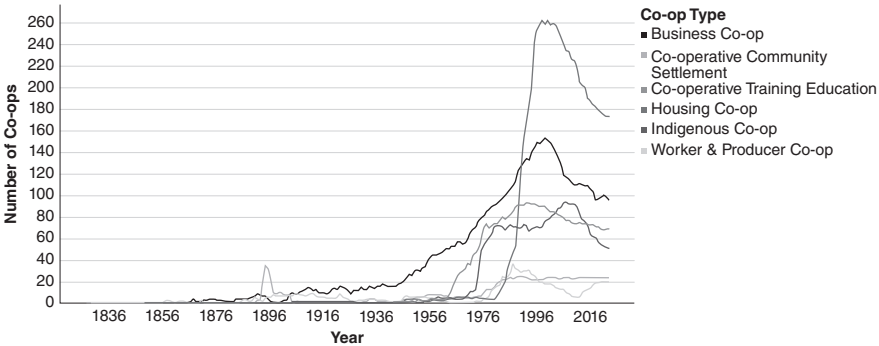
*Source:* VHAAC Version 31.0 July 2023.

fluctuating interest in financial co-operatives until a rapid growth after World War Two fuelled by an expansion of CBS, CHS and credit unions peaking in the early 1970s. By 1975, there were 748 credit unions Australia-wide with 910,000 members. There was state encouragement with specific co-operative legislation for credit unions. The amalgamation of credit unions and CBS was a feature of the subsequent general decline of financial co-operatives as they aimed to take advantage of economies of scale and survive in an increasingly competitive financial system (Catturani and Cutcher, 2015, p. 78; Patmore and Balnave, 2018, p. 176). Agricultural co-operatives date from the late 1860s but surged from the mid-1880s with the growth of dairy co-operatives. They peaked in the early 1950s with their subsequent decline reflecting a falling rural population, amalgamation and demutualisation. Consumer co-operatives have had a number of fluctuations since the mid-1860s reaching their peak in the early 1950s reflecting concerns relating to the prices and availability of goods particularly following the World Wars. The traditional Rochdale consumer co-operatives generally went into decline from the early 1950s, but there was a brief surge of the mutual buying groups in rural Queensland in the late 1960s (Couper, 1966, p. 41). Since then there have been surges of interest in food co-operatives, which emphasise healthy and sustainable food (Balnave and Patmore, 2008, pp. 262–264), and specialist consumer co-operatives that provided specific services such as a household water supply in rural areas (Ministerial Advisory Committee on Co-operation, 1992). Community co-operatives, particularly in NSW and Victoria, grew dramatically from the early 1950s until the mid-1980s with the inclusion of registered clubs and school fund-raising committees.

As Figure 3.2 highlights, there were also different trends for other major types of Australian co-operatives. There has been fluctuating interest in

business co-operatives since the mid-nineteenth century with a surge in the post-war period peaking in the late 1990s. Small businesses found it necessary to form co-operatives to remain competitive in rapidly expanding markets during the post-war period, with increasing competition from large supermarket chains, and survive the deregulated business environment of the 1980s and 1990s (Patmore, Balnave and Marjanovic, 2023, pp. 161–163). There was an interest in housing co-operatives from the 1940s, but a surge occurred in the 1980s that peaked by 2000. While there was strong support from the Victorian Labor Government in the 1980s that encouraged rental housing co-operatives as a way for Australians who cannot achieve access to home ownership to obtain “decent, secure housing they can control” (Ministerial Advisory Committee on Co-operation, 1984, p. 21), the rise of housing co-operatives was fuelled by a decline in government support for public housing from the 1980s with the rise of Neo-liberalism (Bunce, 2013, pp. 64–67). Education and training co-operatives, like housing co-operatives, generally date from the 1940s and have a post-war growth that peaks slightly earlier in the early 1990s. A key component in this growth was the establishment of kindergartens and preschools, a number of which were organised as co-operatives, to meet growing participation of married women in the workforce (Wong and Press, 2016, pp. 25–30). Indigenous co-operatives, whose services include housing, health, cultural preservation and creating employment, grew rapidly during the 1970s and early 1980s reaching a peak in 2007. They provided legal entities to manage the federal funding that arose following the 1967 constitutional referendum that transferred from the states to the federal government powers over Indigenous matters (Broome, 2010, pp. 221–222).

Both co-operative community settlements and worker co-operatives (including producer co-operatives) have had periods of major upsurges in activity. They both saw growth during the economic and social upheaval of the 1890s Depression and its aftermath with colonial governments encouraging



*Figure 3.2* Trends for Business, Housing, Worker (including producer), Indigenous and Education/Training Co-operatives.

*Source:* VHAAC Version 31.0 July 2023.

the establishment of settlements for the urban unemployed and workers setting up co-operative enterprises to maintain employment particularly in the wake of industrial disputes. Worker co-operatives had a limited impact in Australia as workers focused on trade unions and political activity through the Labor Party to achieve improvements in their standard of living (Albanese and Jensen, 2015, p. 105). There were minor increases of interest in worker co-operatives following the upheavals of the two world wars. From the 1970s, there were major upsurges in co-operative community settlements, influenced by the rise of the alternative lifestyle movement (Metcalf, 1995, pp. 38–39), and worker co-operatives that were encouraged especially by the NSW and Victorian Labor governments as worker buyouts of companies to save jobs (Albanese and Jensen, 2015, p. 105). Worker co-operatives peaked in the late 1980s but have had renewed interest in the wake of the GFC.

As Figure 3.3 highlights, there have also been different patterns of co-operative growth in the states reflecting variations in the patterns of economic development and legislative environments for co-operatives. NSW co-operatives have gradually grown from the late 1840s with peaks during the 1890s and following the First World War. There is a rapid expansion again following the Second World War with the peak preceding the dramatic amalgamations of CBS in 1981. There has been a general decline in co-operatives since then. While Victoria also has co-operatives from the 1840s, the co-operative movement takes off dramatically after the Second World War. There is a growth of CHS, credit unions and community co-operatives, particularly those linked with school fund-raising projects, reaching a peak in the mid-1970s before a decline since then. While there have been co-operatives continuously from the 1850s in Queensland, there are peaks of interest in the 1890s Depression and during the 1920s in the wake of the state government efforts to organise

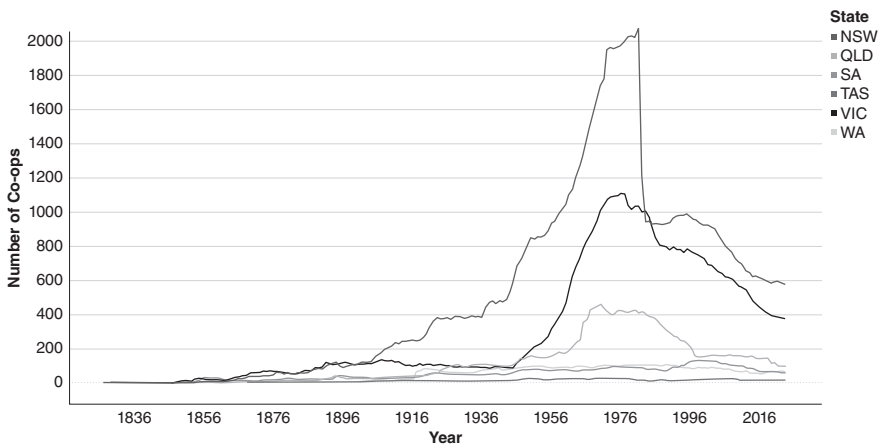


Figure 3.3 State Trends for Co-operatives.

Source: VHAAC Version 31.0 July 2023.

state marketing boards and specifically encourage agricultural co-operatives through the 1925 Queensland Primary Producers' Co-operative Associations Act (Digby, 1970, pp. 40–42; Lewis, 2006, pp. 84–87). While immediately following the Second World War there was an upsurge in Queensland, there was a slight decline during the early 1950s before a growth in credit unions and rural mutual buying groups led to a peak in 1970. Since then there has been an overall co-operative decline.

The smaller Australian states also followed different trends. There have been co-operatives in SA since the late 1840s. There was an upsurge in the 1850s associated with the expansion of building societies and in the 1890s Depression with co-operative community settlements. There are also upsurges in the wake of the First and Second World Wars. Credit unions provided a further surge that peaked in the mid-1970s, while a growth of housing co-operatives led to the highest peak in 2000. Since then there has been a dramatic decline. Co-operatives expand later in the struggling colony of WA. While there is co-operative activity as early as the 1830s,<sup>11</sup> there was an extraordinary growth in co-operatives during and after the First World War that reached a peak in 1919–1920. This was underpinned by the WFL organising wheat farmers into co-operatives. The farmers were concerned with their exploitation by “middlemen” and wartime inflation, but also attracted to the idealism of co-operativism that challenged the existing order (Patmore, Balnave and Marjanovic, 2020, pp. 150–152). There was again a surge of interest in co-operatives in the wake of the Second World with fluctuations of interest before a final peak in the late 1980s. While there was decline after this, there has been slight revival of interest in co-operatives since 2016 peaking in 2021. Tasmania has had co-operatives continuously since the mid-1850s, and has had fluctuations of interest associated with the 1890s Depression and the wake of the two World Wars. Credit unions underlie the growth of Tasmanian co-operatives in the late 1960s and the mid-1970s, with a general decline since then, except for a slight upsurge in interest from the mid-1990s to the late 2000s.

Co-operatives are found concentrated in a range of Australian Bureau of Statistics (ABS) suburbs, which include central business districts (CBDs), suburbs and regional localities. As Table 3.2 indicates the CBDs of Sydney, Melbourne, Brisbane, Perth and Adelaide have been centres of co-operative activity particularly for financial co-operatives. Their respective most recent highest levels of co-operative activity were 1981, 1977, 1974, 1977 and 1979. The two Sydney suburbs of Hurstville and Parramatta have been the centres of activity, particularly for CBS in the post-war period. Co-operation House in Hurstville was built by the St. George and Cronulla Association of Co-operative Building Societies with the first stage completed in 1954 (Cramer, 1993, pp. 26–27). The large metropolitan centre of Wollongong (NSW), the Newcastle suburb of Hamilton (NSW) and the regional centre Lismore (NSW) have also had significant co-operative activity dating back to at least 1880, 1861 and 1878, respectively. Lismore is the headquarters of the long-surviving dairy co-operative NORCO.

*Table 3.2* Top Ten Locations for Australian Co-operatives since the 1820s

<i>Locality</i>	<i>Total No. of Co-operatives in Visual Atlas</i>
Melbourne	498
Sydney	459
Brisbane	231
Hurstville	179
Adelaide	153
Wollongong	112
Hamilton	109
Perth	100
Parramatta	91
Lismore	85

*Source:* VHAAC Version 31.0 July 2023.

The Atlas also identifies geographical concentrations of co-operatives according to ABS regional or Statistical Area Level 3 data. These areas “are often the functional areas of regional towns and cities with a population in excess of 20,000 or clusters of related suburbs around urban commercial and transport hubs within the major urban areas” (ABS, 2021). As Table 3.3 indicates six of the top ten regional centres lay in the major capital cities and include Parramatta and Hurstville in the Sydney Metropolitan Area, which had large numbers of CBS. Outside the capital cities the four main regions are Geelong (Victoria), Wollongong (NSW), Richmond Valley-Hinterland (NSW) and Newcastle (NSW). The Geelong region has a long co-operative history, with one of Australia’s first building societies in 1847 and a continuing centre for financial co-operatives.<sup>12</sup> While Wollongong has also had a long history of financial co-operatives, notably the Illawarra Mutual Building Society, now IMB Bank, coalminers formed Rochdale consumer co-operatives in local mining communities. The Richmond Valley-Hinterland in Far Northern NSW includes the key locality of Lismore and towns such as Casino, Kyogle and Nimbin. This region is the home of long-established agricultural co-operatives, such as NORCO and the Northern Co-operative Meat, and has had many financial co-operatives and co-operative community settlements. Newcastle includes Newcastle and suburbs such as Hamilton, Wallsend, Lambton and Stockton. This area was the centre of the consumer co-operative movement in NSW. It was the home of the New South Wales Co-operative Wholesale Society (NSWCWS) and the Newcastle and Suburban Co-operative, which was the largest Rochdale consumer co-operative in Australia before its demise in 1981 (Hampton, 1986, pp. 43, 45–48).

The Visual Atlas not only provides insights into the types and locations of Australian co-operatives but also provides insights into their life span, which generally goes from formation to the cancellation of registration, liquidation,

*Table 3.3* Top Ten ABS SA3 Regions for Australian Co-operatives since the 1820s

Sydney inner city	619
Melbourne city	546
Brisbane inner	253
Newcastle	233
Hurstville	225
Wollongong	169
Adelaide city	160
Richmond Valley – Hinterland	147
Geelong	131
Parramatta	122

*Source:* VHAAC Version 31.0 July 2023.

*Table 3.4* Average Life Span of Major Types of Australian Co-operatives

Educational and training	29.15
Agricultural	27.4
Housing	24.92
Indigenous	24.87
Community	22.77
Business	21.58
Financial	20.47
Co-operative community settlement	16.13
Consumer	14.64
Worker (including producer)	8.58
Overall for all types	21.47

*Source:* VHAAC Version 31.0 July 2023.

amalgamation and demutualisation. The life span of terminating building societies was fixed to ensure that all obligations were met, while some co-operatives such as the Albany Co-operative Society in WA, which operated from 1868 to 1885, voluntarily decided to wind up as it had achieved its objective of increasing retail competition in the town (Baskerville, 2019, p. 2).

As Table 3.4 indicates, the average overall life span of Australian co-operatives is 21.47 years. Of the major types of Australian co-operatives educational and training co-operatives have the longest life span, while worker co-operatives (including production co-operatives) have the significantly shortest life. The short-term nature of worker co-operatives may reflect a tendency in Australia to form them as a means of providing employment in a period of unemployment or in a workplace that was already facing financial problems. Sufficient capital was also an issue. There are also examples of successful worker co-operatives demutualising to allow workers to realise their capital gain (Albanese and Jensen, 2015, pp. 105–106; Markey, 1985, pp. 57–58). Other types of co-operatives that have relatively long average life spans include agricultural, housing, Indigenous, community and business. There are examples of



co-operatives that have a life span of more than 100 years. They include the Heritage Bank, NORCO and the SA Master Butchers Co-operative, that were founded in 1875, 1893 and 1905, respectively.

## Conclusion

Australian historiography has generally overlooked co-operatives or dismissed them as not being significant. This reflects their cross-class nature as well as their positioning as middle way between liberal capitalism and state socialism. They have also had problems with developing a national movement given their state-based legislation and divisions between different types of co-operatives.

While co-operatives have been overlooked, the VHAAC or the Visual Atlas, which is a visual data exploration environment which maps Australian co-operatives over time and space on a visual platform, highlights that they have been a part of Australian life since the 1820s, with geographical concentrations in particular locations and regions. There are also many different types of Australian co-operatives that have developed assisting farmers, workers, consumers, small businesses and Indigenous communities overcome market failures and develop significant economic and social infrastructure. The large number of Australian community co-operatives also provides important facilities for Australians in their sporting and recreational activities. The Visual Atlas indicates that co-operatives are not short-lived organisations but provide services for their members for decades and in some cases for over 100 years. Based on the general overview provided by the Visual Atlas in this chapter, the remaining chapters will undertake a more detailed analysis of the development of Australian co-operatives in specific historical periods.

## Notes

- 1 *Co-operative News* (hereafter CN), 1 October 1925, p. 5, 1 August 1928, p. 4.
- 2 *Sydney Morning Herald* (hereafter SMH), 21 November 1980, p. 12.
- 3 *NSW Government Gazette* (hereafter NSWGG), 6 April 1934, p. 1495; *Sunday Times* (Sydney), 16 October 1927, p. 6.
- 4 *Murray Pioneer and Australian River Record*, 26 August 1921, p. 6.
- 5 NSWGG, 6 December 1957, p. 3899; SMH, 19 September 1950, p. 3.
- 6 Co-operative Motors Ltd., File, SC323/1/334, Tasmanian Archives and Heritage Office, Hobart, Australia (hereafter TAHO).
- 7 *Empire* (Sydney), 18 March 1871, p. 1.
- 8 King Island Co-operative Company Rules, 23 March 1920, Typescript. SC331/3/122, TAHO.
- 9 North Coast Fresh Food and Cold Storage Co-operative Company Ltd. Minutes, 29 June 1893, 03 July 1893. A003 V475, Minutes 1892–1894, University of New England Archives, Armidale, Australia (hereafter UNEA).
- 10 Warwick *Daily News*, 7 February 1947, p. 5.
- 11 *Swan River Guardian* (Perth), 21 September 1837, p. 219.
- 12 *Geelong Advertiser and Squatters' Advocate*, 22 October 1847, p. 4.

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## 4 The Early Years until 1860

This chapter examines the beginnings of Australian co-operatives before the commencement of the long economic boom of the 1860s. It provides the economic, industrial and political context for the period before exploring early co-operative influences and significant legislation. It then focuses on the early types of co-operatives – co-operative community settlements, flour and bread societies, worker co-operatives and Rochdale consumer co-operatives. It concludes by examining building societies, which were most successful associations before 1860.

### The Economic, Industrial and Political Context

Following the European invasion of Australia, the white population grew from 11,566 in 1810, 70,039 in 1830, 405,356 in 1850 to 1,145,585 by 1860. New settlements were established at Sydney (1788), Hobart (1804), Perth (1829), Melbourne (1835) and Adelaide (1836). SA and WA were initially colonies for free settlers. However, economic problems forced WA to receive convicts from 1850 to 1868. By 1850, Sydney had approximately 54,000 people, Hobart and Melbourne 23,000 each and Adelaide, 14,500. The gold rushes were to have a major impact on Melbourne's population, which became Australia's largest city with a population of 139,916 in 1861, compared to Sydney's population of 95,789. Hobart, Adelaide, Brisbane and Perth had populations of 19,449, 18,303, 6,051 and 2,550, respectively, in 1861. The gold rushes also brought Chinese gold seekers to Australia. While there were Chinese indentured workers from 1848, at its peak in 1858 the Chinese population in Victoria numbered 42,000 out of a total population of 496,146 (Coghlan, 1901, p. 5; Patmore, 1991, pp. 21, 43, 194).

Primary production was the basis of the Australian economy with some mining and manufacturing practised on a limited scale. Sealing and whaling were the first export industries. Wool earned more than seal-whale products after 1835. The amount of wool exported grew from 1,967,309 pounds weight in 1830 to 41,426,655 pounds weight in 1850. British textile mills were the major market. Other notable agricultural pursuits were timber cutting, cattle raising, wheat farming and dairying. Generally, agricultural production was on a



small scale and it required considerable amounts of capital to enter the pastoral industry. In the 1840s, the cost of establishing a station with 20,000 sheep was £8,000, well beyond the means of most colonial workers, who earned between £20 and £40 per annum. While some could avoid paying for land by “squating” outside the recognised limits of settlement, there were still transport, labour and equipment costs. Pastoralists developed large estates and gained considerable political influence. The NSW Pastoral Association, formed in 1844, successfully fought Governor George Gipps’s proposal to force squatters to pay substantially more for land licences (Patmore, 1991, pp. 19–22, 26–27).

Australian industry was vulnerable to fluctuations in the British economy. The British provided capital, bought Australian exports and supplied imported goods. British financial problems contributed to local economic depressions in 1812–1815 and 1825. The demand for British textile mills fuelled a boom during the 1830s. However, depression again hit during the early 1840s. The decline of British woollen goods sales in the US cut the price of Australian wool by half between 1836 and 1844. There was a tightening of the London money market in 1839 and an increase in interest rates. The economy recovered after 1842. Despite the boom of the gold rushes, the Australian economy remained dependent upon Britain. In 1861, Britain bought at least 67 per cent of Australia’s exports and supplied at least 70 per cent of its imports (Patmore, 1991, pp. 22, 46).

Two significant contributors to white population growth were transported convicts and free immigrants. During the nineteenth century, transportation was an important factor in global migration. Not only did Britain transport criminals, but so did France, Spain and Russia. Of the 160,000 convicts transported to Australia between 1788 and 1868, 143,000 arrived by the end of 1850. The 1830s was the peak decade for convict arrivals in Australia. Transportation ceased to NSW in 1840 but continued to Tasmania until 1853 and to WA until 1868 (Patmore, 1991, p. 27).

Convicts were a significant proportion of the colonial population for many years and were predominantly male. By 1828, convicts constituted 46 per cent of the population of NSW. With the cessation of transportation, this figure fell to approximately 6 per cent in 1846. Only 15 per cent of the convicts transported to Australia were women. Between 1788 and 1811, the percentage of female convicts in NSW fell from 26 to 12 per cent of the total convict population (Patmore, 1991, p. 27).

Government sponsored immigrant programs were an important source of white population growth. The British Government was concerned that an expanding population was outstripping resources in the UK. A dispossessed and alienated working class was an increasing drain on poor relief and threat to law and order. Emigration relieved these problems. The British Government found it necessary to provide financial assistance to emigrants as Australia’s remoteness meant high travel costs were beyond the means of working-class families. From 1832 to 1836, the British Government assisted 3,000 single women to migrate to Australia. The authorities hoped this would redress the imbalance of the sexes in the colonies (Patmore, 1991, p. 34; Quinlan, 2018, p. 13).

After 1836 there were two state schemes of assisting emigrants – direct government assistance or the bounty system in which emigrants were bound to an employer that sponsored their emigration. Employers obtained subsidies if they sponsored emigrants who were farm labourers or skilled tradesmen. There was an emphasis on young married couples, who it was hoped would start families once they were settled. Following the principles of Edward Gibbon Wakefield, colonial land sales financed the schemes. The inflow from free immigration overtook convict transportation from 1837, except for the period 1843–1845 when the number of convicts again exceeded free immigrants because the 1840s Depression reduced the revenue from land sales needed to finance immigration. Between 1832 and 1850 over 100,000 assisted immigrants came to Australia. The gold rushes attracted immigrants who were free to pay their own way and from 1852 to 1861, the peak of the gold rushes, net migration contributed 76 per cent of the overall increase in Australia's population (Patmore, 1991, pp. 33–35, 43, 53; Quinlan, 2018, p. 13).

There was a shift away from autocratic rule of British colonial governors to responsible government. The colony of NSW, which included Tasmania, SA, Victoria and Queensland, until their separation in 1825, 1836, 1851 and 1859, respectively, had a Legislative Council provided by the British Government in 1823. Its members were originally appointed by a Governor but it became a partly elected body in 1843 with two-thirds of its members elected on the basis of a property franchise. After having a short period of shared government between a Colonisation Commission and Governor, SA became a British crown colony in 1842 with a Legislative Council to advise the Governor. As in NSW the Legislative Council became a partly elected body in 1851 on a property franchise. Except for WA, all colonies gained self-government in the 1850s with a limited male franchise and bicameral parliaments. The Legislative Council, the upper chamber, remained nominated by the Governor in NSW and Queensland, but elsewhere was elected by property holders. WA was not able to obtain self-government until 1890 due to its underdeveloped economy and its reliance on convict transportation until 1868 (Butlin, 1994, p. 82; Hartwell, 1955, p. 64; Maynard, 1986; McNaughton, 1955, pp. 102, 141)

While the Australian economy developed, the European invasion devastated Indigenous society. European settlers saw the land as unoccupied and ignored Indigenous Australians' spiritual attachment to the land. Indigenous concepts of sharing and reciprocity clashed with the European concept of private property. The spread of agriculture and pastoralism polluted waterholes and reduced the availability of traditional food supplies. The new settlers also introduced new and deadly diseases, indiscriminately killed Indigenous people with guns and poisoned food, and abducted and raped Indigenous women. Indigenous people fought a sustained but unsuccessful battle against the expansion of European settlement with the survivors either adjusting to the dominant "white" economy or depending on the state for assistance. They were denied franchise with the emergence of self-government. The European settlers' racist ideology justified their invasion and treatment of Indigenous people with ideas such as "the great chain of being," with different races

ranked in order of superiority. Europeans were perceived as closest to the divine spirits, while Indigenous people merged with more advanced monkeys (Broome, 2010, pp. 36–56; Patmore, 1991, pp. 188–189).

### Co-operative Ideology and Legislation

There was co-operative activity in Australia from the 1820s with the ideas of Robert Owen having an influence. There was an awareness of Owen in the early Australian press from at least 1827 with a particular interest in the Owenite New Harmony community in the US.<sup>1</sup> The ideas of co-operation also arrived with British immigrants. Richard Hipkiss and John Bibb arrived on the same ship in Sydney in 1832. Bibb was involved in an English co-operative and became active as librarian and chief spokesperson for the Sydney Society of Immigrant Mechanics' School of Arts. Hipkiss had been involved in the Birmingham Political Union and brought with him a belief in self-help and self-improvement through co-operation. Nathaniel Kentish, an immigrant surveyor and engineer, in the 1830s promoted self-help and co-operation through his newspaper, *The Sydney Times*. Kentish had been a member of a UK co-operative. Kentish and Hipkiss were actively involved in a range of early political and mutual associations, including the Trade Unions Benefit Society, later the Australian Union Benefit Society (AUBS), which provided health insurance. There is reference to a Sydney Owenite Society in 1839 and the Colonial Society for the Advancement of the Social System (CSASS) was an Owenite discussion group in Sydney in 1840, which struggled with recruiting members. It had vague objectives and had a rule that no "religionist" need apply. One of these early Owenites was a young native-born poet, Charles Harpur, whose verse lampooned politicians and expressed the disgust of workers for the employing classes (Green and Cromwell, 1984, p. 5; Irving, 2006, pp. 38–39, 58–59; Lewis, 1992, pp. 316–317, 319; Quinlan, 2018, pp. 280–281; Thomas, 1962, p. 25).

During the 1840s, William Duncan, born in Scotland and editor of *Australasian Chronicle*, the first and only Catholic newspaper in Australia until 1843, and later *Duncan's Weekly Register*, promoted the idea of co-operative community settlements drawing upon Charles Fourier through four articles that he reproduced in a pamphlet entitled *On Self-Supporting Work Agricultural Working Unions for the Labouring Classes* in 1844.<sup>2</sup> Duncan was hostile to convict transportation and cheap immigrant labour and criticised the aristocratic attitudes of the colonial landowning and pastoral elite. He was given a gold medal by Sydney workers for his opposition to penal sanctions in Masters and Servants legislation in 1840. Like other early co-operators, Duncan saw co-operatives as a response to upheavals of industrialisation, but he opposed class action. Further he saw in the Australian context that co-operatives could challenge the dominance of pastoralists in agriculture. While Fourier had called for "phalanges" of 1,600 people who would work their land in common, Duncan argued that a successful "working union" would have about

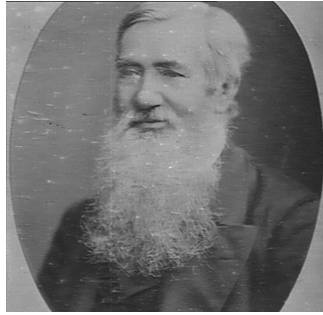


Figure 4.1 William Duncan. Courtesy of Museum of History NSW – State Archives Collection: NRS-4481-3-[7/16334]-St3181, Government Printing Office 1 – 10809 – W.A. Duncan, Ex-collector of Customs.

100 members and 200 or 300 acres of land. Each member would have a small private plot for personal use but was expected to work part of each day on the common land to care for the association's joint crops or herbs. These communities would be administered by democratically elected boards and would develop independent schools and social amenities. Potential members would undergo a three-month probationary period. *Duncan's Weekly Register* ceased publication and Duncan left Sydney to work for Customs in Moreton Bay in 1846 (Irving, 2006, pp. 140–141, Lewis, 1992, pp. 319–320; Martin, 1980, pp. 37–38; Thomas, 1962, pp. 51–52, 63, 79) (Figure 4.1).

These early movements faced several problems with the Sydney co-operative movement becoming moribund by the 1840s. There was a lack of clarity over what a co-operative was and that co-operatives were viewed as “risky” because of uncertainty about legal status. There was hostility to Owenite ideas. The *Sydney Gazette* in January 1840 attacked Owenism as “immoral, blasphemous and atheistic” and the “monster Owen” as the founder of a “licentious” social system. This prompted a defence of Owen by an anonymous correspondent who had known Owen for three years in London.<sup>3</sup> There were also divisions among advocates of co-operation with Duncan attacking the atheism of Owenites. These religious attacks explain the decision by the owner of the meeting place for the CSASS to withdraw their access in July 1840 on religious grounds (Lewis, 1992, pp. 318–319; Quinlan, 2018, p. 281).

The ideas of the Rochdale movement also began to attract interest in Australia in the 1850s. Henry (later Sir) Parkes, who arrived in Sydney as a bounty immigrant in July 1839, knew the English co-operative promoter George Jacob Holyoake, when both were active in radical politics in Birmingham in the 1830s, and continued to correspond until at least 1889. Holyoake's *Self-Help by the People* was reviewed in Parkes's *The Empire* newspaper in August 1858.<sup>4</sup> There were direct links through the emigration of Samuel Tweeddale, who was a Rochdale pioneer. Tweeddale was on the Bendigo Goldfields in August 1853 signing a petition protesting an increase in the miner's licence fee.

He eventually left Australia for NZ with his wife Frances on Christmas Eve 1854 (Eklund, 2007, pp. 153–154; Holyoake, 1900, pp. 26–32; Martin, 1980, pp. 4–16, 27; Patmore and Balnave, 2018, p. 42).

The Australian colonies tended to follow the British legislation regarding friendly societies and co-operatives. In the UK, co-operatives had registered under amendments to the friendly society legislation in 1834 that allowed societies to register for “any legal purpose” to gain legal recognition and some financial security (Balnave and Patmore, 2018, pp. 35–36). The first Friendly Societies legislation in NSW in 1843, which was introduced into the Legislative Council by William Charles Wentworth, Blue Mountains explorer and advocate of self-government, and followed English law, allowed for registration of friendly societies formed for “any legal purpose” to assist contributions by members to the societies. Wentworth excluded secret societies which were viewed by the authorities as encouraging strikes or sedition among the working classes. A Clerk of the Peace had the authority to register or deregister any society on technical or other grounds with a concern to protect members against any financial loss. One of the first Rochdale co-operatives in Australia was later to register under the Act (Green and Cromwell, 1984, p. 7; Lewis, 1992, pp. 319–320; Weinbren and James, 2005, p. 96).<sup>5</sup>

By contrast, the early legislation to regulate building societies had a greater impact. The two page legislation to regulate building societies in NSW, which followed 1836 UK legislation, was enacted in 1847. It allowed any number of persons to establish societies financed by shares not exceeding £200 each nor subscriptions exceeding 30 shillings per week. Any loan for a building or land purchased was to be secured by a mortgage. The legislation was vague regarding governance with a general provision allowing members to assemble to make rules and impose fines, penalties and forfeitures. SA responded to the formation of building societies there with the passage of legislation in 1850 to encourage their growth and protect their finances. There was a concern about the need to regulate one building society that had accumulated large amounts of funds largely belonging to the “working classes.” The SA legislation differed from NSW legislation by restricting each share to a maximum of £150 and subscriptions to 20 shillings per week. The SA legislation was supplemented by friendly societies legislation in 1852 which covered building societies and encouraged them to release annual audits and fund statements to their members and to the public (Butlin, 1964, p. 247; Lewis, 1992, p. 320; Linn, 1989, pp. 10–11, 22; Thomson and Abbott, 1998, p. 75).<sup>6</sup>

### **Co-operative Community Settlement**

Owenism influenced early ideas of land settlement for both European settlers and Indigenous Australians. One early co-operative land settlement scheme proposed was by Peter Cunningham, a Scottish naval surgeon and author of *Two Years in New South Wales*, published in London in 1827. The book was extremely successful with three editions in two years and a German translation

in 1829. His proposal was that settlers would collectively clear the land, cultivate the crops and build essential buildings and then choose individual land for private cultivation. A “parent depot” or co-operative central farm would provide the initial accommodation and subsistence for the individual farmers. As the individual farmers became self-sufficient, new settlers would reoccupy the parent depot supported by levies paid by the original settlers. This process would continue until other parent depots were required and there would develop a network of parent depots with individual farms around them. The scheme would be attractive for immigrants without a great amount of capital and open new markets for British exporters. He obtained a grant and leases of land in 1826 and 1830 in the Upper Hunter of NSW where he had convict labour to help him develop the land. Cunningham tried to implement his ideas but he returned to England in May 1830 after a severe drought. He later published *Hints for Australian Emigrants* in 1840 which promoted the use of irrigation (Fitzhardinge, 2022; Lewis, 1992, p. 316). Lewis (1992, p. 316) claims that Cunningham’s experiment was the “first known example linking British imperial priorities to Australian rural co-operation and development.”

According to Gascoigne (2002, p. 160), Governor Sir Richard Bourke was inspired by Owen to propose a protectorate for Indigenous Australians in the Port Phillip Bay area of Victoria. He believed that land ownership based on European individualism was less suited to Indigenous Australians than agriculture undertaken for the common benefit. The UK House of Commons soon after, with the support of the Colonial Office, bypassed the NSW Legislative Council, which was dominated by pastoralists, and established the Port Phillip Protectorate. The idea of protection of Indigenous people followed the abolition of the slave trade in the British Empire with Aboriginal Protectors modelled on the earlier idea of Protectors of Slaves with a role of protecting Indigenous people from cruelty, oppression and injustice. The Protectorate from 1835 to 1839 was headed by Lord Glenelg, who was linked to the Church Missionary Society and had introduced a bill to abolish West Indian slavery. Indigenous Australians were to be morally and religiously improved through Christianity. Chief Protector George Augustus Robinson, who had been associated in Tasmania with the resettlement of Indigenous communities and the elimination of their culture as a Protector there, and four other protectors were appointed at Port Phillip. The Protectors were to live among Indigenous Australians, learn their languages and form home stations, which would be the hubs for Indigenous farmers. There was a considerable initial outlay of £20,000 to support the Protectorate financed by the sale of land appropriated from Indigenous people (Broome, 2010, p. 52; Nettelbeck, 2012, pp. 396–397).

The Protectorate was a failure and abolished in 1849. There was resistance by Indigenous people, who remained at the stations only when there were rations available and travelling away to live off bush tucker when they were not. The Protectors were inexperienced farmers and their farms failed. Neighbouring squatters wanted access to land controlled by the Protectorate and



claimed that the initiative undermined their own attempts to recruit a native workforce. There were claims that the scheme made the Indigenous Australians more aggressive and resentment that the money from land sales that was underpinning the Protectorate could be better used elsewhere. Government funding dried up in the 1840s Depression as land sales declined with Indigenous people drifting away. There were similar experiments in SA and WA but they were also unsuccessful (Broome, 2010, pp. 52–53; Gascoigne, 2002, pp. 160–161; Nettelbeck, 2012, pp. 398–399).

### **Flour and Bread Societies**

While there was an awareness of Owen's ideas for both European and Indigenous settlement in rural areas, there was an interest in Sydney and Geelong in forming flour and bread societies. These societies underpinned two waves of co-operative interest in Sydney from 1833–1836 to 1839–1840 according to data drawn from the Visual Atlas. Immigrants would have been aware of these societies in the UK and an important factor underlying their emergence was rising wheat and flour prices in Sydney (Patmore and Balnave, 2018, p. 29).

At a Sydney public meeting in September 1834 Kentish and Bibb, with other members of the AUBS, moved to form the Australian Wheat Growers' and Consumers' Society to combat exorbitant wheat and bread prices. The meeting elected a committee of 22 to govern the society which included W.C. Wentworth, Bibb and Hipkiss, with Kentish as interim secretary. The company was to have an unlimited number of shareholders of £1 each with a maximum of 100 shares per individual. It was to purchase the wheat of growers and importers to assist the poor. There were tensions between those who saw the Society as a joint stock company selling to the public and those who saw it as a co-operative selling to members only. While nothing further of the Society was heard until after another further general meeting in October 1834, it was claimed that the move to form the Society had resulted in millers dropping the price of flour by £10 per ton to undermine the Society (Thomas, 1962, p. 24).<sup>7</sup>

The movement resurfaced in November 1834 as the Australian Wheat and Flour Company (AWFC). Its aim was to commence bread baking operations before the harvesting of the first wheat of the season. There were shareholders from Sydney, Parramatta, Morpeth, Windsor, Liverpool and the "Lower Branch MacDonald's River." There had been concerns that the price for each share in the earlier Society was too low to ensure that there was sufficient capital and shares were raised to £10 each. The Committee of Directors included Bibb, Hipkiss and the emancipated convict entrepreneur Simeon Lord. The AWFC aimed to avoid speculative activity and deliver flour at a fair price to members and interest dividends on their shares. While the enterprise gained government support, by July 1835 the *Sydney Gazette* attacked it for its monopolistic practices and supplying poor quality bread. There were issues with securing sufficient capital to ensure the successful operation of the flour mill, despite the Bank of NSW acting as an agent for the purchase of shares. The



AWFC faced competition from a rival miller who bought up a supply of wheat intended for the co-operative forcing it to raise the price of bread. It collapsed in 1836. Kentish hoped to rekindle interest in bread flour and societies by unsuccessfully launching through the *Sydney Times* in September 1836 a company and a society, the latter known as the Sydney Flour Company, which sold flour only to shareholders and paid them no interest on their shares (Hainsworth, 2022; Lewis, 1992, pp. 317–318).<sup>8</sup>

There was another unsuccessful attempt in the colony of NSW in August 1839 to form a flour and bread society after crop failures in 1838 saw grain prices increase. Henry MacDermott, a wine and spirit merchant with interests in squatting, moneylending and land speculation, chaired a meeting for “working classes” to fight the flour monopoly. Workers were urged to buy 1,000 £1 shares to purchase land and erect a co-operatively run mill. They would buy wheat and flour from the co-operative at cost plus 10 per cent. Bibb hoped that the co-operative would expand its activities to include other products as well as flour. A joint stock company known as the Union Flour and Bread Company would be formed with membership restricted to workers and others who conformed to its rules. While a provisional committee was established, the fate of the co-operative is unknown (Lewis, 1992, pp. 318–319).<sup>9</sup>

There was also a later development of a flour and bread co-operative society in Geelong, Victoria in May 1851 to combat rising prices associated with the Victorian gold rush. The Society would be vertically integrated from the supply of flour to the distribution of bread. The shares would be £2 and 10 shillings each and each member would be limited to five shares each. The co-operative followed the principle of each member having only one vote. Alderman James Cowie, a Scottish immigrant, saddler, storekeeper, later Mayor of Geelong and Victorian Parliamentarian, was one of nine men elected to the provisional committee to draft the co-operative’s rules. Cowie had worked on the Ballarat gold-fields and was involved in a movement against convict transportation (Geelong College, 2022). The last reference to the Society was in July 1851 advertising where both the rules and shares could be purchased in Geelong.<sup>10</sup>

### **Worker and Consumer Co-operatives**

Worker and producer co-operatives in Australia pre-date the gold rush. They tended to be formed in industries which had relatively low capital investment requirements and where labour was a significant component of production costs such as building and printing. While there are difficulties with distinguishing between early friendly societies, trade unions and co-operatives, there was a Coachmakers Co-operative Society in Sydney in 1834.<sup>11</sup> There was also a short lived Operative Wood Sawyers Yard in Sydney in July 1847, when sawyers were undertaking industrial action. Tailors established a co-operative in Melbourne in July 1846 in response to an employer lockout. It quickly demutualised with two members prominent in the management of the co-operative taking it over (Child, 1971, p. 45; Hume, 1960, pp. 257, 277; Quinlan, 2018, p. 213).

The economic dislocation of the gold rushes further fuelled the formation of workers' co-operatives in Victorian goldmining and printing. Twenty-eight members of the Victorian Typographical Association in Melbourne purchased *The Age* newspaper from 1 January 1855 from Francis Cook and Co. Each worker put in £25 of their own money and each week contributed nearly all their wages to co-operative. They moved to purchase the paper as its rival, *The Argus*, cut printers' wages and printers struck in January 1855. They ran *The Age* for 18 months as a co-operative. David Blair, a former supporter of Chartism and editor, promoted co-operation to its readers. There were disagreements among the members, who sold the co-operative to an ironmonger, James McEwen with a loss of £10,000. McEwen then transferred ownership to Ebenezer Syme, a co-editor of the paper, on pre-arranged terms (Coghlan, 1969, pp. 723–724; Norton, 1888, pp. 156–157; Roe, 2022).<sup>12</sup> During 1856–1857, goldminers organised at least three co-operatives on the Victoria goldfields according to data drawn from the Visual Atlas. They sought to pool their capital to purchase more sophisticated mining equipment as gold panning became less economically feasible.<sup>13</sup>

There was significant co-operative activity in the Melbourne building industry. The building industry was in decline after the peak of the gold rushes and there were falling wages. Forty stonemasons, with the approval of their union, formed a co-operative association in 1859 to take contracts for masons' work. The association paid current wages to its members and divided the surplus amongst them. One of its first contracts was the erection of Pentridge Prison for a cost of £47,000. The success of the first group led union members to form two other groups. There was disagreement within the co-operative over the quantity of work to be undertaken by each member and a conflict with the union over piecework which the majority of the co-operative members supported. This led to an open conflict between the union and the co-operative which weakened the union, which had only 50 members by 1863. Carpenters also tried to form similar co-operatives to the masons with little or no success (Coghlan, 1969, pp. 1036–1037).<sup>14</sup>

There was a move to form a producers co-operative for printers in Sydney in 1854. There was general worker discontent over prices and wages with uncertainty in labour market due to the influx of population associated with the gold rushes. There were strikes at the Government Printing Office and Parkes' *The Empire*. The printers at *The Empire* refused to work unless they were paid in accordance with the London practice a higher rate for certain types of work. Parkes successfully prosecuted the workers and imported printing compositors from India to reduce his wages bill. Meetings of workers in June and July 1854 agreed to set up the Australian Co-operative Newspaper Company to produce *The Operative*, which would encourage co-operation and worker organisation. Speakers were aware of co-operatives in England, France and Ireland noting *The Sun* newspaper in London. There were 5,000 shares of £1 each with no shareholder having more than 10 shares. Shareholders could put down a deposit of 10 shillings per share and then pay the rest by instalments of 5 shillings per month. There was interest in the co-operative beyond Sydney with

Melbourne workers applying for shares. While there were difficulties raising the projected capital for the co-operative, the first issue of the weekly *The Operative* was published on 7 October 1854 with articles on “coolie” immigration and friendly societies. By November 1854, *The Operative*, however, was in trouble with a public meeting called to save the paper from closure, but the newspaper failed (Irving, 2006, pp. 211–212).<sup>15</sup>

There was an early interest in forming retailing consumer co-operatives. Recently arrived immigrants in Sydney in May 1833 planned to establish a co-operative store but rejected the ideas of Owen.<sup>16</sup> There was the Swan River Mechanics and Labourers Agricultural Stock Company formed in 1837<sup>17</sup> at Perth, WA, in a “co-operative system of mutual benefit and interest.”<sup>18</sup> Whether the company was providing sheep and cattle for agricultural or household butchering is unclear. At Parramatta, NSW, in September 1846, Hipkiss chaired a meeting that formed the Australian Graziers Association to fight a butchers’ monopoly and give a fair price to farmers for sheep and cattle. There were plans to open a retail store and the elements of the Rochdale co-operative model were included with cash only transactions and one vote per shareholder irrespective of the number of shares.<sup>19</sup> The Association did not accept butchers as members. The co-operative was wound up the following month due to insufficient capital. Cornish miners in the mining town of Burra, SA, were planning a co-operative store in 1851, but its fate is unknown (Pike, 1957, p. 336).

There was a growth in interest in retail consumer co-operatives on the Victorian goldfields in 1859–1860 with the shift towards company mining and the employment of goldminers. There were at least three attempts to form retail consumer co-operatives in the Back Creek goldfields, near Taradale, Clunes and Bendigo. The First Equitable Pioneer and Gold-diggers’ Co-operative Provision and Breadstore Society at Bendigo registered under the Friendly Societies Act in February 1860 (Victoria, 1861, p. 1). There were complaints about prices and the need to reduce the cost of living for the “working man.” There was an awareness of English co-operatives and direct reference to the Rochdale principles as the model for organisation. The fate of these co-operative stores is unknown.<sup>20</sup>

The earliest known operating Rochdale retail consumer co-operative was registered in Brisbane in August 1859 under the NSW Friendly Societies Act before the separation of Queensland from NSW. One of the major reasons for its formation was the desire to avoid the practice by Brisbane shopkeepers of providing credit. Instead, the co-operative encouraged members to pay with cash and thus avoid bad debts (Balnave and Patmore, 2012, p. 987). It traded in Edward and later Queen Street, Brisbane until at least February 1862 and its advertising slogan was “Cash Transactions-Small Profits-Quick Returns.”<sup>21</sup>

### **Building Societies**

Building societies first emerged in the recovery from the 1840s Depression, with peaks in 1851 and 1858–1859 according to data drawn from the Visual

Atlas, against the background of a growing demand for housing spurred by the dramatic increase in population spurred by the gold rushes. These were largely terminating societies which operated usually for five to seven years. Members paid regular monthly payments and members received housing loans after there was enough money for lending and lots were drawn. The “investing” members provided the capital for the society, while “borrowing” members purchased shares as a means of securing loans from the society. The societies were organised on a profit sharing basis and provided an outlet for investible funds. The capital was primarily drawn from widows, clergymen, solicitors, butchers and shopkeepers, while most of the borrowing was done by wage earners (Butlin, 1964, p. 254; French, 1979, p. 5; Linn, 1989, p. 8)

The first known Australian building society was the Adelaide and Suburban Building Society (ASBS), which was established in February 1847 and predated the first SA legislation for building societies in 1850. The promoters claimed that the success of English building societies justified the formation of the ASBS, which continued to operate until November 1852.<sup>22</sup> Butlin (1964, pp. 247–248) estimated there was as many as 68 societies formed by 1860 in SA. They spread all over the colony with several Adelaide societies having branches in country towns. The only slump in the SA growth of building societies was in 1852–1853 according to data drawn from the Visual Atlas against the background of a departure of the local population to the goldfields, with a rapid growth to a peak in 1856 fuelled by returning gold seekers and high wages due to local labour shortages arising from the gold rush exit. Following this, the numbers of building societies remained relatively stable for the rest of the decade. One explanation for the growth of SA building societies is that legislation encouraged transparency with building societies publishing their financial statements in the colonial *Government Gazette* and encouraging public confidence. In 1857, for example, 20 societies published their statements in the *Gazette*. A more general explanation is that SA relied upon free immigrants rather than convicts. These immigrants were attracted by the promise of civil and religious freedom and were at the forefront of social reform that promoted self-help in areas such as housing and finance (Cashen, 1986, pp. 111–112; Linn, 1989, pp. 1–2, 6–7, 22; Pike, 1957).

The SA societies were formed largely by the self-employed, professionals and government officials with close links to local churches. The Hindmarsh Congregational Church, for example, played an important role in the formation of the Hindmarsh District Building Society, registered on 30 April 1855. While those behind the society sought to encourage self-help and the thrift to counter social problems like alcoholism, society meetings were held at the Black Lion Inn, where the publican Isaac Hall was a society trustee. The society was a success from the outset with its 218 £50 shares gaining a profit of £14/8/5 by 1860 (Linn, 1989, pp. 10–11).

The early SA building societies were politically active. The General Building and Land Society successfully petitioned the Legislative Council in July 1850 during passage of the SA building society legislation to allow the auction of

shares by the chair or other appointed officers of the building society. There was no similar provision in the English legislation and there were concerns that the provision would encourage speculation. This set the scene for a tension in the history of Australian building societies as a mutual organisation for home ownership and a less cautious speculative enterprise.<sup>23</sup>

Victoria also saw a growth of building societies. The earliest building societies established in Victoria were at Geelong and Melbourne in 1847, the former basing its rules on English societies.<sup>24</sup> As Table 4.1 indicates, there were at least 46 building societies formed by 1860. While most of these building societies were established in Melbourne and its suburbs, 17 were established in regional Victoria, with eight at Geelong, three at Bendigo and two each at Ballarat and Portland. The gold rushes fuelled a dramatic increase in population and demand for housing. The Union Benefit Building and Investment Society was formed as a terminating society in Melbourne in 1850 but reformed on numerous occasions with the eighth terminating society being established in 1888 (Butlin, 1964, p. 247). The goldmining wealth of Bendigo and a building boom led to the establishment of the Bendigo Land and Building Society in July 1858. The members elected a committee of management that included the town clerk, an architect, a businessman, a hotel keeper and a builder. The money lent was quickly repaid and the Society was dissolved in August 1863. There was an attempt by members to form a permanent society in 1860, but it was dissolved in September 1862 (Hewat, 1992, pp. 28–37; Victoria, 1864, p. 1). There were at least four property mutual associations that formed alongside these Victorian building societies that focused solely on the purchase of land for residential building. The prospectus of Colonial Freehold Land Society in December 1853, whose officers included the Speaker of the Legislative Council and the Mayor of Melbourne, aimed to provide land for the “industrial classes” by “the simple principle of co-operation.”<sup>25</sup>

*Table 4.1* Building Societies Formed in  
Victoria 1848–1860

1848	1
1849	4
1850	5
1851	1
1852	0
1853	7
1854	2
1855	4
1856	0
1857	8
1858	7
1859	4
1860	3
Total	46

*Source:* Victorian Returns of Friendly Societies.

The growth of building societies was less spectacular in NSW. There were only 12 registrations between 1848 and 1860 with no registrations in 1849, 1851–1853 and 1860. The disruption associated with the gold rush underpinned the lack of interest in the early 1850s. Except for three registrations in Queensland, then part of NSW, and one in Albury, NSW, building societies were concentrated in Sydney (Butlin, 1964, p. 249). There was also building society activity Tasmania with the first building society being formed in Hobart in 1849 but its fate is unknown.<sup>26</sup> From 1855 Launceston in Northern Tasmania became the focus of building society activities with at least three societies being formed before 1860. Two of these were permanent building societies formed in 1858 with the Permanent Building Society of Tasmania surviving until 1987 when it demutualised through a merger. Launceston benefitted from its proximity to the Victorian gold rushes supplying labour and providing supplies (Copas, 1987; French, 1979, pp. 5–6; McLaughlin, 2006).<sup>27</sup>

## Conclusion

Australian co-operatives date from the 1820s and are associated with the arrival of British immigrants following the European invasion of Australia. Some brought with them their experience with early co-operatives in the UK and colonial newspapers reported on co-operative developments in the UK and elsewhere. There was a lack of clarity over the meaning of co-operation with opposition by some early co-operators to Robert Owen's ideas on religious grounds. The Rochdale model of co-operation started to have a direct impact from the late 1850s. As in the UK the legal framework for co-operatives was poorly developed with legislation providing a clearer definition for building societies. As the SA building society legislation highlights, UK legislation was not directly adopted but was adapted to meet local interests.

There were a wide variety of co-operative ventures. There were ideas for co-operative community settlements for both British immigrants and Indigenous Australians. As in the UK there was an interest in flour and bread societies as a way of combatting high flour and bread prices, but they faced issues with capitalisation and competition. There are examples of early worker and producer co-operatives in the printing and building industries which had limited capital requirements but required skilled labour. Goldminers were also interested in co-operatives as the capital requirements of mining increased. There were early forms of consumer co-operatives with the first Rochdale consumer co-operatives formed from 1859 in Brisbane and the Victorian goldfields. Terminating building societies were the most numerous form of the early co-operative societies fuelled by building booms associated with the gold rushes. Building societies also highlight early regional differences with SA and then Victoria having many societies compared to NSW. As the next chapter



highlights, from 1860 to 1890 building societies spread to all colonies and played a significant role in Victoria.

## Notes

- 1 *The Sydney Monitor*, 26 July 1827, p. 5.
- 2 *SMH*, 30 January 1844, p. 2.
- 3 *Sydney Gazette and New South Wales Advertiser*, 28 January 1840, p. 2, 4 February 1840, p. 2.
- 4 Letter from Henry Parkes to George Jacob Holyoake, 12 November 1889, George Jacob Holyoake Correspondence, Item 2194, National Co-operative Archive, Manchester; *The Empire* (Sydney), 26 August 1858, p. 3.
- 5 NSWGG, 3 January 1844, pp. 13–24; *The Australian* (Sydney), 9 November 1843, p. 3.
- 6 NSWGG, 27 August 1847, pp. 27–28; *South Australian Gazette and Mining Journal* (Adelaide), 13 June 1850, p. 3.
- 7 *The Sydney Herald*, 22 September 1834, p. 2; *The Sydney Times*, 23 September 1834, p. 2, 18 October 1834, p. 2, 17 September 1836, p. 2.
- 8 *The Colonist*, 01 January 1835, p. 8; *The Sydney Gazette and New South Wales Advertiser*, 11 November 1834, p. 3, 13 December 1834, p. 1; *The Sydney Herald*, 19 January 1835, p. 2; *The Sydney Times*, 14 February 1835, p. 3, 17 September 1836, p. 2.
- 9 *Australasian Chronicle* (Sydney), 30 August 1839, p. 2; *Sydney Gazette and New South Wales Advertiser*, 17 November 1840, p. 2.
- 10 *Geelong Advertiser*, 16 May 1851, p. 2, 24 July 1851, p. 4; *Hobarton Guardian*, 7 June 1851, p. 4.
- 11 *The Sydney Herald*, 13 January 1834, p. 1.
- 12 *The Age* (Melbourne), 30 December 1854, p. 4.
- 13 *Ballarat Times*, 16 July 1869, p. 2; *CNUK*, 27 December 1873, p. 638; *The Age*, 29 January 1857, p. 3.
- 14 *The Age* (Melbourne), 30 March 1859, p. 5; *The Argus* (Melbourne), 8 October 1863, p. 5.
- 15 *The Empire* (Sydney), 27 June 1854, p. 1, 3 July 1854, p. 4, 25 July 1854, p. 2, 18 August 1854, p. 2, 7 October 1854, p. 1, 23 November 1854, p. 6.
- 16 *The Sydney Gazette and New South Wales Advertiser*, 23 May 1833, p. 2.
- 17 *Swan River Guardian* (Perth), 21 September 1837, p. 219.
- 18 *The Sydney Monitor*, 5 February 1838, p. 3.
- 19 *SMH*, 16 September 1846, p. 1; 25 September 1846, p. 1, 26 October 1846, p. 2.
- 20 *Bendigo Advertiser*, 6 January 1860, p. 2, 28 February 1860, p. 2, 6 March 1860, p. 2, 13 March 1860, p. 3, 21 March 1860, p. 2; *The Star*, 16 July 1859, p. 2.
- 21 *The Courier* (Brisbane), 8 February 1862, p. 1; *The Moreton Bay Courier* (Brisbane), 26 January 1860, p. 3, 6 April 1861, p. 3.
- 22 *South Australian Register*, 13 February 1847, p. 2, 20 February 1847, p. 1, 22 April 1847, p. 1, 29 November 1852, p. 2.
- 23 *Adelaide Observer*, 20 July 1850, p. 3; *South Australian Register*, 24 July 1850, p. 3.
- 24 *Geelong Advertiser and Squatters' Advocate*, 22 October 1847, p. 4; *Geelong Advertiser*, 23 November 1847, p. 3; *The Melbourne Argus*, 15 October 1847, p. 3.
- 25 *The Banner* (Melbourne), 23 December 1853, p. 15.
- 26 *Colonial Times* (Hobart), 7 September 1849, p. 3.
- 27 *Cornwall Chronicle*, 29 February 1868, p. 5; *Launceston Examiner*, 20 January 1855, p. 2, 7 June 1855, p. 3, 28 June 1855, p. 3; Launceston Building Society, NS255/1/1 Letters, 8 February 1855, 23 July 1855. NS255/1/1, TAHQ.



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## 5 The Long Boom 1860–1890

This chapter examines co-operatives during the long economic boom in the second half of the nineteenth century. It provides the economic, industrial and political context before examining the ideas, influences and legislation that shaped co-operative development. There was a fluctuating interest in Rochdale consumer co-operatives and some continuing experiments with workers co-operatives. As appropriated land was broken up for small farmers agricultural co-operatives began to emerge as farmers sought to cut out the “middleman” and take advantage of new technology. There was a major expansion of building societies particularly in Victoria where they became involved in land speculation. Starr-Bowkett societies began to appear as an alternative to the traditional building society.

### The Economic, Industrial and Political Context

Australia’s white population and cities grew rapidly during this period. In 1861, there were 1,151,947 white residents in Australia. It again almost trebled over the next three decades to 3,174,392 by 1891. A substantial proportion of Australians lived in cities and towns. In 1861, the population of Melbourne and Sydney was 123,061 and 56,394, respectively. By 1891, these figures were 474,440 and 383,283. By comparison, Brisbane, Adelaide, Hobart and Perth, respectively, had 101,554, 37,837, 33,450 and 8,447 residents by 1891. By 1891, 41 per cent of Victorians and 35 per cent of the residents of NSW lived in their capital city (Caldwell, 1987, pp. 26, 41; Patmore, 1991, p. 43).

The Australian economy expanded. The wealth generated by the gold rushes laid the foundations of a “long boom” from 1860 to 1890. Butlin (1987, p. 133) estimated that Gross Domestic Product (GDP) increased from £64.5 million in 1861 to £206.3 million in 1891 (current prices). However, economic growth started declining in the 1880s and there were minor recessions in 1863, 1871, 1879 and 1886. Economic conditions also varied between the colonies. While Victoria experienced a recession from 1863 to 1866, there was an economic boom in Queensland. In SA, the “long boom” ended in 1882, with emigration exceeding immigration continuously from 1885 to 1889 (Patmore, 1991, p. 43).

Mining, pastoralism, agriculture, building and construction, transportation and manufacturing were important sectors of the economy. Mining's share of GDP declined by at least two-thirds between 1860 and 1891. Gold initially fuelled Australia's economic growth but declined in importance during the "long boom" as the Victorian gold fields became depleted. Consequently, gold was no longer Australia's major export earner after 1870. Other forms of mining did increase but were not enough to compensate for declining gold production. Coal-mining grew – coal-gas illuminated the expanding cities and coal fired the engine boilers of the growing railway and maritime industries. NSW exported coal to Asia, the Americas, NZ and the Pacific Islands. Coal production increased in the Hunter Valley and spread to the Lithgow and Illawarra districts of NSW. By April 1891, mining employed approximately 6 per cent of the Australian workforce (Patmore, 1991, pp. 43–44).

Pastoralism and agriculture continued to play a key role in the Australian economy. British and French textile mills demanded more Australian wool and the sheep-flock increased five-fold between 1860 and 1890. Wool again became Australia's major export earner in 1871 and provided almost two-thirds of export earnings by 1890. There was a breaking up of agricultural land with legislation, such as the 1861 NSW Crown Lands Occupation Act, allowing individuals to purchase or select small blocks of land for farming. Although such legislation allowed many genuine "selectors" to take up land, there were activities such as "dummying" by squatters that placed family and friends on the land to protect their interests. While selectors had small amounts of capital, they sometimes purchased unsuitable blocks of land for farming. They could find themselves in debt to storekeepers and moneylenders and sought additional work such as shearing to make ends meet. These "selectors," like other farmers in Ireland and NZ benefitting from land redistribution, found advantages in pooling their limited capital through co-operatives to engage directly in the processing and marketing of their produce (Bayley, 1957, pp. 23–24; Patmore, 1991, pp. 44, 51, 61; Patmore and Balnave, 2018, pp. 86).

Building and construction contributed to the economic expansion. As the population increased, there was a growing demand for housing, especially in the cities. However, the population expansion was not the only factor. Changes in the style and standard of building in Melbourne encouraged growth. Further, the increasing congestion of Melbourne, now Australia's largest city, prompted an exodus of its population to outlying suburbs which further fuelled the boom. Owner-building declined and contract building became more important. During the 1880s, a large inflow of overseas capital and the increased centralisation of housing finance through building societies encouraged speculative building – construction ahead of demand (Butlin, 1964, pp. 187–188; Patmore, 1991, pp. 44, 51).

The Australian economy remained dependent upon Britain. In 1861, Britain bought at least 67 per cent of Australia's exports and supplied at least 70 per cent of its imports. By 1890, the figures were 73 per cent and 65 per cent, respectively. Faced with competition from the US and Germany during

the last quarter of the nineteenth century in the difficult European market, British exports and capital focussed on the British Empire. Between 1883 and 1887, 25 per cent of British foreign investment went to Australia. These loans financed railway construction and the expansion of export industries such as pastoralism – activities that complemented rather than competed with British interests. The favoured export industries placed cost pressures on domestic manufacturing by vying for resources and increased the vulnerability of manufacturing to import competition (Patmore, 1991, p. 46).

Immigration remained an important source of labour. Between 1861 and 1890, immigration contributed 37 per cent of the overall increase in Australia's population. The transportation of convicts continued to Tasmania until 1853 and WA until 1868, but the numbers were relatively small – approximately 10,000 to WA. Assisted immigration remained important, especially in Queensland and WA. Between 1860 and 1889, 54 per cent of immigrants coming from the UK to Australia received government assistance. Assisted immigrants had few or no skills and little capital. The restructuring of Irish agriculture following the famine of the 1840s and the depression that began in British agriculture and industry in the 1870s forced these people to emigrate. There were immigrants who had sufficient funds to pay their own way. The gold rushes, the “long boom” and family ties attracted these migrants. Some were skilled craftsmen or “emigrant mechanics.” The main source of migrants was the UK, but there were significant German settlements in Queensland and SA. Melanesian labour played a crucial role in the development of the Queensland sugar industry (Patmore, 1991, pp. 53–54).

There were doubts over the benefits of the “long boom” for the Australian workers. Lee and Fahey (1986) have argued that earnings were irregular since work was seasonal, temporary and casual. The peak of rural production in summer coincided with Christmas festivities. Unskilled work depended upon strength, with sickness and age increasing the risk of irregular earnings. Even in the metal trades employment was unstable. The availability of work depended upon the season and the winning of short-term government and private contracts. The failure of imported parts and machinery to arrive at crucial points in the production process could severely disrupt output. Urban historians have also noted the unsanitary and overcrowded slums in Sydney and Melbourne. Many Australians could not afford to buy their own homes. In 1891, 65 per cent of Melbourne's population and 70 per cent of Sydney's were tenants (Patmore, 1991, pp. 47–48).

The period also saw an expansion of trade unionism beyond skilled trades. Unionism spread to coalminers, metal miners, transport workers, factory employees, pastoral workers, retail assistants, clerks and supervisory staff. Coalminers in the Hunter Valley of NSW lived in communities centred around their place of work and faced dangerous working conditions. Many were British immigrants and brought with them organisational skills from the militant coalfields of Northumberland, Durham and Scotland. Unions co-operated through the formation of trades and labour councils and the inauguration of

Intercolonial Trade Union Congresses in Sydney in 1879 with five more before 1890. Tradesmen's unions played a major role in organising them, but the 1889 Hobart Conference explicitly incorporated the term labour in its title to break down the division between tradesmen and labourers. By 1889, the labour movements in all colonies except WA sent delegates. The Congresses provided a forum for the discussion of a wide range of issues including the eight-hour day, immigration, education and the representation of labour in parliament. While there was interest in co-operatives, with discussion on the topic at Intercolonial Congresses, the labour movement's interest in worker or producer co-operatives waned from the 1860s as unions were able to improve wages and conditions through negotiation with employers and industrial action during periods of relative prosperity. There were also concerns about the financial viability of producer co-operatives and their potential conflict with union conditions. By 1890–1891, it is estimated that the percentage of trade unionists in the workforce was 20.9 per cent in NSW and 23.2 per cent in Victoria (Lewis, 1992, pp. 13–14; McKay, 1946, pp. 20–21; Patmore, 1991, pp. 56–63).

### **Co-operative Ideology and Legislation**

There remained strong links between English and Australian co-operatives. The *CNUK* was circulated in Australia and published reports on Australian Societies and letters from local co-operators. The Adelaide Co-operative Society in 1872 saw the *CNUK* as helpful in local membership drives and later purchased copies of Holyoake's history of co-operatives for members. Facing hostility from local storekeepers, a co-operative store at Moonta, SA in October 1873 wrote to the Rochdale co-operative asking for advice on how to ensure success. They sought a copy of the Rochdale rules and information on how to obtain goods from co-operative wholesalers in the UK. Henry Parkes, who was elected to NSW Parliament in 1864, continued to be an advocate of the Rochdale movement. He undertook a local well-publicised tour in 1863 of the Rochdale co-operative in England, where he attended meetings. Parkes later supported the establishment of the Sydney General Co-operative Society (SGCS), which operated in Sydney in the mid-1860s (Martin, 1980, pp. 205–208).<sup>1</sup>

British immigrants continued to bring their co-operative experience with them to help build the local co-operative movement. They played a significant role in NSW coal-mining districts, where retail co-operatives became an important feature of local communities. Three coalminers from Durham, together with another migrant, Robert Gray, played a crucial role in the formation of the Burwood Pioneer Co-operative Society in Merewether near Newcastle (Eklund, 2007, p. 140; Patmore and Balnave, 2018, p. 100).

A significant UK immigrant was William Nuttall who arrived in Australia in February 1884. He was born in Oldham, England and became a self-employed shoemaker. Nuttall had been active in the English co-operative movement, serving in a number of roles including the first employed secretary of the Oldham Equitable Society, a CWS director, a founder of the *CNUK* and editor



of the CWS *Annual*. He became Secretary in 1884 of the Equitable Co-operative Society in Melbourne, which was modelled on the Rochdale society, but was in liquidation by 1892. He was a public advocate for co-operatives and presented a paper on the advantages of co-operatives to the Melbourne Inter-colonial Trade Union Congress in April 1884. He returned to Manchester in 1900, where he continued to attend co-operative gatherings until his death in 1905 (Saville and Tyson, 1972, pp. 257–258).<sup>2</sup>

Dairy farmers in NSW also became interested in co-operatives. The Illawarra district on the NSW south coast, with its closely knit dairy communities provided the initial interest in co-operation, with farmers increasingly dissatisfied with the network of agents and merchants selling their products in Sydney and looking at the possibilities of co-operation with better transport links and refrigeration. They were aware of the Rochdale co-operative model and there was rural press coverage of the success of dairying co-operatives in Denmark.<sup>3</sup> Joseph Weston, editor of *The Kiama Independent*, was acquainted with co-operatives in Lancashire, and undertook an editorial campaign anonymously as the “Dairyman” from 1872 promoting co-operatives for dairy farmers.<sup>4</sup> Weston faced opposition from the agents and merchants who withdrew their advertising from his newspaper and spread negative information about the British co-operative movement. The cream separator was introduced into NSW from Denmark in 1881, further encouraging farmers to come together to build factories, with Illawarra farmers sending a representative to study co-operative production in Denmark in 1884 (Lewis, 2006, pp. 4–5; Patmore and Balnave, 2018, p. 101; Todd, 1994, pp. 21–23, 31).

Co-operation also attracted the interest of Australian labour radicals. Bob Winspear migrated from Durham with his family and worked at the New Lambton coalmines near Newcastle where he developed radical ideas. A small inheritance allowed him to stop working as a miner and with the help of his wife Alice he published the first issue of *Radical* in March 1887, later renamed the *Australian Radical*, from his home at Hamilton near Newcastle. The paper reached a circulation of 2,600 with distributing agents in the Hunter Valley, Sydney, Melbourne, Adelaide and Brisbane. Winspear promoted modern socialism, which aimed to build a socialist society gradually, with workers voluntarily establishing worker-owned enterprises that would ultimately lead to socialist society. While the *Radical* in August 1888 became the official mouthpiece of the Australian Socialist League, which had been formed in Sydney in May 1887, it ceased publication in April 1890 after differences with the League over its growing support for state socialism and a split with the League in September 1889. The state socialists argued private monopoly should be eliminated by the state owning and controlling the means of production and distribution of wealth. The population would be converted to socialism and ultimately the socialists would achieve their agenda through gaining control of Parliament. They viewed the modern socialists as promoting a view that led to co-operatives competing with capitalist enterprises and no fundamental transformation of capitalism. This view was also expressed by others including

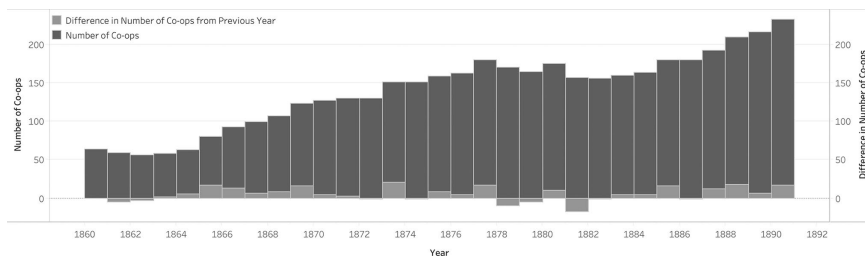


William Lane, who was to later found the New Australia colony in Paraguay. There was confusion with these competing ideas within the League leading to a blending of strategies. The League in March 1888 established the unsuccessful Australian Co-operative Labour Organisation, which would ultimately transform from a co-operative into a labour party (Burgmann, 1985, pp. 35–43; 1990; Lewis, 1992, pp. 15–24).

The growing interest in co-operatives in Australia was inspired by the success of the Rochdale movement in the UK and the prompted SA in 1864 and NSW in 1865 to pass IPSA drawn upon the UK legislation (Lewis, 1992, pp. 11–13; 2006, p. 69). The SA legislation was introduced in June 1864 and was assented to in December 1864. Samuel Bakewell, who guided the Bill through the Legislative Assembly, was a grocer and active in the Wesleyan Strangers' Friend Society. He was interested in alleviating the suffering of the poor and destitute. The Act facilitated the incorporation of co-operative societies and provided for a Registrar, but there was no reference to co-operatives or their principles. It encouraged "working men" to pool their resources to form small joint stock companies for trading purposes with limited liability. A minimum of seven members was required to form the association (SA, 1864).<sup>5</sup>

The NSW IPSA followed the SA legislation. While Lewis (1992, p. 11) has argued that the NSW legislation departed from the British legislation by the prohibition of societies engaging in banking, the 1852 UK legislation included this prohibition (Lambourne, 2008, p. 48). The principle of limited liability embodied in the Act was not extended to NSW companies until 1874. John Hargrave, the Solicitor General in the Fourth Cowper Ministry, who introduced the Bill into the Legislative Council in April 1865, referred directly to the Rochdale Co-operative and noted that the Act "would be the means of encouraging habits" among workers and enable "them to form advantageous trading associations."<sup>6</sup> There was a petition in support of the Bill and legalisation of co-operatives signed by 176 Sydney residents.<sup>7</sup> The NSW legislation provided for Clerks of the Peace, rather than an Industrial Registrar, who regulated registered societies but had no administrative machinery to oversee the legislation or promote co-operation. The Act discouraged co-operatives by providing complicated technical steps for the formation of societies with only 13 registrations before the legislation was replaced by a Friendly Societies Act in 1873, which further increased the complexity of registration. The 1873 Act did use the word "co-operative" and there were 62 registrations between 1873 and 1895, with 51 during the last ten years (Lewis, 1992, pp. 11–13; NSW Registrar of Co-operative Societies, 1925, p. 8). Victoria passed an IPSA in 1873 which also included the prohibition on banking activities (Victoria, 1873).

There were increasing attempts to regulate building societies as building boomed with a growing population. The tension continued between building societies being mutual organisations and engaging in more speculative activities as the economy grew. The 1874 Victorian legislation, which was modelled on 1873 UK legislation, tried to limit the advances of societies to three times the paid-up capital. This forced societies to enlarge their share capital or register as



*Figure 5.1* Australian Co-operative Trends 1860–1890.

*Source:* VHAAC Version 31.0 July 2023.

companies to avoid the restrictions of the legislation. Victoria, unfortunately, also made modifications to the UK legislation that weakened legislative controls over building societies, which allowed building societies to buy and sell mortgage freehold and leasehold land, increasing their speculative activity with members' funds. By contrast, the SA 1881 legislation did not give building societies the power to engage in land speculation. In Queensland, concerns with speculative activities of building societies led to the passage of legislation in 1886 which restricted the sums legally available on deposit or which could be borrowed by building societies to three times their paid-up capital and accumulated profits. As earlier in Victoria, building societies avoided these restrictions by registering under companies legislation and escaped all government supervision (Butlin, 1964, pp. 258–259; Cannon, 1967, p. 13; Coghlan, 1969, p. 1766; Linn, 1989, pp. 31–33; Victoria, 1874).

Within the context of the long boom, VHAAC data in Figure 5.1 highlight the trends in the number of co-operatives that occurred from 1860 to 1890. Overall, there is growth over the period, reflecting the growing Australian economy, with a slight downturn in the early 1860s and more significant downturn from 1877 before a sustained upturn after 1882. There was a minor recession in the early 1860s and the successive legalisation of co-operatives through the IPSA after 1864 in SA, NSW and Victoria assisted their growth over the remainder of the long boom. The remainder of the chapter will break these trends down further by examining specific major types of co-operatives during the long boom.

### Consumer Co-operatives

There was a fluctuating interest in consumer co-operatives during the long boom according to data drawn from the Visual Atlas. Consumer co-operatives peaked in 1866, 1873, 1877–1878 and there was a general upswing after 1882. While the established literature suggests that unemployment and poverty fuelled the upswing in the early 1860s, there were concerns about local monopolies ensuring high prices on necessities such as meat and a desire by workers to retain the high standard of living reached during the gold rush.

Continuing concerns with living standards underpin later upswings of interest in consumer co-operatives, with the general upswing after 1882 being further fuelled by disillusionment with the existing political and economic system (Heaton, 1925, p. 305; Patmore and Balnave, 2018, p. 100)

Consumer co-operatives spread to all the Australian colonies during the long boom according to data drawn from the Visual Atlas. They existed in NSW throughout the entire period with peaks of activity in 1866, 1878 and a continuous growth after 1882 reaching a peak of at least 23 consumer co-operatives by 1890. One notable region was the Hunter Valley in NSW, where there was at least one consumer co-operative operating at any time over the period and 15 of the 40 known consumer co-operatives established in NSW during this period were formed there. This compares with 10 in Sydney and 15 spread throughout the rest of the colony, including two in Bathurst and one in the new mining town of Broken Hill. Immigrant coalminers from the UK brought their knowledge of Rochdale co-operatives to the NSW coal industry, where employment grew dramatically in the Hunter from 852 in 1861 to 7,874 in 1890. The establishment of the Lower Hunter consumer co-operatives occurred alongside the successful formation of a district wide miners' union. The earliest retail co-operative in the Lower Hunter Valley was the Bon Accord Co-operative formed in Newcastle in June 1860 by workers with an additional aim of encouraging temperance. The co-operative changed its name to the Newcastle Co-operative Society in 1861 following a merger with the Newcastle branch of the Temperance Alliance. While there was an approach by this society to the CWS to act as its Australian agent in 1865, it was no longer operating by July 1866. The Borehole Co-operative Society, which was operating a store in Hamilton in 1861, survived until 1909 when financial difficulties forced it to merge with the Stockton Co-operative Society. One significant co-operative was the West Maitland Co-operative Bakery Society, which was formed in 1868, against the background of concerns over the impact of a local bakers' monopoly on prices and favourable references to the Rochdale movement in England. It continued to operate well into the twentieth century before being deregistered in 1986. Consumer co-operatives appeared in other NSW coal-mining areas. There were Rochdale co-operatives in the Illawarra mining village of Mt Kiera in 1885, which operated until 1893, and the mining town of Lithgow in 1888, which aimed to establish a butchery and was short-lived (Balnave and Patmore, 2008, pp. 14; Bowden, 2006, p. 57; Hampton, 1986, pp. 15–16).<sup>8</sup>

There was also co-operative activity in Sydney and its suburbs. The first known consumer co-operative was the Sydney Co-operative Baking Company (SCBC) commencing operations in April 1861 drawing upon the “well-known” success of Rochdale with support from Parkes. While this co-operative was formed to improve the industrial conditions of bakers, there was discontent with the co-operative over its treatment of its workers. The SCBC extended its operations to include groceries. The SGCS, which operated from 1863 to 1866, consisted of skilled workers and salaried professionals and had the aim

of supplying groceries, with a dividend to its members and no radical Owenite agenda of forming further co-operative enterprises. Parkes chaired meetings of the SGCS but the Society remained relatively small with 20 members in 1863 and 94 members by December 1865. The SGCS did not follow strict Rochdale principles by restricting the rights of shareholders to withdraw capital to maintain sufficient co-operative capital. Both the SGCS and the SCBC took an active role in lobbying for the 1865 NSW IPSA, with the SCBC registering as the Sydney Co-operative Association under the Act before liquidating by 1867 (Lewis, 1992, pp. 10–11).<sup>9</sup>

Sydney public servants established the Civil Service Co-operative Society in April 1871 and registered under the NSW IPSA. The public servants were interested in finding ways of maintaining their standard of living following a reduction of civil service salaries. While the co-operative followed the Rochdale principle of cash only trading, it departed from Rochdale principles by allowing the number of votes for each shareholder to rise to four each depending on the number of shares with four votes being allowed for the maximum shareholding of 20 shares. Only civil servants, retired civil servants and the widows of civil servants were eligible for membership, but there were ticketholders who could shop at the store but not participate in co-operative governance. By February 1872, the co-operative had a membership of 1,159. It provided deliveries to Sydney suburbs, published product catalogues and established a short-lived branch store in Newcastle in 1874. It was to continue to trade into the next century (Kingston, 1994, pp. 31–36).<sup>10</sup>

While the number of consumer co-operatives was less than in NSW, SA also had a continuous consumer co-operative history during the long boom from at least 1865 with peaks of interest in 1873 and in 1880–1881 just prior to the premature end of the long boom in SA. There were at least 30 consumer co-operatives in SA between 1865 and 1890 of which 18 were formed in Adelaide and nearby settlements. The earliest was in Port Adelaide in 1865 and overall four consumer co-operatives formed there before 1890, with the longest survival rate being only six years. In Adelaide, the earliest was the South Australian Co-operative Association (1866), which was formed in 1866 and adapted the rules of the Rochdale Society to “colonial requirements.” It failed due to problems with providing credit to members despite the Rochdale emphasis on cash transactions. Out of the ashes of the former society ten members, none of whom had any experience in running a general store, formed the Adelaide Co-operative Society in May 1868 with a strict no credit policy. Their occupations included a painter, a prison guard, a summons server, soap and candle maker and a storeman. George Thompson provided continuity of management, serving as manager from 1871 to 1905. By April 1872, the co-operative had 96 members with sales of £444 and a £57 surplus. The co-operative was able to obtain finance to expand its operations including loans from Sir Henry Ayres, the former SA Premier. It expanded to include a bakery, reading room and dairy farm, importing the first cream separator into SA to ensure a fresh supply of butter. The Adelaide Co-operative gave support to

other co-operatives by for example offering in May 1876 to provide stock at cost price to the Port Adelaide Co-operative to unsuccessfully prevent its collapse. After the collapse, the Adelaide Co-operative extended its deliveries to Port Adelaide. By August 1890, it had grown to 1,153 members and earned a half yearly profit of £1,257. It became one of Australia's longest surviving Rochdale co-operatives (Adelaide Co-operative Society, 1901, pp. 22–23; Balnave and Patmore, 2008, p. 18; Fisher, 1924).<sup>11</sup>

There were also consumer co-operatives in regional SA. From 1865, at least seven consumer co-operatives were formed in the copper-mining towns of Kapunda, Kadina, Wallaroo and Moonta with the Kadina Co-operative Society operating from 1872 to 1879. While the immigration of Cornish migrants was a significant factor in the development of these towns, the South-West England was not a centre of co-operatives relative to North England, North-West England and Yorkshire. Despite this, Cornish miners were active in forming trade unions and political organisations to improve their working conditions. This collective action also encompassed consumer co-operatives to combat rising prices and maintain living standards. There were at least five consumer co-operatives found in other regional SA centres including two at Port Augusta from 1882 to 1883 (Payton, 2001, p. 232; Purvis, 1990, p. 320).<sup>12</sup>

By contrast to SA and NSW, there were a smaller number of consumer co-operatives in Victoria with a minimum of 19 operating. There is a gap in activity in 1861–1862 and 1880, with peaks of activity in 1867 and 1873–1875. There was an upsurge of Victorian consumer co-operatives after 1887 leading to a peak in 1890. Twelve of the co-operatives were in Melbourne and its suburbs, while seven were in regional areas, with three at Bendigo. The Excelsior Co-operative Association opened its store in Carlton in 1863 selling essential foodstuffs and groceries and growing to 99 members the following year. David Blair, who had been associated with the earlier worker co-operative at *The Age* newspaper, promoted the co-operative, but it was short-lived. The Victorian Co-operative Association founded in Victoria in 1872 operated in Melbourne and William Shiels, the Secretary, corresponded with Holyoake about organising a conference of Australian co-operators like those in England. Unfortunately, the Co-operative Association made a loss of £36 in 1872 and failed due to member dissatisfaction with its suburban delivery service. The Equitable Co-operative Society grew under Nuttall's management to six branch stores in Melbourne and 2,000 members by 1886 with a free delivery service. It too ran into difficulties and was being wound up by 1889. There was a movement to form a co-operative wholesaler in 1888 in Melbourne but it also failed (Mckay, 1946, p. 31).<sup>13</sup>

Consumer co-operatives also appear for varying periods in Queensland, Tasmania and WA. There were at least 15 consumer co-operatives in Queensland from 1860 to 1890, with a gap from 1866 to 1870, with 6 being in Brisbane and the rest spread throughout Queensland. Two significant co-operatives were the Queensland Civil Service Co-operative Company and the Central Queensland Co-operative and Industrial Baking Society, which, respectively,

operated in Brisbane and Rockhampton from 1873 to 1927 and 1884 to 1922. There were at least two societies in Tasmania, with one at Launceston from 1866 to 1867 and one in Hobart from 1874 to 1880, and four in WA. The earliest WA consumer co-operatives were at Albany in 1868 and Perth in 1869, with the former operating for 18 years and the latter for 13 years. There were also two short-lived consumer co-operatives in Carnarvon and Toodyay (Baskerville, 2019, pp. 1–2; Queensland Registrar, 1890, p. 19).<sup>14</sup>

### **Worker Co-operatives**

Coalminers in the Borehole consumer co-operative in the Lower Hunter Valley extended the idea of the co-operative to coal-mining with the formation of the Co-operative Coal Company in 1861.<sup>15</sup> The co-operative arose out of an industrial dispute when miners refused to accept a 20 per cent cut in hewing rates and was a union enterprise. There was also a belief that the co-operative could be a long-term solution to labour conflict. A syndicate of 15 miners, including James Fletcher, the president of the local Miner's Union, was formed and secured 1,500 acres of land, with 6,000 shares at £5 each to capitalise the project with the venture financed by profits from the mine.<sup>16</sup> Workers set their own hewing rates with production targets being determined democratically at meetings between managers and miners. There was the continual problem of obtaining sufficient capital to run the mine, with miners reluctant to invest their earnings in the mine, and due to other businesses which “sabotaged” the project by interrupting supplies and transport. The mine eventually became insolvent with debts of £12,000 and was wound up in May 1869 and sold to a private company (Patmore and Balnave, 2018, p. 65). As late as 1891 unionists in NSW referred to the failure of the mine “as evidence of co-operation's inadequacies” (Lewis, 1992, p. 10)

Despite this, there were at least 17 other worker and producer co-operatives formed during the long boom according to data drawn from the Visual Atlas. There were five in NSW, nine in Victoria and three in SA. One significant surge of interest occurred in Victoria in 1890 when four co-operatives were formed against a background of industrial unrest. Striking workers, for example, established The Brunswick Brickmakers Co-operative in 1890 with the assistance of the Melbourne Trades Hall Council. Skilled workers generally formed these co-operatives in building, footwear, the metal trades and butchering during the long boom following industrial disputes. There were co-operatives formed by Melbourne actors in 1870 and coal handlers in Sydney in 1886–1887.<sup>17</sup>

Two significant examples of worker co-operatives were the Lithgow Co-operative Association in NSW and the Melbourne Boot and Shoe Makers Co-operative in Victoria. The Lithgow co-operative operated the local ironworks in the wake of financial difficulties there from 1882 to 1886. The co-operative provided employment for an average of 160–180 workers but the work was of an intermittent nature. It rolled iron rails and made other iron products under contract for the Eskbank Iron Company, which the co-operative had a major



dispute with over wages in 1883–1884. The co-operative ended when iron-maker William Sandford leased the works in November 1886 (McKillop, 2006, pp. 71–78, 82). The Bootmakers Co-operative arose in the wake of major industrial dispute and registered under the Victorian IPSA in April 1885. Nuttall played a role in its formation and the Victorian Operative Bootmakers Union financially supported it through a £100 loan. The Equitable Co-operative Society sourced its footwear from the Bootmakers Co-operative factory in Fitzroy. The co-operative faced financial difficulties with creditors being called in October 1888 and tenders being sought for its equipment in June 1890.<sup>18</sup>

### **Agricultural Co-operatives**

Between 1868 and 1890, there were at least 34 agricultural co-operatives formed in all the Australian colonies with 12 in NSW, seven in Queensland, seven in SA and five in Victoria according to data drawn from the Visual Atlas. There was an early push by farmers to establish co-operatives to reduce their reliance on agents with concerns about declining wholesale prices (Mckay, 1946, pp. 36–37). There was a co-operative sugar mill in Grafton, NSW, in 1868 and co-operative flour mills were established in Northam, WA, and Warwick, Queensland, in 1873. The first known fishing co-operative operated in Queenscliff, Victoria as late as 1871.<sup>19</sup> The short-lived South Australian Farmers' Co-operative Agency Company in its 1880 prospectus claimed that it aimed through co-operation to secure for farmers "the products of their toil, instead of their receiving as at present, only what is left to them after the MIDDLEMAN have deducted their PROFITS."<sup>20</sup> Concerns about the poor prices for wheat paid by shippers at ports such as Wallaroo and Port Augusta relative to Adelaide led to the formation of the South Australian Farmers' Co-operative Union (SAFCU) in 1888 (SAFCU, 1938).

Dairy co-operatives took off in Australia and were a driving force in the surge in agricultural co-operatives growing from at least two in 1886 to at least 16 by 1890. These early dairy co-operatives preferred to register under companies legislation as there was no suitable co-operative legislation to meet their objectives. The principle of one person one vote was not followed with for example one shareholder having up to five votes. Farmers, however, followed the co-operative principle of being paid from the factory surplus based on their proportion of the total product supplied (Mckay, 1946, p. 38). The earliest dairy co-operatives were formed in the Illawarra region of NSW where there was a strong interest in the co-operative model. The first known dairy and farm marketing co-operative was the South Coast and West Camden Co-operative Company (SCWCCC) in Kiama in 1880 and the first known co-operative butter factory in 1883 was the Kiama Pioneer Co-operative Dairy Produce Factory Company, which opened in June 1884 and exported its first butter to the UK in 1885. There were at least four more co-operative butter factories and marketing organisations formed in the Illawarra and South Coast of NSW by 1890 (Todd, 1994, p. 25).<sup>21</sup>



Dairy co-operatives were also formed in the Northern Rivers District of NSW. The migration of Illawarra and South Coast dairy farmers and local newspaper interest in the southern co-operatives encouraged their formation. Local farmers were also disillusioned with the returns from sugar cane farming and turned to dairying. The first co-operative was the Spring Hill Butter Company founded in 1888. It opened its first butter factory near Wollongbar in the Richmond Valley in August 1889. John Seccombe, the manager, went on a tour on the South Coast, where his father was a dairy farmer, before starting the butter factory. Seccombe's brother, Edwin, also introduced *Paspalum* grass to the region that helped improve milk production. There were at least two other dairy co-operatives formed or proposed in the Northern Rivers region in 1889 (Kennedy, 1970, p. 6; Lewis, 2006, pp. 5–6; Murray, 1970, pp. 6–7; Ryan, 1995, pp. 4, 75–76, 32, 260–261).<sup>22</sup>

Dairy co-operatives appear in other colonies. There were at least three formed in Victoria between 1888 and 1890 and they were in the regional centres of Allansford, Cobden and Glengarry. The Cobden dairy factory ran into difficulties due to a conflict between the milk suppliers and the “dry” shareholders, who were townspeople who bought shares to help establish the factory. The milk suppliers wanted the best price for their milk while the dry shareholders wanted interest on their capital. The issue was resolved in 1892 when the milk suppliers bought out the dries and the co-operative continued until it amalgamated in 1976 and finally liquidated in 1985. There was at least one dairy co-operative in Tasmania, three in SA and three in Queensland formed in 1889–1890 (Brinsmead, 1989, pp. 4–5, 12).<sup>23</sup>

### **Financial Co-operatives**

There was a surge in building societies during the long boom particularly in Victoria as the rapid growth in population and urbanisation fuelled the demand for housing. There were at least 183 societies operating in Victoria before 1890 for varying periods reaching peaks of 63 by 1877 and 78 at the peak of the building boom in 1888 according to data drawn from the Visual Atlas. There was a shift towards permanent building societies as the preferred form of organisation by the early 1870s. As early as 1866, there were 26 permanent building societies in Victoria with 8,600 shareholders and assets worth £650,000. By 1888, there were 74 societies with 26,300 shareholders and assets of £8,000,000. Building societies began to accept deposits as early as 1868, which became a major source of funds, reaching peaks of £5.29 million in 1888 and 1890. This compared to £5.26 and £40.3 million respectively in Victorian savings and commercial banks in 1890. As competition among building societies increased the conditions underlying the loans became more relaxed with the period of repayment being extended. Melbourne's significance as a centre for building society activity increased from the 1870s with advances from country towns being made from Melbourne offices of the building societies in the 1870s and 1880s. Building societies controlled residential financing

until the closing years of the building boom in Melbourne with their new advances being approximately two-thirds of residential financing throughout most of the period from 1860 to 1890. Wealthier individuals were the source of building society deposits and permanent share capital, while only a small proportion of Victorian building society advances went to working-class home ownership, with a preference to a variety of profit-seeking ventures (Butlin, 1964, pp. 247–249, 253–256; Jackson, 1984; Thomson and Abbott, 1998, pp. 75–78).

Building societies were also a significant source of housing finance in SA and Tasmania. There were at least 63 building societies operating in SA between 1860 and 1890 according to data drawn from the Visual Atlas. There was however a decline in building co-operatives in SA after 1860 with a relatively minor recovery by 1879–1880. However, another building slump prevented further growth in the 1880s. There was a focus on Adelaide, which reflected the pattern of SA building development, with only one-eighth of building society business being undertaken outside Adelaide by the mid-1880s. SA building societies were more conservative than their Victorian counterparts, opposing the inclusion of speculative activities in the 1881 building societies legislation. There were at least three more permanent building societies formed in Tasmania, two in Launceston and one in Hobart. The Launceston Savings Investment and Building Society, founded in 1867 and still operating as the Bank of Us, had its origins in the temperance activities of the Launceston Working Men's Club led by an Anglican minister and spread throughout the Northern region of Tasmania. The Hobart building society, the Tasmanian Lord Templars Mutual Benefit Permanent Building and Investment Society founded in 1874, also had origins in the temperance movement and the need to encourage thrift and avoid alcohol consumption (Butlin, 1964, p. 248; French, 1979, p. 6; Linn, 1989, p. 32).

There was less interest in building societies in NSW than Victoria. At least 98 building societies operated between 1860 and 1890 according to data drawn from the Visual Atlas. There was a peak in the number of building societies operating in 1878 with a downward trend until 1890. There was a strong presence in NSW regional areas with at least 55 building societies operating outside Sydney and its suburbs. The NSW societies did not play a leading role in financing housing after the late 1870s with building companies becoming more important in the Sydney metropolitan area. One significant surviving building society is the Illawarra Mutual Building Society, now IMB bank, formed in 1880 at Wollongong (Butlin, 1964, pp. 249–253). NSW building societies took political action to support their activities. In May 1865, members of Maitland and Hunter River building societies petitioned the NSW Legislative Assembly requesting that mortgages and conveyances be exempted from proposed stamp duties.<sup>24</sup>

There was a spread of building societies in Queensland and WA. Between 1860 and 1890, there were at least 46 societies operating in Queensland according to data drawn from the Visual Atlas. While there was a steady growth

until 1867, this was followed by decline with a financial crisis in the colony arising from its heavy dependence on a troubled UK loan market (Butlin, 1964, p. 253). There was a growth after 1873 with peak numbers in 1877 and 1880 followed by a gradual decline in the 1880s with some building societies registering under companies legislation to avoid the limitations imposed by 1886 building societies legislation. There was a strong regional focus with 38 of the societies operating in regional centres, including 13 in Rockhampton and 11 in Toowoomba. This reflected the decentralised nature of Queensland with vast distances between population centres particularly on the coast. As in Victoria, there was a shift away from terminating towards permanent societies with a notable example being the Toowoomba Permanent Benefit Building and Investment Society, founded in November 1874 and still operating as the Heritage Bank (French, 1979, pp. 18–20). In WA, the first permanent building society was established in Perth in 1862 which survived until it was demutualised in 1987. It was followed by permanent societies at Fremantle in 1875, Bunbury in 1882 and the Metropolitan Building Society in Perth in 1885 (Moore, 1989, pp. 12–13).<sup>25</sup>

Starr-Bowkett Societies started to be formed as alternatives to terminating and permanent building societies with members reducing external liabilities by using only member's funds. The earliest Victorian societies appeared in 1865 in the suburbs of Fitzroy, Collingwood and Carlton. They were all successful with the Carlton society terminating in 1871 and the others in 1877. The earliest registered Starr-Bowkett societies in NSW were in 1868 with 17 formed in NSW by 1890 according to data drawn from the Visual Atlas. There were eight in Sydney and the rest in regional NSW with four in Bathurst. There was an attempt to establish in 1885 a Starr-Bowkett Society in Hindmarsh, SA, but it failed to proceed due to insufficient capital (Butlin, 1964, pp. 251–253).<sup>26</sup>

## Conclusion

There was dramatic growth in the Australian economy and population during the period from 1860 to 1890. The growth of cities such as Melbourne and Sydney fuelled a demand for residential housing. On the land, there was a move to break up large landholdings by encouraging farmers to select small farms. The benefits of the long boom, however, were not shared by all and there was a growing Australian labour movement as workers sought to defend their rights and improve their living and working standards.

The Rochdale model provided an important basis for the growing consumer co-operative movement that also aimed to protect living standards by reducing the prices of groceries and staples such as bread and meat. While there was legislative encouragement through the passage of ISPA in several colonies, there were fluctuations of interest in the Rochdale model, but overall the movement grew. While the labour movement preferred to achieve its objectives through industrial action, there continued to be some interest in worker and producer co-operatives. Dairy farmers were also influenced to form

marketing and production co-operatives by developments in Denmark and strong desire to increase their returns by cutting out the “middle men” and pooling their resources to embrace new technology.

There was a major growth in building societies, particularly in Victoria, with building societies there exposing themselves to greater risk by weakening the terms of their loans to compete and engaging in speculative activity. While there was a legislative recognition of the need to regulate building societies during the building boom, there was a significant oversight in the Victorian legislation regarding speculative activity and evasion of regulation as some building societies registered as companies in Victoria and Queensland. Examined in the next chapter these issues led to significant reputational damage to building societies with the 1890s Depression and the rise of the Starr-Bowkett Societies which relied on members’ capital.

## Notes

- 1 Adelaide Co-operative Committee Minutes (hereafter ACCM), 19 August 1879. State Library of South Australia (hereafter SLSA), BRG 50/1/2; *CNUK*, 30 March 1872, p. 72, 21 June 1873, p. 316, 17 January 1874, p. 31, 9 October 1880, p. 359; *Freeman’s Journal* (Sydney), 17 February 1866, p. 106; *Goulburn Herald*, 8 July 1863, p. 3; *Kapunda Herald and Northern Intelligencer*, 27 July 1866, p. 3; *Mercury* (Hobart), 10 March 1866, p. 2; *Newcastle Morning Herald* (hereafter NMH), 21 October 1863, p. 4.
- 2 *CNUK*, 23 August 1884, p. 752, 24 May 1890, p. 497; *Leader* (Melbourne), 26 April 1884, p. 27, 31 December 1892, p. 43 *The Argus* (Melbourne), 2 March 1882, p. 4, 13 May 1882, p. 7.
- 3 *The Richmond River Herald and Northern Districts Advertiser*, 12 April 1889, p. 3.
- 4 *The Kiama Independent, and Shoalhaven Advertiser*, 5 September 1872, p. 2.
- 5 *Adelaide Observer*, 17 December 1864, p. 3; *South Australian Register*, 23 June 1864, p. 3; 26 August 1864, p. 3; *The Express and Telegraph* (Adelaide), 24 September 1888, p. 2.
- 6 *SMH*, 28 April 1865, p. 2.
- 7 *SMH*, 4 May 1865, p. 2.
- 8 CWS Minutes, 19 August 1865, National Co-operative Archives (hereafter NCA), Manchester; ‘Illawarra Co-operative Society,’ NSW State Archives and Records (hereafter NSW SAR), NRS 13055/1, Box 42642, File No. 25; *Newcastle Chronicle*, 14 July 1866, p. 1; *NMH*, 27 July 1886, p. 7; NSWGG, 14 March 1986, p. 1175; *SMH*, 18 October 1888, p. 8; *The Empire* (Sydney), 22 October 1861, p. 3; *The Maitland Mercury and Hunter River General Advertiser*, 5 June 1861, p. 23, 3; 11 July 1868, p. 2.
- 9 *Freeman’s Journal* (Sydney), 17 February 1866, p. 106; *Kapunda Herald and Northern Intelligencer*, 27 July 1866, p. 3; *Mercury* (Hobart), 10 March 1866, p. 2; *SMH*, 23 January 1861, p. 1; 5 November 1862, p. 2; 6 May 1865, p. 1; *The Empire* (Sydney), 9 January 1861, p. 1, 3 June 1865, p. 4, 12 November 1866, p. 1; *The Maitland Mercury and Hunter River General Advertiser*, 2 March 1861, p. 3; 7 February 1865, p. 4, 1 March 1866, p. 2.
- 10 *CNUK*, 1 June 1872, p. 293; *SMH*, 18 April 1871, p. 5; *The Newcastle Chronicle*, 24 October 1874, p. 5.
- 11 ACCM, 30 May 1876, 8 August 1876, 29 November 1881. SLSA, BRG 50/1/1, 3; *CNUK*, 27 July 1872, p. 387; *Daily Herald* (Adelaide), 30 August 1910, p. 6.

- 12 *The Wallaroo Times*, 29 May 1872, p. 2, 11 October 1879, p. 4, 6 December 1879, p. 4.
- 13 ‘Centennial Order of the Austral United Pioneers Land, Labor and Commerce by Co-operation Ltd.’ Public Record Office of Victoria (hereafter PROV), Co-operative Society Files, Series 497, Box 1; *CNUK*, 29 November 1873, p. 586; *Fitzroy City Press*, 28 August 1886, p. 3; *The Age* (Melbourne), 5 September 1863, p. 1, 19 January 1889, p. 13, 11 September 1889, p. 6; *The Argus* (Melbourne), 24 February 1864, p. 4, 6 June 1864, p. 8.
- 14 *Launceston Examiner*, 3 July 1866, p. 3; *Morning Bulletin* (Rockhampton), 14 October 1922, p. 1; *The Albany Mail*, 20 October 1885, p. 2, 30 November 1885, p. 2, 8 December 1885, p. 4; *The Brisbane Courier*, 22 July 1873, p. 4; *The Mercury* (Hobart), 7 May 1870, p. 1, 24 May 1880, p. 2; *The Telegraph* (Brisbane), 12 February 1927, p. 1; *The West Australian* (Perth), 28 January 1881, p. 4, 27 November 1885, p. 3, 5 December 1885, p. 3.
- 15 *The Newcastle Chronicle and Hunter District News*, 21 August 1861, p. 3.
- 16 *Sydney Mail*, 12 October 1861, pp. 2–3.
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## 6 The 1890s Depression and Its Aftermath 1890–1914

The 1890s Depression and the years before the outbreak of the First World War had a major impact on the shape of the Australian co-operative movement. The Australian labour movement moved towards political action through the Australian Labor Party and involvement in the Australian arbitration system, which placed an emphasis on the state rather than the co-operative movement to ensure workers' living standards. The federation of the Australian colonies weakened a potential national public policy focus on co-operatives as co-operatives were left to states to administer.

Within this context, this chapter explores the continued influence of English CWS on Australia. It also examines local co-operative thought and the development of co-operative legislation. The chapter charts the collapse of building societies during the 1890s depression, the rise of Starr-Bowkett societies and early initiatives in co-operative banking. It discusses two co-operative responses to the economic and social dislocation of the 1890s Depression – worker/producer co-operatives and co-operative community settlements. It concludes by tracing the resilience and growth of consumer co-operatives, agricultural co-operatives and other forms of co-operation.

### The Economic, Industrial and Political Context

The poor performance of the Australian economy during the 1890s and the early years of the twentieth century challenged the confidence of the long boom. There was a severe depression in the 1890s, with bank closures, wage cuts, unemployment and underemployment. Macarthy (1967, pp. 67–72) estimates that unemployment peaked at 28.3 per cent in Victoria in 1893. Disputes such as the 1890 Maritime Strike, which was the largest confrontation between unions and employers in nineteenth century Australia, the pastoral disputes of 1891 and 1894, and the 1892 Broken Hill strike disrupted the economy and heightened tensions between capital and labour. While there was a brief return to prosperity in 1900–1901, drought prolonged the stagnation of the economy until 1906. These problems highlighted the sensitivity of the domestic economy to fluctuations in the price of export staples such as wool (Patmore, 1991, p. 101). As Macintyre and Mitchell (1989, p. 10)

argued there was “a desire to protect the domestic economy and protect it from sudden shocks.” Average real income did not reach the peak level of the 1880s until 1909. There were also regional and industry variations. A major gold rush from 1894 to 1901 fuelled economic expansion in WA. The gold rush and the abolition of internal tariffs by federation helped expand the Australian manufacturing sector, diverting resources away from the drought ridden pastoral sector (Patmore, 1991, p. 74)

There were three major developments that had implications for Australian co-operatives the rise of the Labor Party, compulsory arbitration and federation. The 1890s marked a turning point in the attitudes of Australian unions towards politics with the formation of a Labor Party. Unions had to face the state acting on behalf of employers in major industrial disputes of the 1890s. Australian unionists took the view that the undue influence of employers on the state would only end if labour directly won parliamentary representation. The various Labor Parties in Australia had mixed success at first. In NSW, the Labor Party won 35 out of 141 seats in the Legislative Assembly in the 1891 elections, but splits over protectionism and other issues soon weakened the party. Working-class activists made several attempts to form a Labor Party in Victoria, and Labor formed alliances with radical liberals in Queensland and SA. The Party found it necessary to broaden its base beyond trade unions and appeal to Catholics and small farmers to gain electoral support. Despite this, trade unions still saw their affiliation with the Labor Party as an important means for improving wages and conditions. While socialist ideas and movements abounded within the Labor Party, it did not fundamentally challenge capitalism. In 1910, the Party won majority governments both in NSW and federally (Patmore and Stromquist, 2018, p. 7).

Australian trade unions also grew reliant on the state through the process of conciliation and arbitration. The major industrial confrontations and economic depression during the 1890s prompted greater interest in conciliation and arbitration. The strikes occurred in key export sectors and there were fears that the conflict would discourage overseas investment. Employers had little difficulty in finding labour to fill the strikers’ places during a period of economic downturn and won the strikes. Liberals saw state intervention as an answer to economic exploitation and the economic and social consequences of strikes. Liberals promoted and shaped the early legislation for compulsory arbitration and saw trade union recognition as an essential feature of the system. Compulsory arbitration assisted union growth and gave unions a role in the determination of legally binding awards covering wages and conditions (Patmore and Stromquist, 2018, p. 8). While some labour parliamentarians remained active in the consumer co-operative movement, scholars have argued that the Australian union focus on compulsory arbitration and parliamentarianism had some long-term negative implications for co-operatives including weakening of labour interest in worker and producer co-operatives (Albanese and Jensen, 2015, p. 97; McKay, 1946, p. 40).

The Federation of the Australian colonies in 1901 did not change the jurisdictional status of co-operatives. There was silence in the new Australian

constitution on co-operation and co-operatives. The legal framework for co-operatives varied among seven jurisdictions with the new federal government having only responsibility for federal territories. This posed problems for co-operatives wishing to operate across state boundaries where they would be a “foreign” legal entity. As Lewis (2006, p. 11) noted “inadequate and incompatible states’ co-operatives legislation would characterise Australian co-operative development for all of the ensuing century.”

### **Co-operative Philosophy and Legislation**

The English CWS continued to play a role in shaping the Australian co-operative movement. The *CNUK* continued to circulate in Australia and published Australian letters and reports. Australian correspondents included William Nuttall, who was secretary of the Equitable Co-operative Society in Melbourne, and John Plummer. Plummer was a journalist who had a long-standing interest in co-operatives. He was born into poverty in England and worked with his father as a staymaker. He gained public attention when he campaigned against the Northamptonshire Shoemakers Union for challenging the employment of his brother and was burned in effigy by the shoemakers. Plummer wrote pamphlets including ones on workers co-operatives and the evils of trade unionism. He was English social affairs correspondent for the *SMH* in 1863 and arrived in Australia in 1879. Plummer in 1882 had approached the CWS with an unsuccessful proposal to export to them frozen meat. He was critical of Australian agricultural co-operatives for registering under company legislation and not fully embracing Rochdale principles (Patmore and Balnave, 2018, p. 107; Stewart, 1988; Webster, 2019, p. 47).<sup>1</sup> He attacked the “great mass” of Australian colonists for being “deficient in those habits of self-reliance which have conduced so largely to the spread of industrial co-operation elsewhere” and being too reliant on the state.<sup>2</sup>

A visit by the CWS in 1896 to Australia combined an interest in spreading the message of co-operation with developing a trade relationship with Australia. This delegation attracted widespread newspaper coverage and a warm reception from colonial governments with the NSW Department of Agriculture encouraging farmers to co-operate to take advantage of export possibilities with the CWS. The CWS visit and the establishment of a Sydney depot in 1897 encouraged the co-operative export of dairy products to the UK. It also established a tallow works in the Sydney suburb of Alexandria that commenced operations in November 1901 to overcome shortages of soap-making material and was directly placed under the jurisdiction of the CWS’s soap works at Irlam, Manchester. The CWS also engaged in trading with Australian consumer co-operatives arranging in 1899 to supply Australian societies directly with Ceylon tea. The Adelaide Co-operative, which had ordered tinned salmon, drapery and dried fruit from the CWS, became a CWS member in 1900 with the aim of purchasing CWS boots, shoes and clothes. There were further visits by CWS representatives to Australia to review local operations and make trading connections (Patmore and Balnave, 2018, pp. 101–102; Webster, 2019, p. 73).<sup>3</sup>

The CWS faced difficulties with its Sydney operations. There were concerns about the behaviour of R.J. Fairbairn, the first Sydney depot manager. Fairbairn was formerly the chief assistant to the manager of the Newcastle, UK, branch of the CWS. Fairbairn angered the CWS by showing too much initiative and making deals that it disapproved of. These concerns reached a head in May 1902 when Fairbairn resigned following allegations he was buying and selling information on private companies. The manager of the tallow works was dismissed in November 1902 following a CWS review of operations, but this was later rescinded. The Sydney depot was merged with the tallow plant in 1907 and the tallow plant was shut after the outbreak of the First World War and sold in 1917 (Webster, 2019, pp. 73–74).<sup>4</sup>

The CWS fluctuated in its support for expanding the co-operative movement in Australia. In December 1897, it was concerned about the cost of proposed propaganda work to be undertaken by Fairbairn in NZ for consumer co-operatives before banning any Fairbairn from propaganda work in March 1898 citing concerns about the viability of Australian consumer co-operatives. There were further prohibitions on Fairbairn purchasing Australian goods for local consumer societies in February 1899 with his focus to be taking orders for the CWS. The CWS in June 1899 allowed Fairbairn again to undertake propaganda work but only after obtaining its authorisation. Fairbairn guided the formation of the Balmain Co-operative in Sydney, which was registered in 1901 and affiliated to the CWS in 1904. The CWS became more supportive of local consumer co-operatives in July 1903 when it issued instructions to the Sydney Depot in July 1903 to issue any CWS or CU literature to the local consumer co-operative movement. CU and CWS lantern slides on co-operatives were to be also issued to any co-operative society or anyone interested in co-operatives. The CWS, however, rejected the idea of entering the export trade with Australian co-operative societies in June 1906 on the grounds that it would have to keep inventory in Australia to meet local requirements. It did, however, encourage the formation of the Australian Co-operative Wholesale Society (ACWS) in Melbourne in 1906. The CWS rejected an approach by the NSW Co-operatives Societies' Association (NSWCSA) in April 1913 to establish a depot for the local consumer societies on the grounds that there would not be sufficient business to justify it. The CWS did assist agricultural co-operatives by instructing Fairbairn in October 1899 that he could only accept consignments of wool from “co-operative associations” and claimed in October 1901 that the “bulk” of its trade was with Australian co-operative farmers organisations (Lewis, 1992, p. 56).<sup>5</sup>

Although influenced by the CWS, the Australian co-operative movement was developing its own voice and identity with publications promoting co-operatives. The Capital and Labour Federation League produced the short-lived *Australian Co-operative News* in Melbourne from April 1890. The paper was of similar size to the *CNUK* and favourably reviewed by Holyoake in the *CNUK*. The League had an executive of over 50 members, including clergy, professors, solicitors, bank directors and parliamentarians, aimed to “disseminate definite

ideas of the responsibilities of employers and employed,” with a focus on producer co-operatives.<sup>6</sup> It published articles on the eight-hour day, profit sharing and an address by Nuttall on co-operation, and subscribers included the Adelaide Co-operative Society. The League’s activities included public lectures, which attracted criticism from Sam Albert Rosa, socialist, prominent leader of the Melbourne unemployed and advocate of a Co-operative Commonwealth where workers ran industry, who criticised profit sharing on the grounds that it forced the weaker and less skilled workers to work harder (Burgmann, 1988).<sup>7</sup>

The first major co-operative book published in Australia was Frank Pulsford’s *Co-operation & Co-partnership* (1913). He saw co-operativism as distinct from socialism, with its support for the extension of state enterprise, and liberalism, which encouraged the extension of private enterprise under social supervision. He saw producer or worker co-operatives as a “higher order of responsibility” than consumer co-operatives as production rather than consumption was more essential to society. Pulsford criticised the reliance of the consumer co-operatives on the dividend as “selfish.” He also championed other types of co-operatives such as housing co-operatives and agricultural co-operatives. Pulsford challenged the reliance of Australian trade unions on strikes and legislation arguing that a co-operative strategy would enrich the worker by saving wages lost through strikes, attracting capital to their enterprises due to peaceful industrial relations and co-operative enterprises bidding up wages in a competitive labour market. The Adelaide Co-operative bought 12 copies of his book and his ideas influenced Australian co-operative activists following the First World War such as Tom Shonk and Margaret Jones in NSW. Pulsford also influenced the Workers’ Educational Association (WEA) in NSW, where he served as an honorary treasurer (Lewis, 1992, pp. 62–63).<sup>8</sup>

There was co-operative legislative activity in NSW and WA at the turn of the century. NSW Parliament passed a 1901 Building and Co-operative Societies Act to distinguish co-operatives from co-operative companies and clarify administrative difficulties regarding building societies. Lewis (1992, p. 266) argues that the legislation did not achieve these goals because of its failure to adequately define “co-operation.” The new self-governing colony of WA passed a Friendly Societies Act in 1894, replacing earlier ineffective colonial legislation, modelled on British legislation which provided for a Registrar of Friendly Societies. The new legislation was more suited to consumer societies, with a focus on cash trading, and did not suit the longer-term credit needs of agricultural co-operatives. Similar issues arose with the Co-operatives and Provident Societies Act that came into effect in January 1904. It allowed co-operative societies to be registered for any “lawful industry, business or trade” except banking. There was no recognition of co-operative federations, although co-operatives could amalgamate, with the term “co-operative” not protected. While Rochdale consumer co-operatives registered under the legislation, farmers and rural businesses were critical of legislation claiming that it was unsuitable for their businesses and preferred to register under companies’ legislation (Baskerville, 2019, p. 7; HPF, 1928, p. 17; Lewis, 2006, pp. 97–98).<sup>9</sup>

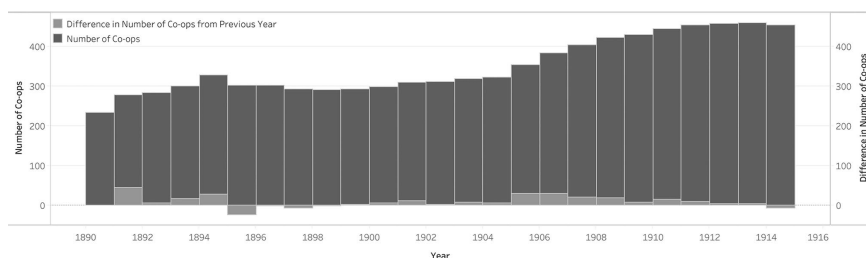


Figure 6.1 Australian Co-operative Trends 1890–1914.

Source: VHAAC Version 31.0 July 2023.

Against the background these economic, political and co-operative developments, the visualisation in Figure 6.1 highlights the overall trends in the number of co-operatives that occurred from 1890 to 1914. Despite the 1890s Depression and the poor performance of the Australian economy prior to 1906, the number of co-operatives overall grew during the period with a noticeable early peak in 1894. The remainder of the chapter will break down these trends by focusing on types of co-operatives.

### Financial Co-operatives

While there was a growth in the number of co-operatives, there was a decline in building societies. Building societies collapsed during the 1890s Depression and particularly in Victoria with the end of the Melbourne building boom. There were directors of Victorian funds that used depositors' funds for their own purposes with depositors facing a long liquidation process to obtain any return on their money. Building societies obtained a reputation for massive fraud and property speculation. They were also confused with the more speculative building companies that were associated with the land boom and subsequent collapse. In Melbourne only 38 of the 1890 total of 70 building societies survived the 1890s. The Ballarat Alliance Permanent Building and Investment Society, founded in 1869, survived the 1890s Depression, but voluntarily liquidated in 1904 in the face of competition from other lenders as banks became the main lenders for housing finance. Beyond Victoria the Perth Building Society in WA survived as its directors were willing to deposit their own funds to maintain members' confidence during panic withdrawals of funds during the early 1890s (Butlin, 1964, p. 429; Cannon, 1967; Patmore and Balnave, 2018, p. 102; Thomson and Abbott, 1998, pp. 78–79).<sup>10</sup>

By contrast to building societies, NSW Starr-Bowkett societies were insulated from the vagaries of the financial market through self-financing and grew from 12 societies in 1900 to 108 in 1914. This growth was fuelled by a loss of confidence in building societies, the workers' inability to obtain bank housing finance and the desire to buy their own property as rents skyrocketed in NSW



prior to the First World War. However, Starr-Bowkett societies in Victoria were less popular, with only 5 of the 26 societies registered since 1890 still operating in 1914. This may reflect the general loss of confidence in mutual financial institutions in that state following the 1890s with a well-publicised scandal in 1905 associated with the secretary of the Northern Districts Starr-Bowkett Societies in Melbourne stealing £8,000 of members funds further undermining public confidence. While concerns about gambling and promoters benefiting at the expense of members led to the banning of the formation of new Starr-Bowkett societies in England in 1894, the Australian colonies did not follow with similar restrictions (Darnell, 2006; Patmore and Balnave, 2018, pp. 88, 102; Victoria, Registrar of Friendly Societies, 1914, p. 6; 1915, p. 5).<sup>11</sup>

While there was a co-operative bank in Victoria as early as 1867, there was growing interest in establishing co-operative banks during this period. Charles Harper, farmer, politician and newspaper proprietor unsuccessfully advocated the adoption Raiffeisen banks for agricultural development in WA during the 1890s. There also appeared in Queensland a penny saving bank movement, where each depositor was required to deposit a minimum of a penny at each meeting. The first known penny savings bank was formed at Mackay in 1891 and continued to operate until 1924, while a second bank formed at Cairns in 1899 is still in existence. The Cairns bank, which focused on encouraging young people to save and was controlled by its members, attracted the support of the local business and Chinese communities. The Civil Service Co-operative Society of Victoria (CSCSV) formed a Co-operative Credit Bank in Melbourne in 1905. It raised funds through share subscriptions by members and limited its membership to public servants, defence personnel and semi-government authorities. By 1912 it had 1,134 members and loaned £29,000 before the First World War (Lewis, 1996, p. 2; 2006, p. 97; Pulsford, 1913, pp. 52–53; Ryle and McKenzie, 1999).<sup>12</sup>

### **Worker and Producer Co-operatives**

While there was of surge of interest in worker and producer co-operatives from 1890 to 1914 relative to earlier periods, the Visual Atlas data indicates that they contributed very little to the overall growth of Australian co-operatives during this period, with the highest known number being 9 in 1905–1906 and 1911–1912. After a peak in 1890, there was a decline worker and producer co-operatives as the Depression deepened. There was further growth after 1893 with peaks in 1897, 1903, 1905–1906 and 1911–1912, after which there was a decline by 1914. There were at least 35 worker and producer co-operatives formed in this period with boot making being a significant industry with at least eight co-operatives. There were also five co-operatives that provided general labour services and four in coal-mining. There were also at least two co-operatives that specifically targeted female employees. Except for Tasmania, they were found in all states, with at least 18 in Victoria and 10 in NSW. One of the issues in this period is distinguishing between union



enterprises that have co-operative in their title and co-operatives that have features such as worker ownership and profit sharing.

There were changing attitudes by trade unions towards worker and producer co-operatives. Markey (1985) notes a shift in the early 1890s in NSW unions away from co-operation as a form of industrial partnership towards workers co-operative enterprises against the background of the 1890s Depression and strike defeats with support for a variety of different schemes in industries such as building, baking and laundries, with the latter focussing on female employees. These occurred particularly in the wake of industrial disputes with the general support of the Sydney Trades and Labour Council, later renamed the Sydney District Council of the Australian Labour Federation. The schemes were also viewed as a means of resolving unemployment. These schemes generally failed or were short-lived with the lack of capital being a major issue. There was a momentum of interest in these schemes until 1895, and after 1897, there was little talk of co-operation as unions shifted their focus towards parliamentarianism and industrial regulation. There were similar trends in Victoria. An example of a producer co-operative was the Union Bootmakers' Co-operative Society, which was formed in Melbourne with union assistance after a strike in 1895 and still active in 1897.<sup>13</sup> There was a series of lectures at the Melbourne Trades Hall between 1901 and 1903 on co-operation but McKay (1946, p. 29) notes that interest waned after 1906 as unions pursued alternative strategies with an improving economy.

Despite this waning interest, unions were not the only inspiration for co-operative enterprises and some worker co-operatives had a notable impact. Middle class and wealthy activists in NSW formed the Women's Co-operative Silk-Growing and Industrial Co-operative in 1893 to address female unemployment and increase their work ethic (Markey, 1980, pp. 102–103). The co-operative received government and business support but the farm to supply the silk faced drought and the co-operative was wound up in 1901.<sup>14</sup> The Victorian Tocsin Printing and Publishing Co-operative, formed in 1897, was owned and maintained by workers and unions. Its publication *Tocsin* played a significant role in promoting political action by the labour movement. While its focus was state socialism, in the first few years of its existence it allocated a considerable amount of space to the advocacy of co-operatives. The co-operative sold *Tocsin* in 1906 to the proprietors of *Labor Call*, the publication of the Victorian Labor Party, but continued until it was wound up in 1942 (McKay, 1946, pp. 28–29).<sup>15</sup> Timber workers formed the South West Timber Hewers' Co-operative Society (SWTHCS) in WA in 1905. The WA Government provided the land and railway materials, including a locomotive, funded by a loan to the co-operative to allow the transportation of the timber. The SWTHCS named one of their communities Holyoake in honour of the UK co-operator.<sup>16</sup>

### Co-operative Community Settlements

The Atlas data highlights a major surge in co-operative community settlements during this period. While there had been an interest in the idea since

1820s in Australia, there had been virtually no attempts to establish them during the long economic boom with a short-lived co-operative community settlement scheme Victoria in 1873.<sup>17</sup> By contrast, between 1889 and 1908, there were 42 co-operative community settlements. They peaked in 1894 with 35 but appeared to have disappeared by 1908. They were found in all states but particularly concentrated in Queensland (17), SA (13) and Victoria (7). The Australian interest in co-operative community settlements went beyond Australia with the unsuccessful “New Australia” experiment of William Lane in Paraguay. The growth of these types of co-operatives not only reflects disillusionment with the economic and political environment during the 1890s Depression but also a wave of utopian literature by writers such as Karl Marx, William Morris and Edward Bellamy popularised through radical publications such as *The Bulletin*, *The Boomerang* and *The Worker* (Metcalf, 1995, pp. 18–19).

One major driving force to establish them was colonial governments. They tried to redress growing unemployment and possible urban unrest by establishing co-operative agricultural settlements for the unemployed, opening agricultural land and discouraging an exodus to Lane’s “New Australia.” The NSW, Queensland, SA, Victorian and Tasmanian parliaments passed legislation in 1893 to establish the settlements. There were 12 government settlements in Queensland and 13 in SA. The SA settlements, of which 11 were on the Murray River, attracted 1,770 settlers. A Murray River example in SA was at Waikerie formed in March 1894. The land was not cultivated and covered with scrub and gum trees. The Government leased 1,388 hectares for the settlement with 65 hectares allocated for each settler. Public meetings and lectures raised money to assist the settlers purchase clothes, furniture, livestock and agricultural equipment for the settlements. The communities were self-governing and based on democratic principles but only two allowed women to vote. These settlers included wharf labourers, shopkeepers, clerks, chemists and engineers. The election of trustees from among the villagers created problems as the control was placed in the hands of individuals without administrative experience and there was a turnover of trustees and trust chairs which led to dissatisfaction among the villagers. All the Murray River settlements faced drought with insufficient water for irrigation. The SA Government ultimately terminated the land leases of the co-operative community settlements and transferred the land to private landowners. In Queensland the legislation allowed a group of 30 or more males to apply for a perpetual lease of up to 65 hectares per member, which was to be collectively owned, and provided loans to purchase agricultural tools and equipment. Three co-operative settlements near Roma, for example, were eventually abandoned due to poor soil, inadequate drainage, the distance from markets and bad governance (Burgmann, 1985, p. 154; Lewis, 1992, p. 38; Mack, 1994, p. 6; Metcalf, 1995, pp. 22–24; 1998, p. 16; Walker, 1970, p. 19).<sup>18</sup>

There were settlements established independently of the government schemes. Following an unsuccessful 1891 strike, 72 shearers formed the Alice Creek Co-operative near Barcaldine in Queensland. Without any title to the

land, they constructed buildings including huts and a reading room. They cleared 10 hectares for vegetables and a vineyard. They worked on neighbouring properties with any income going to a common fund. The settlement prospered for only a few years and had ended by 1907 with poor land, insufficient capital and a hostile climate (Metcalf, 1995, pp. 20–21). The failure of co-operative community settlements cast a shadow over further proposals for them such as the idea put forward by visiting English socialist Tom Mann in 1904 for a co-operative colony funded by the state.<sup>19</sup>

### **Consumer Co-operatives**

Between 1890 and 1914, the Visual Atlas data indicates there was a major expansion of Australian consumer co-operatives, both retail and wholesale, with the numbers almost doubling from at least 40 in 1890 to 77 in 1914. While the presence of the CWS after 1897 does not appear to have a major impact, a peak in 1892 relates to disenchantment with the prevailing economic system during the depths of the 1890s Depression, while an increase after 1905 relates to an improving economy and concerns about rising prices (Patmore and Balnave, 2018, p. 100). There were at least 210 consumer co-operatives operating for varying periods during this period with 99 in NSW, 37 in Victoria, 25 in SA, 22 in WA and 20 in Queensland. There is continuous activity in all states except WA, where consumer co-operatives appear after 1895, and Tasmania, where there are gaps in consumer co-operative activity in 1896–1899, 1902–1904 and 1907. The patterns over time vary across states with NSW having significant peaks of activity in 1892 and 1909 and Victoria having peaks of activity in 1892, 1896–1897, 1907 and 1914.

There continued to be a strong presence of consumer co-operatives in mining centres. The lower Hunter Valley continued to be a major centre for consumer co-operatives, with at least 21 established during this period with four failing to survive the 1890s Depression. Coalminers played a significant role in spreading co-operatives to other Australian coalfields. There were at least nine in other NSW coalfields, two in Queensland, two in WA and one in Victoria formed for varying periods. A consumer co-operative in Lithgow, NSW, was formed in November 1891, but it collapsed against the background of the 1890s Depression. It tried to operate on a cash only basis but was undercut by profit-based retailers who provided credit to the unemployed. A co-operative was re-established in July 1901 following concerns over the bread price charged by local bakers. The Lithgow co-operative opened its first store in November 1901 and commenced delivering bread in May 1903. The Woonona Industrial Co-operative, which was established in 1896, became the largest in the Illawarra coalfields. Coalminers from Eastern Australia established a co-operative at Collie coalfield in WA, which opened a store in 1901. Originally, it organised market days where farmers and townspeople could buy and sell produce. It also took an active role in promoting co-operation in WA through printing a co-operative pamphlet for distribution throughout the state (Balnave and Patmore, 2008, p. 17).<sup>20</sup>

As in earlier periods, metal miners also formed consumer co-operatives. They were found in every state with at least nine in NSW, five in Tasmania, four in Victoria, three each in WA and Queensland, and two in SA for varying periods. There were at least five attempts to establish consumer co-operatives in the remote silver, lead and zinc mining town of Broken Hill in NSW. Three established between 1890 and 1892, but there was no activity against the background of the 1890s Depression from 1895 until 1901, when the Barrier Co-operative Society was formed. The Barrier Co-operative Society membership reached 1,345 by 1914. There was a fluctuating interest in the Tasmanian mining centres of Queenstown and Zeehan, with the Zeehan Co-operative Society of Tasmania operating from 1909 but being in liquidation by 1914. The SA Amalgamated Wallaroo Co-operative (AWC) founded in 1911 began publishing its own newspaper, *The Wheat-Sheaf*, and played a key role through Roland Campbell, its manager and a Labor Party activist, in promoting co-operative organisation both at a state and national level.<sup>21</sup>

Co-operatives also expanded in major Australian cities and their growing metropolitan areas. The Adelaide Co-operative Society continued to grow throughout this period. It developed significant political links with the emerging Labor Party and paid union rates to its workers to ensure labour movement support even during the 1890s Depression. Several co-operative management committee members served concurrently for Labor in federal and state parliaments, with Tom Price, a committee member for 15 years until his death, the first Labor SA Premier. The Adelaide Co-operative provided information to groups forming consumer co-operatives throughout Australia. It also tried to form links with agricultural co-operatives such as the SAFCU and provided information to assist the formation of Berri Co-operative Packing Union in 1913. There were also educational activities with Price delivering a lecture on co-operative history in May 1904 accompanied by CWS lantern slides and followed by musical entertainment. The Adelaide Co-operative sold its dairy in 1908 following a series of losses in the sale of milk and ceasing butter production after a noxious weed invaded the pasture and gave the butter an unpleasant flavour. It expanded its store with the opening of a three-storey building on the corner of Nelson and Angas Street, Adelaide in August 1910, when it employed 212 staff. In the wake of the CWS visit, railway workers at nearby Port Adelaide formed a consumer co-operative in 1896, which was followed in 1910 by a separate co-operative bakery (Fisher, 1924; McKay, 1946, p. 35)<sup>22</sup>

Beyond Adelaide, co-operatives appeared in other metropolitan centres. While it was surrounded by coal-mining districts, the Newcastle and Suburban Co-operative Society (NSCS) served the needs of a growing metropolis with its first store opened in August 1898. William Channon, a member of the Amalgamated Engineering Union, and other workers at the Honeysuckle Point railway workshops played an important role in its formation. The NSCS insisted on cash trading and struggled for survival in its early years, but the industrial expansion of Newcastle through enterprises such as the BHP steelworks helped ensure its future by the outbreak of the First World War, when it had 2,900 members. A significant Sydney co-operative was established in Balmain

in 1902. Balmain had a coal mine under Sydney harbour but was home to a wider range of workers. It grew to 5,263 members by 1914 and established branch stores in other Sydney suburbs such as Drummoyne. Melbourne civil servants formed the CSCSV in 1902 in the wake of protests over salary cuts. They saw a co-operative as a way of reducing living costs by compensating for the wage cuts. The store was modelled on the Civil Service Co-operative Store in Sydney and opened for business in May 1903. The CSCSV was plagued by internal conflicts over issues of member control and sectarianism. There were failed expansion efforts into regional Victoria and the West Coast mining areas of Tasmania. The CSCSV in 1907 opened membership to the public and reached out to unions by establishing a bakery in Richmond during a bakers' strike that provided union conditions. While it faced problems, the CSCV promoted co-operation through a range of activities including publishing a newspaper, *the Federal Co-operative News*, supporting a women's guild and organising a Melbourne Children's Co-operative Festival in December 1907. Despite attempts, consumer co-operatives failed to establish in Brisbane, while there were consumer co-operatives in Hobart and Perth by the outbreak of the First World War (Balnave and Patmore, 2008, pp. 14, 18; Butler, 1948, pp. 10–18; Hampton, 1986, p. 37; McKay, 1946, pp. 71–72).<sup>23</sup>

There was a growth in consumer co-operatives outside metropolitan areas and mining communities. Significant examples formed during this period are at Albury (NSW), Geelong (Victoria), Millicent (SA), Petersburg later Peterborough (SA) and Terang (Victoria). There were several unsuccessful attempts to form a consumer co-operative in Bathurst (NSW) with the longest lasting for ten years. The Eudunda Farmers' Co-operative Society took advantage of Adelaide Co-operative's reluctance to expand into regional SA due to difficulties of management control by establishing a branch network. Its origins lay in the depths of the 1890s Depression when wheat farmers in marginal agricultural land around Eudunda failed to cover their costs and tried to survive by selling mallee trees and roots as by-products of their land clearing to merchants. They found themselves eventually being paid in script for timber that would be redeemed at local stores, where they fell into increasing debt. The farmers formed the society in January 1896 at Eudunda but opened its head office in Adelaide in March 1896 to receive timber and supply goods. The first branch store was opened in February 1897 at Sutherlands which supplied goods and purchased timber. The Eudunda Farmers shifted away from the wood trade into general merchandising emphasising cash trading to eliminate farmers' debt. It purchased a paddle steamer, the *SS Pyap*, as a floating store for the Murray River in 1908, and by 1914 had 16 stores and 2,506 members (Eudunda Farmers' Co-operative Society, 1946, pp. 8–17, 26; McKay, 1946, pp. 27–28).<sup>24</sup>

There were moves to establish women's guilds and co-operative wholesale societies. There were at least four consumer co-operative women's guilds established in this period. The earliest of these was the Bendigo Co-operative Women's Guild, which was established in 1905, but dissolved in January 1906

due to the “apathy” of the Bendigo Co-operative directors. There was also the Socialist Co-operative Women’s Guild, that operated in Melbourne from 1906 to 1907, and the Premier Industrial Co-operative Society Women’s Guild, that operated in Maylands, WA, from 1914 to 1915. A significant women’s guild was the Victorian Women’s Co-operative Guild of Victoria, that operated in Melbourne from 1907 to 1915 and was established with CSCV assistance. Feminists Evelyn Gough and Margaret Cuthbertson played an active role in the Guild with its formation arising out of a discussion between Gough and UK social reformer Margaret MacDonald, the wife of UK Labour politician, Ramsay MacDonald, when she visited Australia in 1906. The Guild affiliated to the National Council of Women, supported campaigns for equal pay for women and signed an Australian petition to the UK House of Commons in 1912 for UK women’s suffrage.<sup>25</sup>

The CSCSV initiated a co-operative wholesale society in 1906, the ACWS, modelled on the CWS, which brought together both consumer co-operatives and agricultural co-operatives. Despite the assistance of the CWS, which the ACWS hoped to trade with, it ceased to function by 1910. The Adelaide Co-operative rejected a proposal from the Millicent Co-operative in June 1907 to either form a SA co-operative wholesaler or join the ACWS on the grounds that there was insufficient turnover to justify a co-operative wholesaler in SA. While the AWC later agitated for another SA co-operative wholesale society, SA co-operatives, with the Barrier Co-operative Society, rejected the idea at a March 1914 conference preferring that the Adelaide and the Eudunda Farmers Co-operatives act as wholesale distribution centres.<sup>26</sup>

There were moves in NSW to form a co-operative wholesale. The NSCS and other Hunter Valley consumer co-operatives established the Northern District Co-operative Association (NDCA) in 1905 with multiple objectives including the formation of a wholesale society and an advisory body for the Hunter region as a precursor for the state-wide body. After a NDCA attempt to form a co-operative wholesale among the NSW co-operatives in 1909, which broke down due to disagreements between the Hunter Valley co-operatives and other co-operatives including Balmain over the voting rights of affiliates and the use of surpluses to support the development of production co-operatives, four Hunter Valley consumer co-operatives, including the NSCS, held the first meeting of NSW CWS at Newcastle in September 1912. The NSW CWS faced boycotts by flour millers and oil companies prior to the First World War. Manufacturers, importers and the agents of overseas companies also refused to include the NSW CWS on their wholesale list. Despite this, the NSW CWS by January 1914 had opened a broom factory and a net annual profit of £226. The NSW consumer co-operatives outside the Hunter Valley formed in 1911 the NSW CSA, with the aim of forming of a co-operative wholesale, but failed to establish it before the outbreak of the First World War (Hampton, 1986, pp. 45–46; Lewis, 1992, p. 59; McKay, 1946, p. 33; Patmore and Balnave, 2018, p. 101; Figure 6.2).<sup>27</sup>





*Figure 6.2* The Newcastle & Suburban Co-operative Society Ltd, Circa 1910. Courtesy of Historical Photo Collection, Special Collections, University of Newcastle, Australia, A5969iv.

### **Agricultural Co-operatives**

The Atlas data indicates that one steady growth area was agriculture co-operatives from at least 22 in 1890 to 172 in 1914. While the CWS visit did not lead to a major jump in agricultural co-operative formations, it highlighted export opportunities for co-operatives. Dairy co-operatives were a major feature of this growth increasing from a minimum of 16 in 1890 to 125 by 1914. While co-operative dairies failed in SA due to a market collapse and a run of bad seasons, dairy co-operatives spread to all other states in Australia with a minimum of 71 in NSW, 24 in Victoria, 22 in Queensland, 7 in Tasmania and 1 in WA by 1914. There were movements of dairy farmers from the NSW South Coast to the Gippsland region of Victoria and from Victoria to the Queensland Darling Downs (Lewis, 2006, p. 14; O’Sullivan, 1992, p. 64).

Dairy farmers continued to support the co-operative model to gain control of the processing and marketing process. A successful attempt to rationalise the various co-operative creameries occurred in the Richmond River Region of NSW, when the North Coast Fresh Food and Cold Storage Limited (later NORCO) founded in 1893, established a central creamery at Byron Bay in 1895. There were similar moves on the NSW South Coast such as the Illawarra Central Co-operative factory, which opened at Albion Park in September 1899. Attempts by non-co-operative milk suppliers to force farmers them



to send their cream to them, despite their desire to process the cream in their own co-operatives, led to the registration of the Dairy Farmers' Co-operative Milk Company (DFC) in April 1900 to supply milk directly to Sydney. The virtual demutualisation of the failing SCWCCC, reconstructed as the Farmers' Co-operative Company in 1900, further led NSW dairy farmers to support the formation of the Coastal Farmers' Co-operative Society (CFCS) for the distribution of dairy and primary produce. Charles Meares, a former SCWCCC employee and passionate supporter of co-operatives, played an important role in the formation of these co-operatives. Meares tried unsuccessfully to establish an independent Australian farmer co-operative selling floor in London with a Unity Conference of NSW, Queensland and Victorian co-operatives, including NORCO, in July 1909. He also approached NORCO in 1914 to establish a London trading floor with the CFCS but NORCO already had its own agent for the London market. Similarly, the major Victorian co-operatives, the Victorian Butter Factories Co-operative Company, Western District Co-operative Produce Company (WDCPD) and the Gippsland Butter Factories Co-operative Produce Company, later the Gippsland and Northern Co-operative Company (GNCC), formed respectively in 1898, 1903 and 1905, had their own agents operating in London. Differences also arose between those farmers who welcomed state support for dairy co-operatives, as in SA and Victoria, and those who wished autonomy from the state, as in NSW (Bayley, 1962, p. 20; Lewis, 2006, pp. 6, 21; Linn, 1988, pp. 32–34; Maynard, 1941, p. 12; Murray, 1970, p. 48; Patmore and Balnave, 2018, p. 102; Ryan, 1995, pp. 142, 181; Todd, 1994, pp. 40–46).<sup>28</sup>

Fruit growers began organising co-operatives particularly for the management of packing sheds and cool stores. By 1914, there were at least 14 co-operatives associated with fruit and vegetables, with 6 in Victoria, 5 in SA, 2 in WA and 1 in Queensland. The opening of irrigated land for settlement along Murray River from 1887 encouraged the growth of orchards in SA and Victoria. There was a growing export market for Australian fruit with SA by 1906–1907 exporting almost 17,000 boxes of dried fruit and 3,300 cases of preserved fruits with more than 60 per cent going to the UK. At Mildura, Victoria, growers organised the Mildura Fruit Co-operative Company in 1903 to overcome issues of prices, quality and export quotas regarding the marketing of dried fruit. They took over the two packing houses of the Mildura Fruit Growers' Association in 1905 and started marketing their fruit under the "Padlock Brand." The co-operative played a significant role in the establishment in 1907 of the Australian Dried Fruits Association, which sought to represent growers' interests nationally (Digby, 1970, p. 38; Mildura Co-operative Fruit Company, 1955; South Australia, 2022).

The interests of agricultural co-operatives extended into manufacturing. Dairy co-operatives moved to form the Co-operative Box Company in 1910 after the NSW Box Company used its monopoly power to increase the price of butter boxes and force the dairy co-operatives to accept a three-year agreement. Meares organised the co-operative which purchased a waterfront site at

Balmain in Sydney for the plant. The NSW Box Company tried to stop the co-operative using its market power to prevent the co-operative obtaining its wood from NZ, forcing the co-operative to obtain less suitable timber from Japan. The Co-operative survived these challenges and had a turnover of £96,000 for the 1913–1914 financial year. Victorian dairy co-operatives and Queensland fruit growers also established box manufacturing co-operatives (Lewis, 2006, p. 19; Maynard, 1941, pp. 21–25).<sup>29</sup>

### **Diversification of Type and Co-operative Federations**

The period saw the emergence of other types of co-operatives during this period. While there were business co-operatives in Australia since the 1860s (Patmore, Balnave and Marjanovic, 2023, p. 164), a significant business co-operative formed during this period was the Masters' Butchers Co-operative, established as the Master Butchers Association in Adelaide, SA, in 1905. Its early pioneers were influenced by the Rochdale co-operative model with its emphasis on the democratic principle of one member being entitled to only one vote. One of its first actions was to protect its members from customers who were bad credit risks by issuing lists of such customers to members. It dealt with suppliers and government agencies such as the Metropolitan Abattoirs Board. One focus of the co-operative was processing and marketing the waste products of butchers. It established a Hide and Skin Department in 1906 to combat low prices offered to butchers for skins and hides (Ford, Daniels and Turner, 2005, pp. 1–13). Friendly societies formed health co-operatives with equal voting rights at several locations in Sydney during the 1890s to dispense pharmaceuticals. Early community co-operatives started appearing such as the Canley Vale Progress Association Hall Company on Sydney's outskirts, which operated from 1891 to 1905.<sup>30</sup>

The 1890s saw the rise of co-operative federations. The Federal Co-operative Association arose during the 1890s Maritime Strike with an objective of setting up a people's bank to provide the basis funding for co-operative enterprises. They sought trade union support for the bank. The Central Co-operative Board, which operated in Melbourne from 1892 to 1898 promoted ideas such as a worker co-operative for shearers to directly negotiate with pastoralists in 1894 to reduce industrial tensions in the pastoral industry. It actively promoted the CWS visit to Australia and encouraged farmers to develop trading links with the CWS. William Kernot, Professor of Engineering at the University of Melbourne and an arbitrator during the 1890 Maritime Strike, was a participant in the Board's activities (Murray-Smith, 1974).<sup>31</sup>

The CWS visit encouraged efforts to bring co-operators together. Members of the Melbourne reception committee moved to form a Victorian Central Co-operative Association to promote co-operatives. This was followed by the formation of a short-lived Union of Co-operative Societies of Victoria at a conference in Ballarat in 1897. The Sydney reception committee formed the NSW Co-operative Alliance in 1896. The Alliance's governing committee

included Plummer and W.G. Spence, the secretary of the Australian Workers' Union. It did not survive and was in the "doldrums" by the end of 1898.<sup>32</sup>

There were other efforts to establish state and national organisations. The AWC organised a SA Co-operative Congress in September 1911, attracting representatives from the Adelaide, Port Adelaide and Eudunda Co-operatives, and in late 1913 supported a proposal by Pulsford to hold a conference to form a Co-operative Union for the Commonwealth. W.T. Middlebrough, a co-operative, trade union and WEA activist in Hobart, further promoted the idea in a pamphlet circulated in February 1914. He called for an Australian Co-operative Congress in Hobart to discuss the formation of a CWS, the establishment of a Commonwealth Co-operative Union and ICA affiliation. The NSWCSA in July 1914 decided to call the conference for Easter 1915 but the onset of the First World War disrupted its plans (Mckay, 1946, p. 44; Pulsford, 1913, pp. 49–50).<sup>33</sup>

While there were problems with forming co-operative federations, there were links with the early ICA. Francis Snow, an Adelaide patent agent and entrepreneur, was an Australian delegate at the first ICA Congress in London in August 1895. Snow's links with the co-operative movement are unclear and he was later to gain notoriety for being fined for trading with the enemy during the First World War. Bernard Ringrose Wise, an NSW politician, while not attending was listed as adherent or supporter of the ICA. Thomas Brassey, First Earl Brassey, an inaugural Vice President of ICA, arrived in Australia as Governor of Victoria, a position he held from 1895 to 1900. Brassey offered to assist the formation of a co-operative federation in Victoria and chair public meetings. Brassey highlights the diversity of interest in the co-operative movement in Australia, being president of the 1874 UK Co-operative Congress, President of the 1894 National Co-operative Festival and serving as lord-in-waiting to Queen Victoria (Davis, 2022; ICA, 1895, pp. 23, 25, 43; NCA, 2002; Penny, 1979).<sup>34</sup>

## Conclusion

Despite the economic uncertainty that followed the collapse of the long boom, Australian co-operatives continued to expand during the period leading up to the First World War. Both consumer and agricultural co-operatives grew. Consumer co-operatives developed links with the CWS and further spread into regional and metropolitan areas. They followed the UK movement with the establishment of women's guilds and a NSW co-operative wholesaler. The 1897 CWS visit heightened the interest of agricultural co-operatives in the export trade with an explosion of dairying co-operatives and expansion into fruit growing areas. There was short-lived growth in worker/producer co-operatives and co-operative community settlements as workers and governments responded to the economic and social challenges of the 1890s Depression. There was a decline in building societies with the loss of confidence arising from the 1890s crashes but the rise of the self-financed Starr-Bowkett societies, which gave the Australian movement a distinct identity, given their outlawing in the UK.

There were early examples of other types of co-operatives such as business co-operatives. By 1914, there were still major challenges such as the failure to organise nationally and the rise of the Labor Party which focussed on the state as a means of increasing workers living standards. The next chapter will focus on how Australian co-operatives dealt with the challenges of two World Wars and the 1930s Depression.

## Notes

- 1 CNUK, 30 April 1892, p. 467, 8 July 1893, p. 746, 3 July 1897, p. 729.
- 2 CNUK, 25 January 1896, p. 86.
- 3 CWS Minutes, 9 September 1898, 22 November 1901, Special Meeting, 18 June 1903, NCA; *Daily Telegraph* (Sydney), 24 August 1897, p. 1; *Evening News* (Sydney), 26 April 1901, p. 7; *Wheatsheaf* (UK), October 1901, p. 64.
- 4 CNUK, 30 April 1892, p. 467, 8 July 1893, p. 746, 28 April 1894, p. 448, 22 May 1897, p. 529; CWS Minutes, 9 November 1902, Special Meeting, 10 July 1903, 8 March 1907, 18 June 1915, 19 February 1917, 4 October 1917, NCA; *Evening News* (Sydney), 30 May 1902, p. 4.
- 5 CNUK, 19 March 1907, p. 271; CWS Minutes, 3 December 1897, 31 December 1897, 25 February 1898, 25 March 1898, 23 June 1898, 17 February 1899, 6 October 1899, 10 July 1903, 22 June 1906, 14 September 1906, 16 April 1913. NCA; *The Wheatsheaf*, October 1901, p. 64.
- 6 CNUK, 9 August 1890, p. 803; *The Herald* (Melbourne), 10 April 1890, p. 2.
- 7 ACCM, 23 March 1891. SLA, BRG 50/1/5; CNUK, 31 August 1889, p. 921, 9 August 1890, p. 803, 30 April 1892, p. 467, 4 September 1897, p. 971.
- 8 ACCM, 2 May 1913. SLA, BRG 50/1/10; CNUK, 24 July 1915, p. 988, 23 October 1915, p. 1406.
- 9 Collie Industrial Co-operative Society Minutes (CICSM), 7 December 1908. Collie Museum and Historical Research Centre, Collie WA (Hereafter CMHRC); *The West Australian* (Perth), 11 August 1894, p. 6, 21 January 1896, p. 4.
- 10 *Ovens and Murray Advertiser* (Beechworth), 10 November 1900, p. 4; *The Ballarat Star*, 9 November 1904, p. 4.
- 11 *The Age* (Melbourne), 23 August 1907, p. 7; *Leader* (Melbourne), 18 February 1905, p. 22.
- 12 *Daily Mercury* (Mackay), 26 January 1924, p. 11; *Mackay Mercury*, 31 October 1891, p. 2; *The Age* (Melbourne), 12 October 1867, p. 6; *The Argus* (Melbourne), 3 January 1907, p. 3.
- 13 *The Age* (Melbourne), 9 September 1897, p. 7; *The Ballarat Star*, 24 August 1895, p. 2; CNUK, 18 September 1897, p. 1059.
- 14 *Evening News* (Sydney), 13 February 1899, p. 3, 5 June 1899, p. 3; NSWGG, 20 November 1896, p. 8375, 20 December 1897, p. 9409; *SMH*, 14 September 1893, p. 6, 28 June 1901, p. 10; 'Women's Co-operative Silk-Growing and Industrial Co-operative,' NRS-13055-1-56, NSW SAR.
- 15 *The Tocsin*, 25 October 1906, p. 6; 'Tocsin Printing and Publishing Co-operative,' VPRS 932/P0000, 497, Box 1, PROV.
- 16 CNUK, 26 August 1905, p. 1208; *West Australian* (Perth), 12 July 1944, p. 3.
- 17 CNUK, 28 March 1874, p. 147; *Torke's Peninsular Advertiser*, 18 November 1873, p. 3; *The Argus* (Melbourne), 11 August 1875, p. 2; *The Kyneton Observer*, 3 January 1873, p. 2.
- 18 CNUK, 16 December 1893, p. 1341, 11 April 1896, p. 361, 20 February 1897, pp. 178–179.
- 19 CNUK, 30 July 1904, p. 929.

- 20 CICSAM, 11 April 1905, 29 October 1905. CMHRC.
- 21 *Barrier Miner* (Broken Hill), 11 November 1901, p. 2; *The Kadina and Wallaroo Times*, 24 May 1911, p. 2; *The Wallaroo Wheatshaf*, December 1911; *Zeehan and Dundas Herald*, 24 May 1909, p. 2, 8 May 1914, p. 1.
- 22 ACCM, 15 November 1895, 16 October 1896, 13 November 1896, 17 January 1908, 12 December 1908, 23 April 1909, 4 June 1909, 1 October 1910, 4 April 1913, 27 June 1913. SLSA, BRG 50/1/6, 8-10; *CNUK*, 28 April 1894, p. 448; *Evening Journal* (Adelaide), 23 November 1892, p. 2; *The Advertiser* (Adelaide), 17 May 1904, p. 6, 18 January 1908, p. 11; *Weekly Herald* (Adelaide), 29 March 1894, p. 4, 20 August 1897, p. 7.
- 23 *Daily Post* (Hobart), 14 February 1910, p. 3; *Daily Telegraph* (Sydney), 29 September 1910, p. 10; *NMH*, 11 July 1914, p. 5; *The Age* (Melbourne), 16 November 1907, p. 18; *The Argus* (Melbourne), 28 September 1906, p. 5; 3 August 1909, p. 5; *The Mercury* (Hobart), 31 July 1914, p. 5; *Westralian Worker* (Perth), 6 November 1914, p. 4; *Zeehan and Dundas Herald*, 24 May 1909, p. 2.
- 24 ACCM, 8 November 1901. SLSA, BRG, 50/1/8; *Pinnaroo Country News* (Lameroo), 10 April 1914, p. 4.
- 25 *Fitzroy City Press*, 26 July 1907, p. 4; *Punch* (Melbourne), 27 August 1908, p. 31; *The Argus*, 08 July 1915, p. 5; *The Bendigo Independent*, 1 July 1905, p. 8, 31 January 1906, p. 2; *The Age* (Melbourne), 13 July 1907, p. 12; *The Herald* (Melbourne), 17 November 1906, p. 4, 26 November 1912, p. 4; *The Socialist* (Melbourne), 14 August 1908, p. 3; *West Australian* (Perth), 7 November 1914, p. 2; *Westralian Worker* (Perth), 12 February 1915, p. 1; *Woman Voter* (Melbourne), 10 September 1912, p. 3, 15 July 1913, p. 1.
- 26 ACCM, 7 June 1907, 19 January 1912, 30 January 1914, 6 March 1914. SLSA, BRG 50/1/8, 10; *CNUK*, 19 March 1907, p. 271; *Observer* (Adelaide), 21 March 1914, p. 39.
- 27 *NMH*, 29 January 1914, p. 3.
- 28 *Gippsland Times*, 30 March 1905, p. 3; *The Age* (Melbourne), 20 August 1898, p. 10, 6 June 1903, p. 10.
- 29 *Queensland Times* (Ipswich), 1 February 1913, p. 3.
- 30 'Canley Vale Progress Association Hall Company,' File No. 47 Box 10/42643, NSW SAR; *CNUK*, 25 January 1896, p. 86.
- 31 *CNUK*, 8 November 1890, p. 1129; 30 April 1892, p. 467; *Leader* (Melbourne), 9 April 1898, p. 5; *The Age* (Melbourne), 20 April 1894, p. 4; *The Albury Banner and Wodonga Express*, 29 April 1898, p. 26.
- 32 *CNUK*, 28 November 1896, p. 1249; *Daily Telegraph*, 8 August 1896, p. 10; *SMH*, 19 March 1897, p. 4; *The Age*, 29 August 1896, p. 8, 9 September 1897, p. 7; *Western Champion*, 4 November 1898, p. 3.
- 33 ACCM, 15 September 1911, 20 February 1914. SLSA, BRG 50/1/9-10; *The Mercury* (Hobart), 19 February 1940, p. 2.
- 34 *CNUK*, 28 November 1896, p. 1249.

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## 7 Wars and Depression 1914–1945

This chapter examines the two world wars and the inter-war period and the impact on Australian co-operatives. As in the 1890s, the Australian economy was hit with a major downturn with the Great Depression of the 1930s although the economy recovered more quickly. In the political sphere, the rise of the Country Party provided a new political ally particularly for agricultural co-operatives and there were to be major legislative initiatives affecting co-operatives in NSW, Queensland and Tasmania. Overall, there was a major surge in the number of Australian co-operatives which peaked in the mid-1920s, then in the late 1930s as the economy recovered from the Great Depression, and finally in the last years of the Second World War.

Against this background, this chapter will examine economic and political developments that impacted on co-operatives. It will then look at ideological influences and legislative changes. While the CWS continued to play a role in shaping Australian co-operatives, particularly regarding agriculture, there were other sources of ideas such as Japan and North America. Australians also shaped their own destiny through the co-operative press and legislative innovation. The chapter then focuses on agricultural and consumer co-operatives. There was a growth in the number of agricultural co-operatives, while consumer co-operatives peaked after the First World War. The final section of the chapter deals with other types of co-operatives during this period, such as financial co-operatives, and initiatives for greater co-operation among co-operatives.

### **The Economic, Industrial and Political Context**

The First World War in Australia initially led to economic uncertainty and dislocation. Australia was very dependent on exports of mineral and agricultural products. There was a loss of major German markets, uncertainty over whether British manufacturers could continue to supply Australia with most of its imports, and the requisitioning of shipping for war purposes. Unemployment increased rapidly as the sources of public and private investment dried up. Added to this was the drought during 1914–1915, which reduced the wheat harvest by 75 per cent compared to the previous financial year and forced Australia to import wheat for the first time in many years. As the War

continued, increased local demand and reduced imports stimulated Australian manufacturing, but generally there was stagnation. Remoteness from the battlefield limited the participation of Australian industry. Inflation was one of several issues that fuelled worker discontent as the war continued. Unionists believed that producers were profiteering from the war and governments were ineffective in dealing with rising prices (Patmore, 2016, pp. 23–24).

After the end of the First World War, except for an economic slump in 1921, heavy foreign investment and immigration sustained a recovery. Australia's economic prosperity remained tied to the primary sector of the economy. Unemployment, however, never dropped to the levels of Canada and the US during the prosperous 1920s, with unemployment reaching its lowest level of 4.1 per cent in 1927. The first signs of a major depression appeared in 1927 as the supply of overseas capital began to dry up. There are estimates that up to 35 per cent of wage earners were unemployed and another third on work rationing or short time to preserve their jobs. Workers with jobs faced wage cuts. While the 1930s Depression was more severe than the one of the 1890s, recovery was faster. The repeated droughts of the 1890s did not occur in the 1930s. The federal government also stimulated recovery through tariffs and currency devaluation (Patmore, 2016, p. 24).

The Second World War, unlike the First World War, stimulated economic growth from the outset. Unemployment among trade unionists fell from 10.2 per cent at the outbreak of the war in September 1939 to 1.6 per cent during 1942. The Curtin Federal Labor Government, in the wake of the Japanese attack on Pearl Harbour in December 1941, established extensive controls over wages and prices through the National Security Regulations. The Federal Government gained the sole power to levy income tax in 1943. There was rationing on items such as tea, butter, sugar and red meat. The Government persuaded people to put their savings into war loans and through subsidies helped keep retail prices steady for the last years of the war. Women, whose participation in the paid workforce increased by nearly 50 per cent between July 1939 and December 1943, helped ease labour shortages arising from military recruitment, but faced unequal pay, poor working conditions and inadequate childcare (Maddock and Stilwell, 1987, pp. 255–257; Mann, 2015, p. 40; Patmore, 1991, pp. 88–89; Symons, 1982, pp. 164–166).

One significant political development for the co-operative movement, particularly in rural areas, was the formation of the Country Party (now The National Party). The Farmers and Settlers Association in WA first established the party in 1913 against the background of poor wheat seasons. It spread to other states due to discontent by farmers with wartime government schemes, such as wheat pools, for the bulk purchasing of primary products. There were other issues underlying the interest in a Country Party including the concerns by wheat farmers about the impact of tariffs on international trade, new states movements, and concerns about the Labor Party's representation of rural interests. By 1922, the Country Party was represented in all Australian parliaments but ceased to exist in SA and Tasmania by the Second World War.

The party was initially influenced by agrarian socialism, but generally aligned itself with the Liberal Party and its predecessors rather than the Labor Party. Support for co-operatives by the Country Party, however, did not always translate to support for Rochdale principles. The WA Country Party supported those forces in the local co-operative movement that objected to the adoption of the full Rochdale principles such as the removal of “dry shareholders” (Balnave and Patmore, 2012, pp. 991–992; Baskerville, 2019, p. 28; Bolton, 2008, pp. 101–102; Graham, 1966, pp. 96–114; Overacker, 1968, pp. 242–244).

### **Co-operative Philosophy and Legislation**

While the CWS closed its operations in Sydney during the First World War, it re-opened its Sydney depot in 1936. There were also several visits to Australia by CWS officials and the *CNUK* continued to publish reports from Australia. There is at least one example of a UK co-operative manager moving to Australia to run consumer co-operatives. H. Booth was the manager of the Helensburgh and Lilydale Co-operative in the Illawarra region of NSW from 1920 to 1926 and the Lithgow Co-operative from 1926 to 1928 before resigning over differences with the committee of management. The CWS continued to trade with Australian consumer and agricultural co-operatives, buying produce, selling goods and providing finance. For example, the CWS had an exclusive trading arrangement with the NSW CWS for NSW from 1926 to 1936 (Lewis, 1992, p. 114; O’Neil, 1948, pp. 47–48; Webster, 2019, pp. 114–115).<sup>1</sup>

There were other overseas influences. While Australia did not have representation at the ICA during this period, ICA activities such as International Co-operatives Day were celebrated by local co-operatives. Sir Horace Plunkett, Irish co-operator, established the Horace Plunkett Foundation (HPF) in 1919, which promoted agricultural co-operation and first published in 1927 the *Year Book of Agricultural Co-operation*. The publication surveyed international developments in agricultural co-operation and had Australian contributions. Christian groups, interested in finding Christian inspired economic approaches to meet the challenges of war and Depression, invited Toyohiko Kagawa, a Japanese Christian evangelist, to visit Australia in 1935. He promoted co-operatives internationally and published an influential book, *Brotherhood Economics* (1934). He saw financial co-operation, rather than the Rochdale model, as the economic underpinning of co-operation to achieve international peace and end conflict between capital and labour. Christian groups subsequently invited Helen Topping, Kagawa’s American Secretary, to visit Australia in 1939 on a tour that emphasised credit unions and distributed CUNA and Antigonish material. Kagawa enthusiasts were active in the setting up the Christian Co-operative Fellowship (CCF) and later the NSW Co-operative League (NSWCL) in 1939, which had a library and organised Antigonish study circles. The Antigonish movement also influenced Catholic social activists who were concerned about the growth of the Communist Party against the background of the 1930s Depression. The National

Catholic Rural Movement, the National Catholic Workers' Movement and the Catholic Young Christian Workers (YCW) included co-operatives in their platforms and the Antigonish movement inspired a program in Victoria in 1938 to encourage settlement of Catholic families. The Melbourne Catholic Truth Society in 1944 published an influential pamphlet on Antigonish movement (Lewis, 1996, pp. 3–11; Patmore, 1991, pp. 92–93; Patmore and Balnave, 2018, pp. 16, 121, 140).<sup>2</sup>

An Australian co-operative press also developed. The AWC broadened *The Wheat-Sheaf* in December 1918 to be the official journal of the SA co-operative movement. An All-Australian Co-operative Congress in Sydney in April 1920 broadened the scope of the newspaper even further to be the official organ of the Australasian co-operative movement. Pulsford and Tom Shonk, the secretary and assistant secretary of the NSW Co-operative Union (NSWCU), took over the publication which was relaunched as the monthly *CN* in July 1921 as the official journal of the Australian movement with a circulation of 20,000. Pulsford was overseas during the First World War as a military chaplain and was a speaker at the UK Co-operative Congress in 1917 before his return in 1919. Shonk, who had also served in the War and undertook training at the Manchester Co-operative College before returning to Australia, became editor. The NSWCWS eventually took over supervision in November 1922 of the *CN*, which remained in publication until 1959. The *CN* published articles on Australian and overseas co-operatives, carried NSWCWS advertising, and became a public voice for the movement on issues such as taxation. There were also co-operative newspapers for varying periods in Tasmania and WA (Lewis, 1992, pp. 83–84; McKay, 1946, pp. 46, 49–51; O'Neill, 1948, pp. 42–43; Thompson, 2014, p. 87).<sup>3</sup>

There were major co-operative legislative developments in several states during this period. As early as 1893 Queensland had pioneered the idea of “compulsory-co-operation” in the sugar industry where the government invested in the construction of co-operative sugar mills to assist struggling growers in exchange for the government gaining a lien over their land or the growers purchasing shares in the co-operative mills. Following the First World War, the state Labor government, which held office from 1915 to 1929, wanted to forge an electoral alliance between farmers and workers to maintain power and weaken the development of a Queensland Country Party. It also favoured a centrally planned regulated economy that pushed the idea of “compulsory co-operation” even further increasing agricultural production and removing “middlemen” from rural marketing (Fitzgerald and Thorton, 1989, pp. 94–100; Lewis, 2006, pp. 83–84; Shogren, 1980, p. 187).

Following the establishment of marketing boards with relevant producer consensus in wheat in 1920 and cheese in 1921, legislation passed Queensland in 1922 that encouraged all farmers to form local producers' associations with representatives on elected councils and a State Council of Agriculture. Additional legislation provided for compulsory marketing boards when supported by 75 per cent of the growers in a particular locality or area. Later legislation in

1926 allowed for commodity boards to be transformed into marketing boards with compulsory powers if two-thirds of the producers of the commodity in the district agreed. Queensland set the pattern for other states and similar NSW legislation in 1927 also had no specific co-operative character. Queensland also enacted an IPSA in 1920 to clarify the legal personality of co-operatives to promote co-operatives but it was rarely used by farmers. There was later specific Queensland legislation in 1923 to promote agricultural co-operatives, the *Primary Producers' Co-operative Associations Act* (PPCA), which protected the word “co-operative,” followed the principle of one vote for each member and established a Queensland Registry. While the legislation was viewed as aiding the organisation of farmers for marketing boards, it exempted co-operative companies registered under company legislation (Digby, 1970, pp. 40–47; HPF, 1928, pp. 168–171; Lewis, 2006, pp. 84–87; Shogren, 1980, pp. 186–192).<sup>4</sup> As Lewis argues (2006, p. 27), the rise of statutory marketing boards in Australian agriculture during the inter-war period “severely narrowed the scope for co-operation, limiting it to relatively simple economic functions, retarding development and confining development to a state-based level of operations.”

There was also co-operative legislation in NSW and Tasmania. The NSW Co-operation, Community Settlement, and Credit Act of 1923, which came into effect in 1924 and is viewed as landmark in the history of Australian co-operation, was an outcome of intensive co-operative activity after the First World War and the Country Party's role in the then Non-Labor coalition government. It was influenced by legislation in the UK, Canada and South Africa. The legislation created a Registrar of Co-operative Societies and detailed “model rules” to assist in their formation. There were eight types of co-operatives recognised including rural, trading, community settlement, building societies and community advancement. There were also rural credit, urban credit and investment societies and recognition of co-operative associations or unions. Any co-operative registered under the Company Act which used co-operative in its title had to register under the Act to retain it except under special circumstances. There was a tax exemption on dividends if 90 per cent or more of the co-operative's transactions were with its members but not on co-operative reserves. This was subsequently adopted by federal parliament in 1925. Registered co-operatives could also make exclusive trading contracts with members. While the legislation encouraged one vote for each member, there were exceptions allowed for rural societies where additional votes could be allowed based on produce delivered or goods supplied. The legislation established an Advisory Council consisting of representatives from the various types of co-operatives that could submit recommendations concerning the legislation. There were divisions within the Labor Party over this legislation and it voted against its passage, raising concerns about a ban on co-operative banking and insurance. Some co-operators were critical of the powers given to the Registrar under the Act, while the NSW CWS found it necessary to increase the number of its rules from 36 to 76 to comply with the Act.

A Tasmanian Nationalist Government secured the passage of the Co-operative Industrial Societies Act 1928 as part of a push to reform Tasmanian agriculture. There were concerns about rural decline in Tasmania highlighting the need to improve agricultural marketing through facilitating the formation of co-operatives. The legislation did not have an immediate impact as the first co-operative, the Tasmanian Egg Floor (Hobart) Co-operative (TEFHC), was not registered until June 1932 (Balnave and Patmore, 2012, p. 991; HPF, 1926, pp. 81–82; 1928, pp. 166–168; McEvoy, 1937, p. 15; McKay, 1946, pp. 59–60; Nelson, 1930, pp. 251–253; O’Neil, 1948, p. 40).<sup>5</sup>

There were also major NSW legislative initiatives that were to have a significant impact on the future development of terminating building societies and credit unions in Australia. There was little activity following the NSW *Co-operation Act* of 1923, which provided for financial co-operatives but restricted the geographical coverage and the loan amount to £100. The Great Depression had led to a decline in savings and building activity. Building and Starr-Bowkett societies stagnated, with major banks reluctant to provide housing finance to low- and middle-income earners. The NSW United Australia Party and Country Party Coalition Government decided through the *NSW Housing Improvement Act 1936* to stimulate building construction and increase the quality of housing by encouraging the formation of CBS, terminating societies underwritten by a government guarantee, with the first being formed in September 1936. An Advisory Committee was also established to set building standards and approve CBS to lend more than 80 per cent of the property. The CBS model was drawn from building societies in Mudgee, NSW, which borrowed all their finance in one lump sum from a financial institution rather than relying on member’s funds, with members subscriptions’ repaying the loan with interest. Groups of individuals, with a community of interest such as locality or workplace, enrolled 30–40 members and elected a BD to negotiate with a lending institution for finance. Once the finance was arranged, the society would be registered and a government guarantee extended to the CBS. SA in 1938 for building societies and Victoria in 1944 for CHS enacted similar legislation. Following lobbying from co-operatives, including the CCF and NSWCL, the NSW Coalition Government also enacted the *Small Loans Facilities Act* in April 1941 to assist the formation of credit unions and regulate a personal credit market dominated by loan sharks and hire purchase companies who could charge exorbitant interest rates. The legislation renamed the “urban credit society” in the NSW co-operatives legislation a “small loans society,” liberalised restrictions on lending and broadened the membership criterion from geographical residence to a “bond of association,” which included churches and workplaces (Abbott and Doucouliagos, 2001, pp. 229–231; Lewis, 1996, pp. 8–9; Linn, 1989, pp. 49–51; Lyons, 1988, pp. 390–391; Patmore and Balnave, 2018, p. 143; Withycombe, 1987, pp. 9–10).

Against the background of these economic, political and co-operative developments, data visualisation from the VHAAC in Figure 7.1 highlights the overall trends in the number of co-operatives that occurred from 1914 to



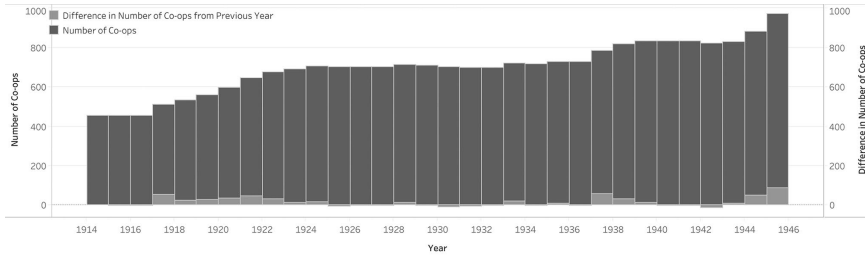


Figure 7.1 Australian Co-operative Trends 1914–1945.

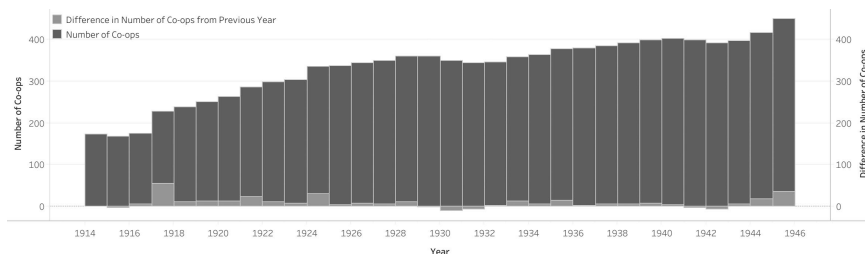
Source: VHAAC Version 31.0 July 2023.

1945. While there was overall growth during the period, it was uneven. The economic dislocation associated with the onset of the First World War led to stagnation, but there was a surge of growth from 1917 to 1924 associated with wartime inflation and the passage of co-operative legislation in NSW and Queensland. From 1925 to 1936 the co-operative movement entered another period of relative stagnation with the 1930s Depression dampening economic activity. From 1936 to 1939 there was a moderate growth of co-operatives against the background of economic recovery and the favourable NSW legislation promoting CBS. The onset of the Second World War initially slightly reversed the growth in the number of co-operatives with surge in activity after 1943 as the economy expanded. The remainder of the chapter will break down these trends by focusing on types of co-operatives.

### Agricultural Co-operatives

As Figure 7.2 indicates overall, the agricultural co-operatives grew between 1914 and 1945. The onset of the First World War and the Great Depression reversed the growth of co-operatives, but there was a long period of growth from 1916 to 1928 and more moderate growth from 1933 to 1940, with a resurgence from 1943. All states, except for Victoria, saw an overall expansion in numbers. There were two states that saw major bursts of growth – Queensland, from 1920 to 1929, and WA, from 1916 to 1919. The growth in Queensland is linked to “compulsory marketing” and the encouragement of agricultural co-operatives particularly in fruit growing and dairying (Shogren, p. 189), with 98 co-operatives registering under the PPCAA between March 1924 and June 1926,<sup>6</sup> while the burst in WA is linked to the rise of the WFL.

There is specific data relating to the experience of agricultural co-operatives during the 1930s Depression. By 1930 there were 249 agricultural co-operatives with a membership of 149,557, growing to 260 in 1935 with a turnover of £24,853,000 but a declining membership of 139,368 (HPF, 1931, p. 147; Wood, 1938, p. 141). NSW data for rural societies indicates continuous growth in both membership and number of societies through the 1930s Depression. The number of societies grew from 90 to 153 and membership



*Figure 7.2* Australian Agricultural Co-operative Trends 1914–1945.

*Source:* VHAAC Version 31.0 July 2023.

increased from 13,490 to 54,168 between 1926–1927 and 1937–1938. There was a decline in turnover during the 1930s Depression from a peak of £14,769,000 in 1929–1930 to \$11,679,000 in 1932–1933. It then recovers but turnover did not surpass the 1929–1930 peak until 1937–1938 with a turnover of £16,469,000 (Edelston-Pope, 1940, p. 314).

A major feature of the period was the development in WA of the WFL, which was to have a significant impact on the WA and Australian co-operative movement. Lewis Macgregor, for example, who had worked for WFL, was hired to oversee the Queensland compulsory marketing scheme (Shogren, 1980, p. 188). The WFL's origins are linked to the spread of wheat farming in WA. The development by William Farrer of drought resistant wheat in 1901 and the growing availability of superphosphate allowed wheat growing in the South-West of WA. The spread of wheat farming was assisted by government land grants, finance through the State Agricultural Bank and the advice for novice farmers provided by the expanded state Department of Agriculture. Crown land was initially granted along existing railways and new railways were built as demand increased for land. In WA, the railway network grew from 2,181 kilometres in 1901 to 6,425 kilometres in 1921, while the wheat sown for grain increased from 74,000 to 1,276,000 acres. Townships spread along the railways at intervals of 15–20 kilometres, which was a distance that allowed farming families a one-day return journey to town (Patmore, Balnave and Marjanovic, 2020, p. 151).

A major impetus for wheat farmers to form co-operatives came from the WFL, which was registered under company law in June 1914, but based its constitution on Rochdale principles. The WA Producers' Co-operative Union (WAPCU), which had been founded in 1902 and led by co-operator Charles Harper until his death in 1912, and the Farmers and Settlers' Association of WA formed the WFL, with the WFL acquiring the WAPCU's assets. The WFL marketed agricultural products and expanded into insurance, fertiliser distribution and the wholesale grocery trade. The WFL opposed an attempt by WA Labor Government to establish a state wheat marketing board. It sought to control WA wheat marketing by setting up an alternative network of farmers' co-operatives as agents in purchasing wheat. Many of these co-operatives

extended beyond their agency role and expanded into retailing by purchasing local stores. The WFL eventually gained control of the entire wheat crop in 1918 and its network of independent co-operatives grew from 49 in 1917 to 92 in 1921. It survived the Great Depression, although it was unable to pay dividends from 1929 to 1939 as its profits were absorbed writing off poor debts and had to seek CWS finance (Bath, 1942, p. 263; Patmore, Balnave and Marjanovic, 2020, p. 151; Thompson, 2014, pp. 48, 56–62; Webster, 2019, pp. 105, 114).<sup>7</sup>

Wheat farmers were active, particularly in WA, in the co-operative marketing and handling of their product. Farmers in NSW, Victoria and SA formed a voluntary wheat pool, which handled 75 per cent of their wheat harvest in 1922–1923, following the end of a federal government wheat pool in 1921. The CWS Bank provided finance for the WA co-operative Wheat Pool during 1924–1925 wheat seasons after the WA Government imposed conditions on finance that the farmers could not accept. This arrangement continued until 1934 after which it broke down as the Pool was able to secure better financial terms from local banks. The market functions of the various wheat pools ended with the formation of the Australian Wheat Board (AWB) in 1939 with John Thompson, the WFL general manager, being appointed its first general manager. The WFL in 1933 also played a role in launching CBH, which built new grain elevators at stations to reduce the costs of handling during the Great Depression. The WA Parliament passed legislation in 1935 that gave CBH the sole right to handle, transport and deliver bulk wheat in WA. This in turn caused conflict with the Waterside Workers' Federation, which was concerned over the implications for employment with the moving away from the manual handling of bags of wheat. By the 1939–1940 wheat season, 95 per cent of WA wheat was co-operatively handled, with CBH being appointed the WA receiving agent for the AWB. The WFL handed over CBH to wheat growers in December 1943 after the initial costs of establishing the bulk handling system had been recovered by a toll on wheat growers' deliveries. The WA experience contrasted to other Australian states where grain elevators were state owned (Balnave and Patmore, 2018, p. 142; Bath, 1941, p. 191; CBH, 1936; Digby, 1970, pp. 39–40; Webster, 2019, pp. 104–105, 114–115).<sup>8</sup>

The number of Australian dairy co-operatives slightly increased overall from a minimum of 125–130 in 1914 and 1945, respectively, according to data visualisation from the VHAAC. While there was a slight decline in NSW and stagnation in Victoria, there was growth in Queensland and SA. The dairying industry faced a major crisis following the First World War with the end of wartime controls releasing huge stocks of butter into the market and depressing prices. The Paterson Scheme of 1926 created some stability for the local and export dairy markets. Despite these uncertainties, co-operatives played a major role in the NSW dairying industry. There were 126 butter factories and creameries in NSW of which 76 per cent were co-operatives by 1924. Co-operatives produced 95 per cent and distributed 75 per cent of NSW butter by 1924. There was rationalisation in the NSW dairying industry as NORCO

began absorbing smaller dairy co-operatives in the Richmond and Tweed valleys of NSW to gain economies of scale. With the acquisition of the Coraki Co-operative in 1934 NORCO had 20 dairy factories, its own selling floor in Sydney and branches at North Sydney, Katoomba and Rockdale. The Killarney Dairy Company in Queensland dealt with the post-war dairy crisis by converting into a co-operative. Its production processes were very primitive and labour intensive. Christian Petersen, the Danish Company manager, drawing upon Danish co-operative dairying, persuaded the BD in 1922 to convert the company into the Killarney Co-operative Dairy Association (KCDA), which was owned by the milk suppliers. This injected new capital and enthusiasm into the enterprise and ensured its survival. There were two major WA dairy co-operatives with South West Co-operative Dairy Products, based in Bunbury, issuing an annual total bonus of £80,000 to its 2,650 members in 1937 (HPF, 1926, p. 80; Ryan, 1995, pp. 188–192; Telfer, 2012, pp. 7–9; Wood, 1938, pp. 144–145).<sup>9</sup>

There was a continued expansion of fruit and vegetable growers' co-operatives. They grew dramatically from a minimum of 14 in 1914 to 97 in 1945 in all states, with 40, 28 and 14 being in NSW, SA and Queensland, respectively, according to data visualisation from the VHAAC. While the number of hectares of orchards in Australia grew from 87,421 in 1914 to 110,171 in 1939, there was a major growth in NSW from 20,824 to 34,681 hectares fuelled by the expansion of irrigation in areas such as the Murrumbidgee Irrigation Area (MIA) in the Riverina and the settlement of returned soldiers. There were disruptions to fruit exports with the outbreak of the First World War with the loss of major German markets and disruption to shipping. Fruit growers at Mt. Barker in WA formed a co-operative in October 1917 to build a cold store to hold fruit for sale rather than dispose of them at a loss. Despite these wartime disruptions, fruit exports grew with Australian dried fruits exports increasing from 1,124,267 kilograms in 1914 to 1,780,785 kilograms in 1939. It was estimated by 1931 that co-operatives packed 50 per cent of Australian fruits. There was an expansion into manufacturing by fruit growers in the MIA, with the establishment of a co-operative fruit cannery at Leeton in 1935 following the failure of a state-owned enterprise. Beyond the MIA, NSW banana growers initially formed an association in 1929 to challenge the threat to their livelihood from Fijian imports and later a co-operative, which excluded dry shareholders, based at Murwillumbah in 1932 to help market bananas (Commonwealth Bureau of Census and Statistics, hereafter CBCS, 1915, pp. 308, 347; 1941, pp. 355, 401; Gribble, 2015, pp. 6–12; Groom and Gates, 2009, pp. 12–22; HPF, 1931, p. 150).<sup>10</sup>

Farmers developed a range of co-operatives. MIA rice growers formed a co-operative at Leeton in 1925 to market their rice but went in liquidation in 1931 after the NSW Government Rice Marketing Board allowed the Australian Rice Millers Association, which consisted of private companies, to retain control over the processing and marketing of rice. Queensland sugar farmers achieved greater success and established nine co-operatives to take over state

sugar mills between 1926 and 1934. Queensland Labor Governments encouraged the takeover to reduce the debt arising from the construction and maintenance of state mills. The South Johnston Co-operative Sugar Milling Association was established in March 1927 following a ballot of more than 70 per cent of cane suppliers approving the takeover and an agreement to pay government liabilities on an annual basis. There was also an expansion of co-operatives into meat processing. Farmers and graziers at Casino, NSW formed the Northern Co-operative Meat Company in October 1933 to encourage the local killing of cattle due to difficulties in operating solely through the Homebush Abattoirs in Sydney. They opened their meatworks in Casino in November 1939 and exported their frozen meat to the UK the following month. Egg producers also established co-operatives to provide poultry supplies and market their product, with three Tasmanian co-operatives setting up floors to sell their eggs and the Nupba Co-operative Society, later the Poultry Farmers' Co-operative Society, being formed in Queensland in 1921 and selling their poultry feed under the *Red Comb* brand. The NSW Government in August 1943 encouraged the formation of agricultural co-operative machinery pools to share equipment to increase wartime food production. By 1945, the scheme provided a £3,000 loan to the co-operative to purchase the machinery and there were 58 co-operatives in February 1945 involved in the scheme with an average membership of 20 farmers (Lewis, 1994, pp. 62, 78–85; Moore, 1977, pp. 21–24; Northern Co-operative Meat Company, 1993, pp. 4–5, 13).<sup>11</sup>

Agricultural co-operatives continued to expand their interests and helped extend services to rural communities. The WDCPD and the GNCC in Victoria formed the Co-operative Insurance Company, later CIC (Australia), in September 1918 to return insurance profits directly back to farmers rather than be retained by insurance companies. Victorian wheat farmers in 1918, supported by the Victorian Farmers Union, established the Phosphate Co-operative Company of Australia to challenge a combine of fertiliser manufacturers. Manufacturing commenced in 1927 and by 1938 the company had one-third of the phosphate market in Victoria. The diesel engines of the Nanango Co-operative Dairy Association in Queensland provided the power for the town from 1933 to 1948, while the Mt. Barker Co-operative in WA operated a power station from 1929 to 1934 (Balnave and Patmore, 2008, p. 97; Caffery and Groves, 2007, p. 88; Digby, 1970, p. 46).<sup>12</sup>

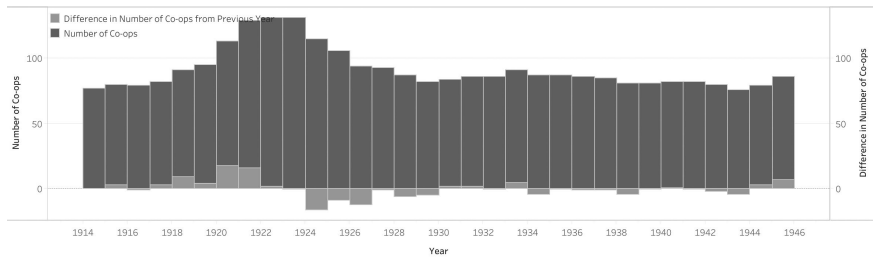
Led by WFL, Australian farmer co-operatives became directly involved in international trade. They formed the Australian Producers' Wholesale Co-operative Federation (APWCF) in 1919 to trade with the CWS. The NSW-CWS was excluded from this relationship with the CWS and clashed with the APWCF on several occasions on issues such as national organisation and co-operative legislation. This uncomfortable relationship continued into the post-war period. Australian farmer co-operatives also joined with the CWS and farmers from NZ and South Africa to establish the Overseas Farmers' Wholesale Co-operative Federation (OFWCF) in 1921 with NZ farmers eventually

withdrawing. An OFWCF subsidiary, Empire Dairies, operated a selling room for dairy produce in London with a telephone linkup providing futures trading information and monitoring changes in currency rates, becoming the largest butter exchange in the world. By 1929, the total turnover of the OFWCF in London was £9,070,000 of which 80 per cent represented the distribution of Australian produce (Balnave and Patmore, 2012, pp. 990–991; Lewis, 2006, p. 95; Mckay, 1946, p. 108; Patmore and Balnave, 2018, p. 146).

**Consumer Co-operatives**

As Figure 7.3 highlights, there was little overall growth in Australian consumer co-operatives in the period from 1914 to 1945, with a minimum number of 77 and 86 co-operatives respectively. An upsurge from 1917 to 1922–1923, with a minimum peak of 131 co-operatives, was never matched again. There was a decline to a minimum of 82 co-operatives in 1929. The interest in consumer co-operatives during the later years of the First World War and immediately after was heightened by concerns over rising prices and declining living standards. Radical ideas associated with the One Big Union movement and the formation of the Communist Party also highlight dissatisfaction with the political and social order during this period. Consumer co-operative activity generally ceased in Tasmania after 1922, while there were several unsuccessful attempts to permanently establish consumer co-operatives in the ACT and the NT before 1945 (Balnave and Patmore, 2012, p. 988; Patmore, Balnave and Marjanovic, 2020, p. 152).

Other sources of data suggest similar patterns. Heaton (1925, p. 306) notes that in 1923 there were 152 consumers’ co-operative societies in Australia with a membership of 110,000 and a capital of £1,800,000. Wood (1938, p. 153) notes that there was a major decline during the 1930s Depression with 73 consumer co-operatives and total membership of 113,368 in 1935. Their total turnover was £2,967,000. These figures were adjusted for NSW to exclude trading societies that were not general stores and excluded some rural stores such as Eudunda Farmers. While the 1930s Depression weakened the



*Figure 7.3* Australian Consumer Co-operative Trends 1914–1945.

*Source:* VHAAC Version 31.0 July 2023.



Rochdale co-operatives in Australia, they grew in the recovery that followed. Lewis (1992, p. 133) has calculated that while the membership of NSW Rochdale co-operatives fell by more than half from 60,000 in 1929 to 24,000 in 1933, their numbers began to grow in NSW from 1935.

Consumer co-operatives had varying success in metropolitan areas during this period. The CSCSV in Melbourne failed to survive the initial disruption of the First World War due to the costs associated with its suburban delivery service. The Metropolitan Industrial Co-operative, which was formed in 1919 in Perth as a response to rising prices, failed to survive the post-war boom. The WFL and the CWS were its wholesalers and at its peak had stores in Perth and five nearby locations with 2,400 members. Both the Balmain and NSW Civil Service Co-operative Societies in Sydney did not survive the Great Depression. The Balmain Co-operative had 14,000 members by 1921 but was hit by local industry closures during the 1930s Depression and went into voluntary liquidation in 1936. The Civil Service Co-operative was unable to gain sufficient revenue as the Depression hit following an investment in new premises in Sydney to remain competitive and went into liquidation in 1930. The Adelaide Co-operative survived but faced difficulties. Its membership fell from 9,777 in 1928 to 7,787 in 1945 with an ageing store located away from the main retail centre of Adelaide and a costly suburban delivery service. By contrast, the NSCS expanded even during the depths of the 1930s Depression with membership increasing from 9,149 members in 1930 to 20,997 in 1945. It had a modern department store, branch stores and its mechanised bakery produced 70,000 loaves a week. During the Depression, the NSCS had undertaken economies to survive including introducing work rationing for employees and freezing dividends as members withdrew shares as incomes fell. The NSCS, like some other Australian consumer co-operatives, also issued tokens for necessities such as bread which helped it maintain cash reserves (Adelaide Co-operative Society, 1930, 1945; Balnave and Patmore, 2012, pp. 988–989; Butler, n.d., pp. 17, 148; Hampson, 1986, p. 39; McKay, 1946, pp. 67, 73, 80; Patmore, Balnave and Marjanovic, 2020, p. 5; Figure 7.4).<sup>13</sup>

While consumer co-operatives remained a significant feature of coalfields, with more than a third of the 40 NSW consumer co-operatives in 1929 according to data visualisation from the VHAAC, they also became an increasing feature of rural areas, particularly in fruit growing or poultry breeding districts or in towns at important railway junctions such as Junee in the NSW Riverina region. Apart from the Junee Co-operative (founded in 1923), other co-operatives in this region included Griffith (established 1919) and Coolamon (1921). The Junee Co-operative increased its membership during the 1930s Depression due to the harsh credit policies of local privately owned competitors. The Denmark Co-operative in South-West WA commenced operations in 1920, but like many WA rural Rochdale co-operatives remained small, with only 110 members in 1935. The Nuriootpa Co-operative in the Barossa Valley of SA was established in 1944 when the owner of the main store in the town decided to sell his store to the community following the death of his son in





*Figure 7.4* Australian Co-operative Tokens. Photographer Greg Patmore.

the Second World War. The Eudunda Farmers' Co-operative continued to expand in SA, operating 44 stores by 1943 with 38,104 members. Eudunda was conservative compared to other Rochdale consumer co-operatives and criticised the east coast Australian Rochdale co-operatives for being too political and "class conscious" (Balnave and Patmore, 2008, p. 100; 2012, p. 989).

The fortunes of the NSWCWS fluctuated during this period and efforts to form similar societies in SA and WA were unsuccessful. NSWCWS membership fell from 25 affiliates in 1922 to 15 in 1934 but noticeably increased thereafter. In 1935, 20 societies were affiliated to the NSWCWS, growing to 37 by 1945. One significant NSWCWS leader was George Booth, who was born in Bolton, England and after coming to Australia in 1910, became active in the Miners Federation and the Kurri Kurri Co-operative Society. He was NSWCWS President from 1921 and a NSW Parliament Labor representative for Newcastle and later Kurri Kurri from 1925 until his death in 1960 (Balnave

and Patmore, 2012, pp. 989, 992–993; Lewis, 1992, p. 79; O'Neill, 1948, p. 23).<sup>14</sup> A call by SA co-operatives for a co-operative wholesaler in 1919 never eventuated, while the Collie Co-operative failed in 1920 to establish a WA co-operative wholesaler to challenge the WFL (Mckay, 1946, pp. 48–49).<sup>15</sup>

The Australian Rochdale co-operatives were weakened by divisions and their inability to unite around common goals. There were divisions between federalists, who believed in the subordination of production to consumption, a co-operative wholesale organisation such as the NSWCWS and the loyalty of tied stores, and individualists, who emphasised the primacy of production and preferred autonomous local consumer co-operatives. These autonomous co-operatives were linked voluntarily through a wholesale co-operative democratically controlled by a Co-operative Union. While the Balmain and Adelaide Co-operatives were examples of individualist philosophy, the NSCS and Port Adelaide were examples of federalist philosophy. Rural consumer co-operatives, whether by design or location, preferred to remain autonomous from the NSWCWS and similar organisations (Balnave and Patmore, 2012, p. 990; Lewis, 1992, pp. 178–179, 243–244).

There were also tensions along gender lines. The co-operatives recognised the significance of women as the main purchasers of goods in most working-class households. This recognition ranged from the fashion shows put on by the Lithgow Co-operative in the 1930s, a series of cookbooks produced by the Adelaide Co-operative Society, to features in the *CN* on the upbringing of children, romance, beauty tips, cooking and knitting. NSW Co-operatives encouraged the growth of women's guilds in the early 1920s to educate women in co-operative principles and promote the co-operative movement. By December 1923, there were 12 NSW guilds and a Co-operative Guild Council to co-ordinate their activities. The guilds formed a national organisation in 1936, with all guilds affiliating by 1945. There were regional variations in the strength of the guilds. In SA, there were guilds in the Adelaide and Port Adelaide Co-operatives. There were also for varying periods guilds in the coal mining community of Booval (Queensland), Brisbane and Perth. In NSW while they were active in Metropolitan Sydney, the Illawarra and the Hunter Valley, guilds were not significant in the Lithgow Valley and rural areas of the state. One key guild activist was Margaret Jones, born in Salford in the UK in an ardent co-operative household. She was an individualist co-operator and saw the consumer co-operative movement as a women's movement because of the consumer power of women and the significant employment of women in the stores. The NSW guilds went beyond the supportive role expected by the NSWCWS. Some guilds frequently challenged the male dominated NSWCWS by criticising their leadership and organising conferences to promote alternative paths for the Rochdale movement. There were examples of women gaining management roles with Mary Smith and Agnes Tange being the first women elected in 1938 to the Woonona Industrial Co-operative BD since its foundation in 1896. While there were calls for equal pay, co-operatives such as Adelaide and Lithgow followed the general practice of requiring women

to resign from their jobs upon marriage (Balnave and Patmore, 2008, pp. 102–103; 2012, pp. 989–990; Lewis, 1992, p. 81).<sup>16</sup>

### Other Co-operatives

Financial co-operatives had varying fortunes during this period. There was a continuing decline in the number of permanent building societies following the public collapse of confidence in the 1890s. There were 41 in NSW in 1892 but only seven by 1937 with just one new registration in the whole period. In SA, the numbers fell from 26 in 1915 to six in 1934 (Linn, 1989, pp. 39, 42; McEvoy, 1937, p. 1). While there was a growth in assets and deposits held by permanent building societies after the First World War, they remained marginal financial institutions compared to their status in the 1880s and constituted only 2 per cent of total financial assets in the 1920s. The Illawarra Mutual Building Society (IMBS) in NSW survived the Great Depression by not issuing new loans in 1932 due to unemployed borrowing members being unable to pay their full subscriptions and investor members having to withdraw money to make ends meet. While borrowing members were allowed a suspension of payments if they were in difficulties, investors' withdrawals were limited to maintain funds. Starr-Bowkett societies peaked in the mid-1920s, with several scandals affecting their reputation in NSW and assets falling during the 1930s Depression from £3,951,000 in 1929 to £2,882,000 in 1939 (IMB, 1980, p. 41; Lyons, 1988, p. 390; Thomson and Abbott, 1998, pp. 79–80).

There was an upsurge in the terminating CBS following the 1937 legislation in NSW, with 191 societies being registered by June 1939 with 18,911 members. Like Starr-Bowkett societies, there were CBS clusters, with CBS keeping the same name but with different numbers, to gain economies of scale with a shared office and marketing. The CBS also formed a state association in 1937. The entry of Japan into the Second World War briefly curtailed their growth. Despite the NSW 1941 legislation, the War also restricted the development of credit unions, with the first registered credit union being the Home Owners' Co-operative Credit Society established in 1945 sponsored by a Sydney CBS cluster to provide credit for its members (Lewis, 1996, p. 12; Patmore and Balnave, 2018, p. 143; Withycombe, 1987, p. vi).

There was less activity during this period regarding worker co-operatives and co-operative community settlements compared to the previous period according to data visualisation from the VHAAC. There were at least 14 worker co-operatives in Australia with activity in all states except SA and Tasmania with eight in NSW and three in WA. While the First World War initially dampened interest in worker co-operatives, there was a peak in 1922 following the War with nine operating. Arising from a painters' strike in 1919 there arose the WA Workers' Co-operative Society, a worker co-operative, but it did not survive the post-war recession of the early 1920s. The WA Government purchased the SWTHCS's timber mill in 1920 and the co-operative's registration was cancelled in 1922. There was a drop in activity in the mid-1920s

but a small peak in the 1930s Depression, with four operating from 1932 to 1935. Workers established the Braemar Woollen Mills Co-operative to keep a textile mill open at Bowenfels near Lithgow, NSW. The workers took a lease from 1932 to 1937, with workers sacrificing one month's salary to purchase shares. The mill's subsequent success was such that when lease expired private operators outbid the workers for the lease's renewal (Patmore, Balnave and Marjanovic, 2020, p. 5).<sup>17</sup>

There were only six co-operative community settlements found in the VHACC, which were all located in NSW. They date from 1924 and follow the 1923 NSW co-operative legislation that provided for co-operative community settlements in hope that they would encourage land settlement. Five were voluntarily formed during the 1930s Depression. While some failed due to a lack of capital, co-operative community settlements at Colley Blue and Cumnock were still registered in 1945 (Lewis, 1984; NSW Registrar of Co-operative Societies, 1936, p. 13).

By contrast, there was an upsurge in community co-operatives after 1925 reaching a peak in 1945 of at least 34 according to data visualisation from the VHAAC. There are 50 community co-operatives found in the VHACC for the period of which 44 were in NSW and six in Victoria. The 1923 NSW legislation specifically encouraged their formation with its provision for community advancement co-operatives. At least 32 of these community co-operatives focussed on running clubs, community halls and theatres. The Boolaroo Bowling and Recreation Co-operative Society, near Newcastle, NSW, was formed in 1927 but registered as a co-operative in 1929 to obtain limited liability.<sup>18</sup> There were six and three community co-operatives, respectively, formed by women and immigrants to promote their interests. The Estonian Society in Sydney formed a co-operative society, which was registered in 1938, to provide a legal entity to allow the Society to own their own building (Estonian House Sydney, 2017).

### **Co-operative Federations**

There was increased interest in forming co-operative federations during this period. CBS and dairy co-operatives formed federations both at local and regional level in NSW, Queensland and SA. The NSWCSA continued until 1918, when it encouraged its members to join the NSWCWS for wholesaling purposes and became the NSWCU to focus on co-operative propaganda and debate. The NSWCWS eventually took over the NSWCU, which was facing financial difficulties, in 1922. Pulsford and Margaret Jones reconstituted the NSWCSA from 1922 to 1923 with the support of the Balmain Co-operative but faced opposition from the federalist NSWCWS which saw the NSWCSA as promoting co-operative individualism. The NSWCSA ceased to function when Pulsford died giving a Church sermon in Melbourne in 1923 and with the decline of the Balmain Co-operative. There was a short-lived CFNSW formed by larger agricultural co-operatives, such as NORCO, in 1939.

SA co-operatives formed a Co-operative Union, modelled on the UK CU, that operated from 1919 until at least 1928, to provide co-operative education, advisory services and the defence of co-operative interests. Its members included the Adelaide Co-operative, which disaffiliated in 1922 from the Union because it questioned its value, and the South Australian Fruit Growers Co-operative Society. There were also co-operative unions and associations for varying periods in Queensland, Tasmania and Victoria, with all three states having co-operative associations or unions by the end of the Second World War (Balnave and Patmore, 2012, p. 992; Lewis, 1992, pp. 87–88, 103; McKay, 1946, pp. 45, 48–49).<sup>19</sup>

The most successful example of a state peak body was the CFWA, which was formed in October 1919 at the instigation of the WFL. The CFWA was dominated by agricultural co-operatives and worked closely with the WFL. Its February 1932 annual conference at the WFL building in Perth attracted 100 delegates from 42 co-operatives. The CFWA by 1936 developed a co-operative education program by correspondence which included courses on co-operative theory, marketing and finance. The WFL, through their influence on the CFWA, created a climate in that state that was hostile to attempts to democratise co-operatives or introduce legislation that defined co-operatives along Rochdale lines that would impact on their “dry” investors. When the Collie Co-operative attempted to establish a co-operative wholesaler in 1920, the CFWA reprimanded Collie, which defiantly replied it was not a CFWA member. Collie eventually joined the CFWA in October 1944 following a CFWA approach and an assurance that the WFL no longer dominated the CFWA. There were differences within the CFWA with Walter Harper, son of Charles Harper and a WFL chair, supporting the WFL viewpoint, and William Johnson, Labor state parliamentarian, supporting the Rochdale perspective. Tom Bath, who was a farmer, former Labor state Parliamentarian and never a WFL director, unlike Harper and Johnson, tried to mediate their viewpoints (Balnave and Patmore, 2012, p. 292; Baskerville, 2019, pp. 18, 21–31, Bath, 1937, p. 317; Lewis, 2006, p. 103).<sup>20</sup>

There were two national co-operative congresses organised by Pulsford in the wake of the First World War. Pulsford organised the first All-Australian Co-operative Congress in Sydney in April 1920, with representatives of 78 co-operatives, and a second Congress in Melbourne in October 1921 with only 29 delegates. There were a series of resolutions at the second Congress on the formation of state co-operative unions and a national co-operative wholesaler. The Marrickville Women’s Co-operative Guild from NSW initiated a conference resolution that called “for a definite policy of organising the world for peace.” These conferences did not have any major consequences and Pulsford’s efforts to organise a national co-operative organisation died with him (Patmore and Balnave, 2018, p. 273).<sup>21</sup>

Towards the end of the Second World War, there was a move again to form an Australian co-operative federation. In December 1943 a Commonwealth Consumers’ Co-operative Conference, with representatives of agricultural and consumer co-operatives from six states, met at the Albert Hall in Canberra. The CFWA organised the conference and delegates believed that the Australian



co-operative movement had a vital role in post-war reconstruction, even suggesting that co-operative principles should form the basis of that reconstruction (Balnave and Patmore, 2012, p. 992). George Booth reminded delegates that it was not good enough to see the co-operative movement in terms of dividends, but that the movement was “a religion; it is a brotherhood of man” (Commonwealth Consumers’ Co-operative Conference, 1943, p. 21). The conference passed several resolutions including a call for the representation of consumer co-operatives on all Commonwealth Government boards dealing with the retail and wholesale trade, the establishment of a permanent secretariat in Canberra known as the CFA and state co-operative federations. The conference also called upon all Australian co-operatives to use the 1944 Centenary Celebrations of the Rochdale Pioneers to inspire their members and educate the general public (Balnave and Patmore, 2012, p. 993). While as Lewis (1992, pp. 181–185) argues, many of the hopes emerging from this conference were not fulfilled following the end of the War, the conference represents a high point for Australian co-operatives.

## **Conclusion**

While there was overall growth in the number of Australian co-operatives from 1914 to 1945, there were fluctuating fortunes for varying forms of co-operation. Agricultural co-operatives steadily grew, with fruit packing and processing becoming another focus of activity, while consumer co-operatives peaked in the early 1920s following the inflation and unrest of the First World War. The significant role of the state in shaping the Australian co-operative movement was highlighted particularly in NSW and Queensland where legislation encouraged the formation of co-operatives and shaped their form such as with community co-operatives in NSW and agricultural co-operatives in Queensland. NSW legislation following the Depression revitalised building societies, which still faced a lack of public confidence arising from the financial turmoil of the 1890s. While the development of the Country Party provided a political ally for agricultural co-operatives, the Labor Party in Queensland championed co-operatives as a way of forging a worker-farmer alliance.

The Australian co-operative movement saw a geographical shift in influence and internal conflict. WA co-operatives became significant actors in the development of Australian co-operatives. The WFL led a dramatic growth of agricultural co-operatives in the WA Wheat Belt and encouraged co-operatives to combine their interests in WA through the CFWA. There were general disagreements over the interpretation of Rochdale principles and tensions around gender within the consumer co-operative movement. Despite these challenges, by the end of the Second World War, there was a co-operative federation at the national level. As the next chapter will highlight, however, the post-war economic boom was to bring new challenges for Australian co-operatives with a dramatic expansion of financial co-operatives, a consolidation of agricultural co-operatives and a weakening of the traditional Rochdale consumer co-operative movement.

## Notes

- 1 CNUK, 30 October 1915, p. 1436, 19 November 1919, p. 7, 28 July 1923, p. 4; *Illawarra Mercury* (Wollongong), 16 January 1920, p. 4; *Lithgow Mercury*, 1 September 1926, p. 2, 20 September 1926, p. 1; *NMH*, 15 February 1936, p. 8; *SMH*, 21.05.1928, p. 10.
- 2 *Australian Christian Commonwealth* (SA), 3 November 1939, p. 4; *South Coast Times and Wollongong Argus*, 12 July 1929, p. 28.
- 3 CN, July 1921, p. 1; CNUK, 16 June 1917, pp. 580–581, 28 February 1920, p. 5; *Advocate* (Burnie), 28 February 1920, p. 7; *The Wheatbelt Wheat-sheaf and Dampier Advocate* (Merredin), 17 February 1931, p. 4; *The Wheat-sheaf* (Walla-roo), December 1918, p. 1, 15 February 1919, p. 2, 15 May 1920, p. 1.
- 4 *Primary Pools Act of 1922* (Queensland 13 Geo V, No 9).
- 5 *Advocate* (Burnie), 31 December 1925, p. 2; Alstonville Co-operative Refrigerating Company, BD Minutes, 15 December 1924. A003 V440, 1921–1927 BD Minutes, UNEA; *Co-operation, Community Settlement Act, and Credit Act 1923* (NSW George V, No. 1); TEFHCS, File, SC335/1/1, TAHO; *The Mercury* (Hobart), 8 July 1932, p. 5.
- 6 Queensland Co-operative Registry, ‘PPCAA List Draft,’ Unpublished Excel File, 20 November 2018.
- 7 *The West Australian* (Perth), 8 August 1902, p. 6.
- 8 CNUK, 7 November 1925, p. 3.
- 9 *The West Australian* (Perth), 14 February 1922, p. 1, 11 July 1936, p. 4.
- 10 *Daily Examiner* (Grafton), 1 June 1929, p. 4; *The Brisbane Courier*, 8 March 1932, p. 12; *The Murrumbidgee Irrigator* (Leeton), 29 March 1935, p. 3.
- 11 *Brisbane Courier*, 6 August 1921, p. 9; *Daily Advertiser* (Wagga Wagga), 19 February 1945, p. 3; *The Daily Mail* (Brisbane), 25 February 1925, p. 2; *North-ern Star* (Lismore), 25 August 1943, p. 5; NSWGG, 6 March 1931, p. 1011, 20 March 1931, p. 1196; Queensland Co-operative Registry, List of Registered Co-operatives 1965, Photocopy; *Queensland Co-operator*, 13 June 1946, p. 8; TEFHCS, File, SC335/1/1, TAHO; Tasmanian Egg Floor (Launceston) Co-operative Society, File, SC335/1/2, TAHO; Tasmanian Egg Floor (Ulverstone) Co-operative Society, File, SC335/1/3, TAHO; *Warialda Standard and North-ern Districts’ Advertiser*, 1 October 1945, p. 2.
- 12 CNUK, 1 July 1922, p. 4; *The Colac Herald*, 30 August 1918, p. 3.
- 13 *NMH*, 28 September 1939, p. 10; *SMH*, 14 November 1930, p. 11.
- 14 CN, 1 February 1922, p. 2.
- 15 CICSMS, 17 April 1920. CMHRC.
- 16 ACCM, 5 March 1920. SLISA, BRG 50/1/13; CN, 1 December 1923, p. 2; CNUK, 25 August 1923, p. 12, 1 September 1923, p. 13; *Daily News* (Sydney), 27 October 1939, p. 6; *The Advertiser* (Adelaide), 24 November 1938, p. 2, 4 June 1941, p. 6.
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- 18 *NMH*, 4 October 1927, p. 3, 25 January 1929, p. 5.
- 19 ACCM, 25 June 1920, 5 May 1922, 8 June 1922, 30 June 1922. SLISA, BRG 50/1/13-14; CNUK, 29 March 1924, p. 2; *Daily Herald* (Adelaide), 18 August 1920, p. 3; *SMH*, 28 January 1939, p. 10; *The Register* (Adelaide), 26 June 1928, p. 13; *Tweed Daily* (Murwillumbah), 26 August 1939, p. 6.
- 20 CICSMS, 17 May 1920, 5 September 1944, 29 September 1944, 23 October 1944. CMHRC.
- 21 CN, 1 November 1922, pp. 1–2; CNUK, 3 February 1923, p. 1, 29 March 1924, p. 2.



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## 8 Post-war Prosperity 1945–1975

The post-war prosperity for the period from 1945 to 1975 was a “golden age” for co-operatives in terms of the number and variety of co-operatives. The quest for finance to fund personal loans and housing led to a spectacular growth of credit unions and terminating building societies with legislative encouragement by state governments. There was a general decline in the number of consumer co-operatives as major retail chains were able to take advantage of the development of supermarkets and supply chain management. While agricultural co-operatives peaked in the early 1950s, there was a consolidation of co-operatives, particularly in the dairying sector, and an expansion of fishing co-operatives. There were also surges of interest in community co-operatives, Indigenous co-operatives, business co-operatives and other forms of co-operatives. While there was a strengthening of state and national co-operative organisation by the 1970s, financial co-operatives were developing their own organisations.

This chapter will examine economic and political developments that impacted on co-operatives during this period. It will then look at ideological influences and legislative changes. The CWS continued to play a role in shaping Australian co-operatives, but its influence was waning, with the growing credit union movement being influenced by North American developments. There were local initiatives focussing on Indigenous co-operatives. The chapter then focuses on the spectacular growth of financial co-operatives and the declining agricultural and consumer co-operatives. It then explores the growth of other types of co-operatives, before examining the efforts by co-operatives to develop and sustain their own peak organisations.

### **Economic and Political Context**

Following the Second World War, the economy boomed in the immediate post-war period, with a pent-up consumer demand for durables, increased foreign investment and increased tariff protection. Immigration was a major feature of this period, net migration constituting one-third of Australia’s population gain between 1947 and 1966. Many of these migrants were not from

the UK, the traditional migration source. There was unprecedented economic growth in the 1950s and 1960s, with Gross National Product averaging between 4 and 5 per cent per year. Unemployment remained minimal, despite minor recessions in 1952, 1956, 1961 and 1966, and labour turnover was high. There was a surge of accelerating inflation following the end of the Second World War with a slight retardation in 1951 up to a peak rate of almost 20 per cent in 1952. From then and through the 1960s inflation fluctuated, with the highest increase being 6 per cent. Both migrant and native-born workers needed regular incomes to meet greater consumer expectations and finance hire purchase payments. Farmers, however, by the mid-1960s faced a “cost-price squeeze,” with declining farm prices on international markets and the increasing cost of farm inputs, and concerns about rural poverty. Government schemes by the early 1970s offering financial incentives for farmers to leave dairy farming and orcharding to increase farm efficiency and reduce poverty. The early 1970s saw the end of the post-war boom in Australia, evidenced by rapid increases in unemployment and inflation (Balnave and Patmore, 2013, pp. 19–20; Martin, 1987, pp. 110–112; Sinclair, 1976, p. 237).

A Liberal-Country Party coalition held federal government from 1949 to 1972. At the state level, Labor held government in NSW from 1941 until 1965. The Labor Party faced internal divisions over the influence of Communist Party, which had grown significantly during the Second World War, with Catholics and moderate union leaders increasingly alarmed at its influence in the labour movement. The Labor Party agreed to the formation of Industrial Groups to fight Communists, but their success led to fears that they were trying force the Party to adopt the ideas of the Catholic Social Studies Movement. The Labor Party disbanded the Groups and their supporters contributed to the defeat of state Labor Governments, Victoria in 1955 and Queensland in 1957, and the formation of the Democratic Labor Party, which helped keep Labor out of federal government until 1972. During this conflict, the non-political stance of the co-operative movement and the role of Catholic activists in co-operative development provoked suspicions within the labour movement about the co-operative organisation (Balnave and Patmore, 2012, p. 991; Patmore, 1991, pp. 93–96).

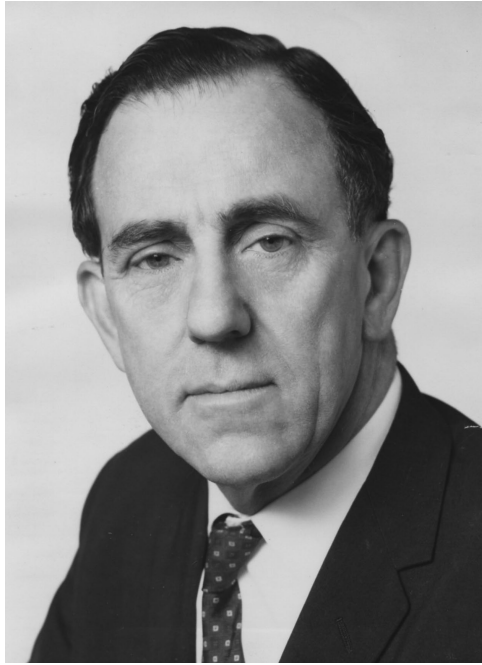
The Whitlam federal Labor government, which held power from 1972 to 1975, significantly expanded public sector expenditure, although it became more fiscally conservative as unemployment and inflation rose. Despite its social radicalism, the government shifted towards market liberalisation in trade policy as the government sought to create a more competitive market economy. An Industries Assistance Commission was established to review industry protection, slash tariffs and move against restrictive trade practice. The Whitlam Government also phased out or reduced many items of rural assistance that it believed could not be justified such as subsidies on cotton, tax concessions and bounties on fertilisers (Martin, 1987, pp. 133–134; Patmore and Coates, 2005, p. 126).

### **Ideology and Legislation**

The UK co-operative movement remained an important influence upon Australian co-operatives. There was a visit by a CWS delegation to Australia in 1955 for which the NSCS organised a major reception in Newcastle. The CWS continued to operate its depot in Sydney, which in 1964 employed five people and supplied £UK1,790,450 of goods, but the CWS began withdrawing from its global trading network as the co-operative market share in the UK fell from 12 per cent in 1950 to 7 per cent in 1970. By 1973, the CWS ran only two overseas buying bureaus – Sydney and Vancouver. The weakening of its global network was also linked to uncertainty in the 1960s over whether the UK would join the European Economic Community (EEC), which eventually occurred in 1973. The movement of the UK into the EEC disrupted markets for Australian agricultural co-operatives with the last major Australian shipment by the APWCF leaving for Europe in March 1972. Despite this, links continued with the UK co-operative movement, with H. Seeley, the General Manager of the UK Co-operative Insurance Society, being the keynote speaker at the National Co-operative Convention in Canberra in October 1974 (Lewis, 2006, pp. 217, 219–226; Webster, 2019, pp. 140–146).<sup>1</sup>

There was also a strong North American influence through the emerging credit union movement. Kevin Yates, a Catholic activist, considered the “founding father” of credit unions in Australia, had served in the RAAF during the War and studied co-operative movements in North America and the UK. Olaf H. Spetland, the Director of CUNA’s World Extension Division, visited Australia in 1957 as part of an extensive tour of credit unions in the South Pacific and South-East Asia, stimulating broader public interest in credit unions. CUNA accepted the NSW Savings and Loans Co-operative Association, the peak NSW credit union organisation, as an affiliate in August 1958. Australian credit unions formed close ties with their North American counterparts during the 1950s and 1960s, with representatives frequently visiting each other’s shores and Australian representatives regularly attending CUNA meetings from 1959. The US and Canadian credit unions transferred their skills to their Australian counterparts through orientation sessions held at CUNA sessions. CUNA also provided scholarships for Australians to study credit unions in Canada and the US, advertising material and films, notably *Kings X*, which portrayed North American credit union services. The CUNA Mutual Insurance Society, whose activities in Australia led tensions within the local credit union movement, also promoted credit unions. The Antigonish movement, which saw credit unions as the first form of social reform that ultimately led to a Co-operative Commonwealth with trading, housing and production co-operatives, continued to have an influence. The movement was launched in Australia by Catholic Father John Gallagher in Sydney suburb of Lidcombe in 1951. There were disagreements between the local Antigonish and mainstream credit union movement over issues such as inter-lending, whereby Antigonish credit unions directed their funds to other co-operatives





*Figure 8.1* Kevin Yates, 1969. Courtesy – Australian Mutuals History.

without a provision for the withdrawal of the funds on demand (Lewis, 1996, pp. 7–8, 17–18, 23–26; Miller, 1998, pp. 38–57, 109–116; Patmore and Westcott, 2021, pp. 11–12; Smith, 1969, p. 204).<sup>2</sup>

While there were examples of Indigenous co-operatives in the Queensland Torres Strait as early as the 1890s and during the Pilbara Pastoral Workers Strike in the WA in the late 1940s (Hess, 1994, p. 79; Mullins, 2012, p. 43; Shnukal, 2008, p. 115), from the 1950s to the 1970s the Rev. Alf Clint led a movement to bring about economic sustainability in Aboriginal communities through the establishment of co-operatives. He viewed that the co-operative model was an appropriate way for Indigenous communities to be integrated into Australia's political and economic system. Clint was born in Wellington, NZ, in 1906 and moved to Sydney in 1910. His family poverty radicalised him with Clint studying Marxism and joining the Labor Party. He gained experience in co-operatives through working at the Balmain Co-operative Society. He trained for the Anglican priesthood and entered the ministry in 1929 on the condition that he could maintain his membership of the Labor Party and the Australian Workers' Union, which he did for the rest of his life. In 1948, at the invitation of the Bishop of New Guinea, he became the co-operative advisor at Gona, Papua. He visited villages helping to form Christian co-operatives. He became convinced from his Papuan experiences that co-operatives were an

advantage to Indigenous people because they were non-exploitative and that the co-operatives reflected the lifestyle of Aboriginal clans (Loos and Keast, 1992, p. 290; Morris, 2022). As Clint (1959, p. 1) later argued, “The Aborigines are communal in their life, and this communal unity is the first step towards co-operative development.”

There was a major expansion of co-operative legislation during this period. The Co-operative Union of Queensland successfully lobbied the Queensland Labor Government to pass a Co-operative Societies Act in 1946, with a full-time registry, and establish a Queensland Co-operative Advisory Council (QCAC) in 1951. This led to two co-operative acts in Queensland with the new legislation and the existing PPCA, which covered agricultural co-operatives, being administered by different government departments and having their own Registrars. The Commonwealth State Housing Agreement (CSHA) in 1956, following lobbying by the NSW Association of Co-operative Building Societies (NSWACBS), provided housing funds for CBS and CHS and encouraged other states such as Queensland in 1958 and Tasmania in 1963 to enact legislation to promote CHS. Victoria passed co-operative legislation in 1953 modelled on the 1923 NSW legislation but allowed existing co-operatives registered under other Acts such as the Company Act to retain “co-operative” in their title. The NSW Government encouraged financial co-operatives by passing specific legislation for permanent building societies in 1967 and credit unions in 1969. There was also state encouragement of co-operatives with the NSW Registry employing a publicity officer to promote co-operatives and the QCAC promoting co-operatives through press advertising, co-operative booklets and a co-operative film library. The NSW Labor Government appointed a Minister for Co-operative Societies in October 1949 (Abbott and Doucouliagos, 1999, p. 120; Kidston, 1962, pp. 167–168, 170–172; Lewis, 1996, pp. 91–92, 198; 2006, pp. 130–131; Lyons, 1988, pp. 392–393, 396; Mockler, 1961, p. 205).<sup>3</sup>

Against this background, there was a major expansion of co-operatives. As Figure 8.2 indicates, the trend data from the VHAAC indicate continuous growth until 1975 even with rising inflation and unemployment after 1972. The PFCS (1964a, pp. 124–125) estimated that by the mid-1960s, there were more than 3,600 co-operatives in Australia with at least 3,122,000 Australians associated with co-operative activity. Small terminating building societies dominated the co-operative landscape with 2,569 co-operatives and a membership of 206,000, while the 490 agricultural co-operatives had a greater membership of 353,031 members. Of the 793 consumer and agricultural co-operatives, NSW, Queensland, Victoria and WA dominated with 314, 162, 140 and 94 co-operatives, respectively. By June 1973, there were 8,271 co-operatives in Australia with 3,410,478 members excluding the ACT. The dominant types of co-operatives were 5,699 terminating building societies (202,135 members), 1,199 community and miscellaneous co-operatives (219,621), 812 credit unions (673,313), 440 agricultural co-operatives (388,369) and 349 consumer co-operatives (581,229). While there were only 187 permanent building

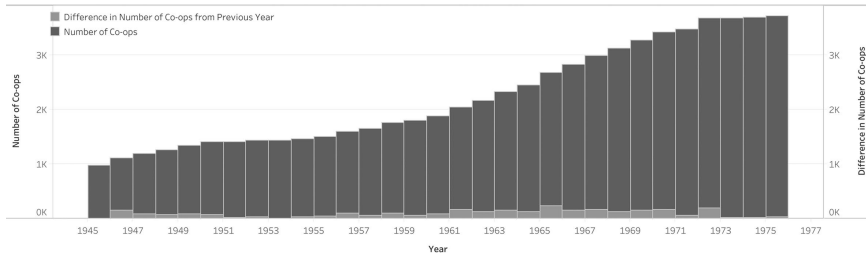


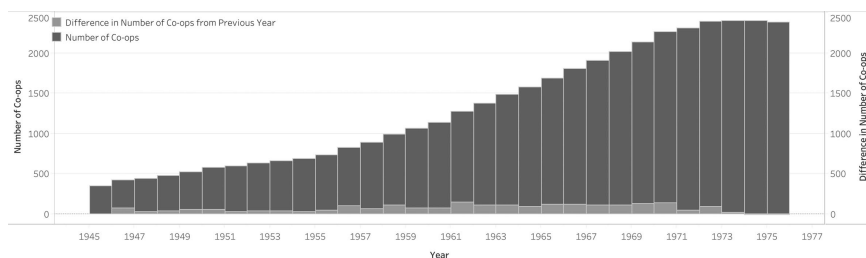
Figure 8.2 Australian Co-operative Trends 1945–1975.

Source: VHAAC Version 31.0 July 2023.

societies, they had 1,341,840 members (Australian Co-operatives National Convention, 1975, p. 4). The remainder of the chapter will break down these trends by focusing on the various types of co-operatives.

### Financial Co-operatives

As Figure 8.3 indicates, there was a major surge in financial co-operatives during the post-war economic boom as Australians sought finance for personal and housing loans. The growth continued until 1973 with a slight decline in 1974–1975 as the economic boom ended. While Starr-Bowkett Societies lost popularity, there was a spectacular growth of government guaranteed terminating building societies, such as CBS and CHS. The number of CBS in NSW grew from 382 in 1947 to 3,124 in 1975 with membership increasing from 37,684 to 68,712. CBS in NSW had small numbers of members, falling from an average of 99 in 1947 to 21 in 1975. CBS continued to obtain economies of scale by forming clusters with the Northern Districts Home-Building cluster in Epping, a Sydney suburb, establishing 56 CBS by 1975. There were some clusters of CBS in Sydney that purchased buildings to provide their offices with South Sydney CBS opening Co-operation House in Mascot in April 1964. Co-operatives, ethnic associations, employers, trade unions and friendly societies, such as the Federated Clerks' Union and the Queensland Poultry Farmers' Co-operative Society, also sponsored CBS and CHS. The popularity of these societies was fuelled by the reluctance of banks to provide finance for housing in the immediate post-war period and continuing regulatory constraints in the 1950s and 1960s. During the 1950s, bank financing for the CBS and CHS went into decline, with the CSHA making up the gap with state governments providing a considerable proportion of their funds to these societies and income restrictions being imposed to assist low-income earners (Abbott and Doucouliagos, 2001, pp. 231–233; Larcombe, 1970, p. 188; PFCS, 1964b, p. 132). As Abbott and Doucouliagos note (1999, p. 120), the societies became an “agent of the government, allocating and managing loans for the purchase of welfare housing.”



*Figure 8.3* Australian Financial Co-operative Trends 1945–1975.

*Source:* VHAAC Version 31.0 July 2023.

A prominent leader in the CBS movement was Ted Tytherleigh, who had experience as a food retailer in Epping, where he was associated with the Northern Districts CBS cluster and lobbied through the NSWACBS for changes in the CSHA that included CBS. Tytherleigh became interested in developing his community and helping young people particularly through home ownership. He disliked banks and believed that through building societies, with their principles of self-help and co-operation, Australians could gain independence through owning their own home. Tytherleigh was critical of the Labor Party, which he believed through initiatives such as the NSW Housing Commission, could stifle initiative and encourage renting, where tenants had no stake and interest in the property (Patmore, 2019).

There was a rebirth of permanent building societies in the post-war period with the clusters of terminating building societies in NSW playing a role in their expansion. The number of permanent building societies increased from 61 in 1945, with 22 in Victoria and 16 in NSW, to 192 in 1974, with a peak of 199 in 1972. They were larger institutions than the terminating building societies with an average membership of 7,176 in 1973. Their share of housing advances in Australia grew from 10 per cent in 1945 to 22 per cent in 1972. They were less regulated than the banks and could offer higher interest rates to depositors than savings and trading banks. Their opening hours were longer than banks, including Saturday mornings, and it was relatively easier for borrowers to obtain finance from the permanent building societies than banks. The permanent building societies took advantage of the Commonwealth Home Loans Insurance Act 1965, which allowed borrowers to increase the loan/property valuation to as high as 95 per cent without risk to the lending institution. This helped challenge the public perception that building societies were unsafe. The rise of professional managers in permanent building societies during the 1960s encouraged the expansion of business away from specialised local markets towards a broader range of products. There were strong links in NSW between the growth of CBS and permanent building societies with CBS clusters establishing permanent building societies, such as St. George and Cronulla Permanent Co-operative Building Society in May

1951, later the St. George Building Society, in Hurstville. The St. George and Cronulla CBS clusters wanted to reduce their reliance on external funding for housing following a federal government credit squeeze and gain funds directly from the public. There were also issues of mutuality with some permanent building societies in a growing market being purchased by private companies as occurred with the Union Building Society in Victoria being acquired by Industrial Acceptance Corporation in 1959 (ABS, 1976, p. 550; Australian Co-operatives National Convention, 1975, p. 4; CBCS, 1947, p. 591; Cramer, 1993, pp. 29–31; Hill, 1974, p. 334; Knowles, Patmore and Shields, 2012, p. 85; Lyons, 1988, pp. 394–395; Thomson and Abbott, 1998, pp. 80–83).

Credit unions grew dramatically following the Second World War. Yates established the Universal Credit Union, which was the first credit union that was not an extension of either a building society or a friendly society in NSW, in October 1946. The number of credit unions surged to serve pent-up post-war consumer demand. Workers could not easily obtain personal loans from banks and were preyed on by loan sharks charging exorbitant interest rates. Generally, Australian credit unions did not compete with one another as they were covered by state legislation and bonds of association that restricted coverage to a particular employer, social group or geographic area. The early growth of Australian credit unions relied upon the “zeal of pioneers” and “the work of thousands of volunteers” gaining financial support from employers and churches, with the Catholic YCW in Victoria playing a significant role in the formation of credit unions. By 1962, there were 126 credit unions in NSW, with another 36 in Victoria. The Australian credit union movement continued to grow during the 1960s, and by 1975, there were 748 credit unions Australia-wide, with 910,000 members. Approximately two-thirds of these credit unions were in NSW (Patmore and Westcott, 2021, pp. 11–12; 2023).<sup>4</sup>

## Agricultural Co-operatives

As Figure 8.4 highlights, while there was a general upsurge in Australian co-operatives during the post-war period, there was a gradual decline in the number of agricultural co-operatives after 1950. The VHACC’s data shows a

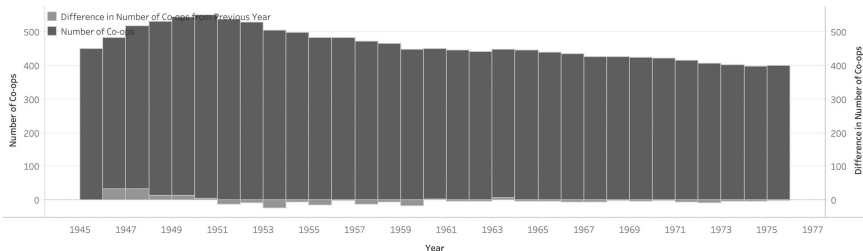


Figure 8.4 Australian Agricultural Co-operative Trends 1945–1975.

Source: VHAAC Version 31.0 July 2023.

minimum number of 550 agricultural co-operatives in 1950 and a minimum number of 399 by 1975. The decline was minimal in Queensland with a fall from 97 to 91, but severe in NSW with a fall from 257 to 167. The overall decline in agricultural co-operatives reflects a falling rural population, amalgamation and demutualisation.

The “cost-price” squeeze on farmers by the 1960s encouraged a movement away from the land in industries such as dairying. After the Second World War, the number of cream suppliers to the Nanango Dairy Co-operative Association in Queensland fell from 483 in the 1940s to 175 by 1972. Local dairy farmers were leaving the industry as production costs rose and income fell. There were environmental problems with declining soil quality and the impact of droughts on milk yields. Foreign markets such as the EEC disappeared increasing international competition for dairy products. The average age of dairy farmers was increasing as young people left the area to seek alternative employment. Some farmers left dairying to pursue grain cropping lucerne growing and beef cattle raising. The KCDA was facing similar problems with the closure of its Killarney butter factory in 1974 after the number of cream suppliers fell from 304 in 1945 to 85. The introduction of Milk Zones and other changes in the regulation of the dairy industry from 1957 made dairying less attractive in NSW. Federal government programmes, like the Marginal Dairy Farms Reconstruction Scheme of 1970, allowed farmers to sell their economically marginal properties for amalgamation into larger viable units. An example of a dairy co-operative that failed to survive was the Deepwater Co-operative Dairy Society in the New England region of NSW, which had begun operations in 1908 but was dissolved in 1956 (Caffery and Groves, 2007, pp. 88–90; Killarney Co-operative Dairy Association, 1948; Rhodes, 2005, pp. a–c; Telfer, 2012, pp. 25, 71).<sup>5</sup>

There were at least 45 amalgamations of agricultural co-operatives between 1945 and 1975, overwhelmingly among dairy co-operatives according to VHAAC data. The Murray-Goulburn Co-operative (MGC, originally known as the Murray Valley Co-operative) was a major driver of amalgamation with both co-operatives and proprietary companies in Victoria. It originated from a 1949 public meeting of 14 soldier settlers at Katunga in the Goulburn Valley region of Northern Victoria. The key figure in its expansion was Jack McGuire, the manager/CEO, who was strongly committed to co-operation and a co-operative “missionary.” With the assistance of Commonwealth and state governments, MGC developed at a swift pace, with close to 60 suppliers in 1951 and 264 by 1956. By 1965, it had 1,500 shareholders and was Victoria’s largest dairy business organisation. MGC restructured from butter production to the more lucrative powdered milk and cheese markets. With 49,000 shareholders by 1969 it was Australia’s largest exporter of dairy products to Japan, the US and South-East Asia, and by the early 1970s, Australia’s largest producer and manufacturer of processed dairy foods with a turnover of more than \$100 million. It expanded into the Western District of Victoria and NSW through various mergers and acquisitions (Lewis, 2006, pp. 48–50).



There were a smaller number of demutualisations than amalgamations of agricultural co-operatives with at least 21 from 1945 to 1975 according to VHAAC data. A significant example of demutualisation was the SAFCU, which had a range of agricultural interests such as wool sales and dairy processing. Concerned at the long-term viability of the co-operative, with issues such as the loss of markets arising from the UK's interest in joining the EEC, the BD hired management consultants, who convinced the BD that there were fundamental problems inherent in the co-operative capital and finance model that reduced the flexibility required for survival. The co-operative became a publicly listed company on the Adelaide and Melbourne stock exchanges in November 1970 (Patmore, Balnave and Marjanovic, 2021, p. 518).

There was an expansion of fishing co-operatives which grew from 3 in 1944 to a peak of 48 in 1950 according to the VHAAC with 41 still operating in 1975. They operated in all states with 42 and 16 of the 81 fishing co-operatives in the VHAAC from 1945 to 1975 being in NSW and Victoria, respectively. As early as 1943, the Curtin Labor Government had promoted fishing co-operatives to improve the efficiency of the Australian fishing industry. There were also complaints in NSW about licensed fish agents in the Sydney Fish Markets and unlicensed operators elsewhere. The fishers were unorganised and prey to exploitation by agents. A NSW Labor government inquiry in 1945 highlighted the lack of organised facilities for handling, packing, storing and marketing of fish at coastal communities. It was recommended that the NSW Government encourage fishing co-operatives and establish a centralised Sydney co-operative distributing organisation. Government consultation also revealed that fishers preferred centralised marketing facilities run by them. NSW Government cancelled the agent's licences and took direct control of the Sydney Fish Market. It provided trained officers to assist with co-operative formation, gave financial guarantees where fishers had to obtain loans to build infrastructure and authorised co-operatives to operate fish markets. The co-operatives, which began to be formed at major NSW fishing centres after 1945, acquired refrigeration plants and ice making facilities. There were also investments in shore radio stations to provide information on the catch for the co-operative depot and safeguard the lives of the fishers while at sea. Some fishing co-operatives began to "snap freeze" their catch for market. By 1960, there were 19 fishing co-operatives operating in NSW with a membership of approximately 1,780. It was estimated that the NSW co-operatives had an average coverage of 90 per cent of the fishers. WA lobster fishers, concerned that the lack of a marketing organisation weakened their bargaining position with dealers, formed co-operatives at Fremantle in 1947 and Geraldton in 1950. These co-operatives were concerned with the sustainability of industry, actively campaigned against the processing of an undersized catch, and began exporting to North America and Europe (CFWA, 1968, pp. 214–215; Crosky, 1956, pp. 281–283; Mockler, 1960, pp. 295–296, 307; 1961, p. 207).<sup>6</sup>

There was also co-operative innovation in other agricultural industries. The Ricegrowers Co-operative Mills at Leeton, NSW, gained registration in July

1950 for the purposes of establishing a mill for treating rice grown in the MIA and adjoining irrigation areas which produced 80 per cent of Australia's rice crop. The co-operative faced problems in gaining access to rice because of quotas imposed by the NSW Rice Marketing Board, but legislative changes in 1957 overcame this problem by allowing it direct access to the rice produced by its members. The co-operative expanded and opened plants in Griffith, NSW, Yenda, NSW and Echuca, Victoria. By June 1966, it had 1,148 members and paid a dividend of 8 per cent to its members. The rice industry by 1974 exported 85 per cent of production overseas with Papua New Guinea (PNG), the Pacific Islands, Hong Kong and Indonesia being major markets. There was also the expansion of co-operatives into the emerging cotton industry in NSW and WA for processing and marketing with the formation of the Namoi Cotton Co-operative at Wee Waa in NSW in 1962 consisting of mainly US immigrants. The Namoi Valley produced 80 per cent of Australia's cotton by 1968. There were farmer-owned artificial insemination co-operatives. The first Queensland example was formed at Dayboro in 1961, and by 1965, there were at least 14 co-operatives distributing bull semen to dairy farmers in various parts of the state (CFWA, 1968, pp. 213–214; Lewis, 1994, pp. 161–162; 2006, p. 275; Mockler, 1961, p. 205; NSW Registrar of Co-operative Societies, 1968, pp. 220–223; PFCS, 1964b, pp. 130–131).

The agricultural co-operatives continued to expand their interests into manufacturing through vertical integration. DFC purchased Anderson Equipment in the Sydney suburb of Lidcombe in 1959 to ensure the continued production of dairy processing machinery. It was family enterprise that required further capital and expertise to cope with an increasing demand for its products. The owner wanted to retire, and DFC wanted to ensure continued production. DFC again repeated this success in 1963 and 1964 with the purchase of two other family businesses – James Budge and Ellis Refrigeration. James Budge had been in operation since 1890 and had high reputation for the manufacture of refrigeration equipment such as multi-cylinder compressors. Ellis Refrigeration commenced operations in Cronulla, NSW, in 1946 as a local refrigeration and washing machine service company, but also expanded into manufacturing commercial refrigeration equipment including refrigeration cabinets, industrial water systems and air cooling systems. DFC expanded the businesses not only to meet domestic needs of other Australian food industries but became a machinery exporter (Todd, 1994, pp. 167–168).<sup>7</sup>

Agricultural co-operatives continued to play a central role in their communities. The KCDA in 1968 played a crucial re-building of Killarney in the aftermath of a tornado that devastated the town. While the Co-operative's property and stock suffered damage, it remained in business. The KCDA became the focal point for the transporting and provision of the building materials that were crucial for the re-building of the town. It also provided an employee representative to the Killarney Relief Committee to assist with the allocation of aid to victims. With the closure of the butter factory, the KCDA tried to maintain employment in the town by encouraging Sokol Drive-Over Gates to operate the factory, but the arrangement only survived a year (Tefler, 2012, p. 72).<sup>8</sup>

## Consumer Co-operatives

As Figure 8.5 indicates, from a peak in the early 1950s, the consumer co-operatives in Australia generally went into decline, except for a specific burst of interest in rural Queensland in the late 1960s. The post-war prosperity, with its relatively low levels of unemployment and inflation after 1952, reduced the economic incentive for individuals to form and maintain co-operatives. There was also increased competition from private chain stores, such as Coles and Woolworths, which offered consumers a wider range of goods at competitive prices without the need to wait for a dividend. Co-operatives in smaller rural communities lost business to larger regional or urban centres, where there was the volume of business to justify large supermarkets. Residents, attracted by the spread of urban advertising, had greater mobility to shop elsewhere due to the car and better roads. The populations of smaller rural communities grew only marginally and even declined. In coal-mining communities, which were a mainstay of the Australian Rochdale movement, mines closed and the working-class aspect of these towns evaporated. There were also problems with high levels of credit, particularly in rural areas, where farmers' incomes fluctuated on a seasonal basis (Balnave and Patmore, 2012, pp. 994–996; Figure 8.5).

The rapid growth of consumer co-operatives in Queensland in the late 1960s is linked to the encouragement by the Queensland Cattlemen's Association of short-lived small co-operatives largely based on specific pastoral properties to purchase a range of goods directly from the importer, distributor or manufacturer. They were not recognised by the mainstream Queensland co-operative movement, with concerns that the groups breached Rochdale principles, and the Queensland Registrar reclassified them as mutual buying groups, not co-operatives, with 693 registered in June 1968. For example, seven people, five of whom were from two families, at Woodlands property near Killarney formed the Queenwood Co-operative Society, which was registered in October 1965. With the changes in the legislation, they became the Queenwood Mutual Buying Group Society in August 1968 (Couper, 1966, p. 41; Queensland Registrar of Co-operative and Other Societies, 1968, pp. 1, 3).<sup>9</sup>

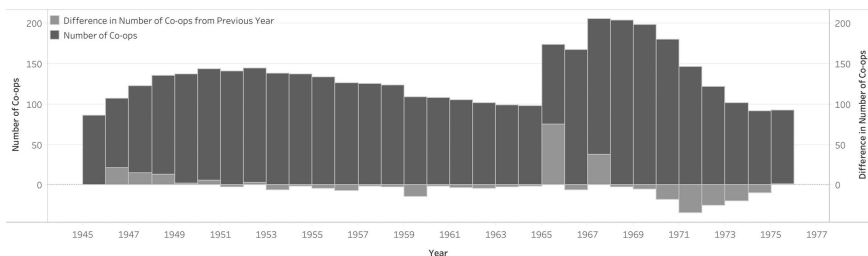


Figure 8.5 Australian Consumer Co-operative Trends 1945–1975.

Source: VHAAC Version 31.0 July 2023.

There were significant failures of consumer co-operatives. The Adelaide Co-operative went into liquidation in February 1962 after 94 years of trading. In the previous six years, its membership had fallen from 26,000 to 9,000 with resigning members taking large amounts of capital with them. Poor property investment decisions and competition from private retailers assisted the rapid decline. The Woonona Industrial Co-operative Society, which changed its name to the Coast Co-operative Society in 1961, had a membership of 6,200 by 1962 and was the second largest Rochdale co-operative in NSW, but was wound up in 1970. This co-operative had branches at seven locations including Wollongong and Port Kembla. It faced increased competition with a supermarket opening directly opposite it in 1951 (Arrowsmith and Markey, 1999, p. 204; Balnave and Patmore, 2008, p. 103; McQuilton, 2001, p. 148).<sup>10</sup>

Consumer co-operatives took steps to broaden their appeal. The NSCS in 1958 purchased a large van as a travelling “self-service shop” to serve shareholders who could not readily buy their goods at NSCS outlets. It also established a credit union for members and employees in 1962. Against the background of massive post-war immigration programme in Australia, the Adelaide Co-operative specifically targeted traditional UK migrants by establishing two branches in local migrant hostels. In Victoria, the co-operative in the coal-mining town of Wonthaggi diversified its constituency by “welcoming” Italian members and provided an Italian translator on staff. Co-operatives also opened delicatessens to provide a greater range of “continental” goods (Balnave and Patmore, 2008, p. 103).

There were also challenges for the co-operative wholesalers and the women’s guild movement. There was an extension of co-operative wholesaling into Queensland with the Queensland Co-operative Wholesale Society (QCWS) in 1946. Its origins lay in the Poultry Farmers’ Co-operative, which had a wholesale department that not only served its own Red Comb co-operative stores and catalogue order service centres but also a growing consumer co-operative movement. It invited consumer co-operatives to form the QCWS and take over its wholesale department. The QCWS extended its operations into Northern NSW and imported goods from the CWS. There was, however, sharp decline in co-operative retail business in the early 1950s with dwindling dividends. While by 1949 the NSW CWS had 110 affiliates, with some in Victoria, it went into permanent decline after 1957 and the *CN* ceased publication in 1959. The co-operative women’s guilds in Australia also folded. (Balnave and Patmore, 2008, p. 103; Lewis, 2006, p. 89; PFCS, 1964b, pp. 127–128). The Corrimall Co-operative Women’s Guild in the NSW Illawarra, for example, wound up its operations in December 1966 because their co-operative store had closed and the few remaining members were “all pensioners,” who “found it most difficult to keep going.”<sup>11</sup>

There are a small number of rural Rochdales that were able to survive in Australia in places such as Denmark in WA, Junee in NSW, Nuriootpa in SA and Terang in Victoria. The Junee Co-operative after facing growing losses from 1959 to 1961, introduced self-service trading in September 1962 and

immediately returned a slight surplus for that year. Its membership increased from 80 in 1956 to 324 in 1966. These rural Rochdales become franchisees to ensure a wholesale supplier. The survival and prosperity of these co-operatives was linked to localism. The Junee Co-operative and its leadership, for example, played an active role in the community, forming networks with local businesses and the Chamber of Commerce. Over the years, the Junee Co-operative encouraged residents to “shop local” rather than at other regional centres (Balnave and Patmore, 2008, pp. 103–104).

Specialist consumer co-operatives developed during this period. Dr. Gilbert Phillips, a Sydney neurologist, formed the Australian Wine Consumers’ Co-operative in 1947, to provide members with the Australian finest wines at the lowest possible cost. The society grew from 127 members in 1947 to 9,000 in 1972 across Australia. By 1969, members could taste wines at the co-operative’s Sydney cellars, receive a regular bulletin listing the Society’s wines and prices and have their wine posted to them anyway in Australia. Students at the University of Sydney formed the University Co-operative Bookshop (UCB) in 1958 following frustration with obtaining textbooks in time for their courses. Members paid a membership of £1 for a life membership and received rebates on their purchases. Membership rapidly grew to 93,452 in 1970 and the UCB spread to other campuses throughout Australia. While it was claimed that the UCB was the largest bookseller in the Southern Hemisphere by 1976, there were student complaints about prices, the availability of books and opening hours.<sup>12</sup>

### **Other Co-operatives**

The post-war period saw a growth of interest in health co-operatives, such as community hospitals in Clifton, Queensland and Epping, NSW,<sup>13</sup> education and training co-operatives, Indigenous co-operatives and housing co-operatives according to VHAAC data. The education and training co-operatives, primarily preschools and kindergartens, grew from a minimum of one in 1945 to 58 in 1975 as more married women entered to the workforce. An early example was the GyMEA Nursery School and Kindergarten Co-operative in the Sydney southern suburbs registered in 1946.<sup>14</sup>

There were two waves of interest in forming Indigenous co-operatives to provide health services, legal aid and employment opportunities for Indigenous communities. The first wave was associated with Clint and reached a peak of 1959 with at least six Indigenous co-operatives. Clint found sympathy for his ideas at the Anglican Australian Board of Missions (ABM). In 1952, the ABM adopted the co-operative model as the best way for Indigenous communities to progress. It found funds for the implementation of Christian co-operatives and appointed Clint as an organiser. In 1953, the ABM established a Co-operative Department and from this emerged the ABM Christian Community Co-operative. This body became responsible for directing all church co-operative activity and eventually overrode the role of the Co-operative

Department. Clint focussed on ABM missions in North Queensland and later became involved in the Cabbage Tree Island Aboriginal Reserve near Balina in Northern NSW. Many of the co-operatives eventually collapsed, with Tranby College in Sydney being a significant survivor as a training centre for Indigenous Australians, with Eddie Mabo, the Indigenous activist, being a notable student (Loos and Keast, 1992, p. 290; Loos and Mabo, 1996, p. 52). While the early Indigenous co-operative movement may not have reached its full potential, Gloria Kelly from Cabbage Tree Island remembers that for her community “The Co-op made a big difference,” by providing experience for locals in retailing and encouraging the development of infrastructure such as a sealed road and a bridge to the mainland (NSW Department of Environment and Climate Change, 2007, p. 48).

The first wave of Indigenous co-operatives faced challenges. A major issue was the economic sustainability of remote communities. For Lockhart River in Queensland, for example, the introduction of plastics led to the collapse of the trochus shell market. When they looked at mining, their efforts were undermined by the lack of legal ownership of the land by either Indigenous Australians or the mission, which was a basis of complaint for the emergence of the Indigenous land rights movement. There was a lack of skills regarding basic management and accounting practices. At Cabbage Tree Island in 1964, problems arose with excessive credit to customers and continuity of management as many locals sought paid work outside their community and could be absent for lengthy periods. While he won support from trade unions, Clint faced opposition from the private non-co-operative sector, the conservative Queensland Country/Liberal Party Government and even the hierarchy of the Anglican Church with the ABM abolishing its co-operative department in May 1962 (Loos and Keast, 1992, p. 295).<sup>15</sup> Within the Rochdale movement, Clint’s efforts received support from the metropolitan and coal-mining co-operatives by way of financial assistance and training opportunities but he was critical of rural consumer co-operatives for providing little support for Indigenous co-operatives and being “more philosophically Tory than co-operative.”<sup>16</sup>

The second wave emerged from the 1967 constitutional referendum, that transferred from the states to the federal government powers over Indigenous matters, and the subsequent federal funding of Indigenous communities. Indigenous co-operatives, dramatically increased from a minimum of four in 1967 to 49 in 1975 according to VHAAC data. The impact was most notable in Queensland where there was a minimum of 30 Indigenous co-operatives in 1975. The Aboriginal and Torres Strait Islander Legal Service in Queensland during the 1970s, for example, encouraged Indigenous communities to form co-operatives to provide legal entities to manage the federal funding. The impact of Tranby continued with Eddie Mabo becoming the first secretary in 1971 of Meriam Co-operative Trading on Murray Island in the Torres Strait. A long-standing Indigenous co-operative outside Queensland was the Aboriginal Medical Service Co-operative, registered in Redfern, NSW in 1974 to combat racism in the local medical service (Derby, 2012, p. 115).<sup>17</sup>



There was an interest in housing co-operatives during the post-war period. The earliest known housing co-operative was a short-lived “urban commune” set up by Melbourne Anarchist Club members in Albert Park in 1888 (Metcalf, 2008, p. 52).<sup>18</sup> Frank Pulsford (1913) promoted housing co-operatives in *Co-operation & Co-partnership*. Interest in housing co-operatives grew during and immediately after the Second World War. Munitions workers at Orange, NSW, formed a co-operative in February 1942 to take over public housing. Members purchased a one-pound share in the co-operative to have membership but would be only required to pay a partial amount up front to the secure the share. Members would pay rent for their house up to a point where they obtained equity and obtained full home ownership. The fate of scheme remains unclear, and the co-operative was dissolved in 1950.<sup>19</sup>

After the War, there were efforts to form housing co-operatives in Sydney known as Urban Co-operative Multi-Home Units. One surviving example is the 17 Wylde Street Co-operative, originally registered on 26 February 1947 and located in Potts Point. The co-operative owns of block of 40 units which are viewed as innovative apartment building design. The NSW Labor Government amended the Co-operative Act to allow for these co-operatives and they were financed by member subscriptions and a government guaranteed bank loan. Co-operative members could buy their apartments by weekly rental instalments, which included maintenance, rent, rates and cleaning, and let them in approved circumstances.<sup>20</sup> There were at least six of these co-operatives formed and it was claimed that they “gave many people of moderate means an opportunity of obtaining beautiful homes in select harbour-side areas that until recently, were exclusive to the very wealthy.”<sup>21</sup>

There was a growth of business co-operatives during the economic boom as small businesses found it necessary to share services to remain competitive in rapidly expanding markets and state governments promoted the co-operative business model. The number rose from a minimum of 19 in 1945 to 81 in 1975 according to VHAAC data. With the end of the Second World War, taxi drivers, many of whom were returned military personnel, found that co-operatives provided a way to reduce costs by providing a shared radio despatch, marketing and vehicle maintenance services. Master Plumbers in NSW, facing material shortages, formed Plumbers Supplies Co-operative in 1955 to bulk buy on behalf of its members and provide returns to members based on their patronage. There was also an expansion of professional employment in Australia, growing from 181,000 in 1947 to 568,000 in 1971, with professional co-operatives primarily for barristers in Sydney from the 1950s providing library facilities, clerical services and accommodation (Patmore, Balnave and Marjanovic, 2023, pp. 161, 165, 168).

There was also a major surge in community co-operatives growing from a minimum of 34 in 1945 to 582 in 1975 with 347 in Victoria and 228 in NSW. There was accelerated growth from 1958 to 1972. Two major legislative changes encouraged these developments. Firstly, Victoria amended its education act in 1961 to allow the advisory bodies of state educational institutions

to secure loans, with a government guarantee, to provide for sporting facilities, assembly halls, tuck shops and other amenities. They were encouraged to form community advancement co-operatives to provide a legal entity for these activities. This was later extended to private schools. The school co-operatives wound up when they completed their objectives. The Mitcham State School Co-operative, for example, wound up less than three years after it was registered as it completed a swimming training pool (Lewis, 2006, p. 132; Victoria Registrar, 1962, p. 5; 1963, pp. 4–5; Victoria Statute Law Revision Committee, 1961, p. 5).<sup>22</sup> Secondly, registered clubs in NSW in 1969 were required by Liquor Act amendments to incorporate as a company or a co-operative, with many choosing the later (Independent Pricing and Regulatory Tribunal, 2007, p. 68). One growth area was skiing clubs on the NSW and Victorian snowfields, with at least 53 formed during this period according to Visual Atlas data, while the Music Broadcasting Society of NSW Co-operative, the first of a number of co-operative community radio stations, obtained the first experimental FM radio licence in Australia in 1974.<sup>23</sup>

There was little interest in worker co-operatives and co-operative community settlements during the prosperity of the post-war period according to VHAAC data. There were as few as nine worker co-operatives during this period. Returning military personnel with trade skills formed at least three worker co-operatives in the immediate post-war period. From 1946 to 1957, members of the Australian Co-operative Theatre, Sydney, whose founders included actor Peter Finch and operated the Mercury Theatre, received a share of the profits or takings. There was a short-lived Brisbane co-operative café during the 1950s and as the post-war boom ended women machinists faced with redundancy in a glove factory at Whyalla, SA, formed a short-lived co-operative in 1973 to run the factory (Burgmann, Jureidini and Burgmann, 2012, pp. 108–111; Milne, 2004, pp. 78–79).<sup>24</sup>

There were 14 co-operative community settlements operating during this period with eight in NSW, three in Queensland and three in Victoria. Returned soldiers formed the Serviceton Co-operative Society in Queensland in 1946 to establish a suburb for themselves but eventually went into liquidation in 1953 with the project taken over the Queensland Housing Commission. Estonian immigrant farmers attempted to establish a settlement at Park Ridge in Queensland in the early 1950s. The National Catholic Rural Movement established settlements at Maryknoll in Victoria and San Isadore in NSW. The early impact of the counterculture movement of the 1960s and the 1970s led to the formation of the Co-ordination Co-operative in 1973 following the Aquarius Festival at Nimbin, NSW (Clark and Mynott, 2013, pp. 30–31, 46; Lewis, 1980, pp. 67–74; Metcalf, 1995, p. 36).<sup>25</sup>

### **Co-operative Federations**

The CFWA continued to consolidate its position as the WA peak co-operative organisation. It appointed W. Blackwell, the general manager of the Quairading

Farmers' Co-operative, as its first full-time secretary in 1948. Amendments to the WA Companies Act in 1953 gave the CFWA, through a legal entity known as the Federation Trust, considerable authority in shaping the WA co-operative movement by certifying any co-operative registration documents before they could be submitted to the Registrar. The CFWA supported these changes arguing that it was difficult for rural co-operatives to afford the services of a solicitor required for registration due to the distances involved, while the CFWA officers were more likely to be visiting remote areas and take an active part in the formation of new co-operatives. While there were concerns raised in WA Parliament about these powers being given to a public entity, the amendment passed. Divisions appeared in the CFWA during the 1950s over how centralised the WA co-operative movement should be in the face of competition from chain stores such as Coles and Woolworths. Despite this, the CFWA encouraged co-operative expansion in the state by testing in 1961 the requirements of credit union registration. The CFWA influence continued to extend beyond WA through its involvement in the CFA, with Bill Rawlinson serving as executive officer of both for a period, and the Plunkett Foundation. It directly assisted the formation the Victorian Co-operative Association (VCA) as a branch of the CFA in 1945, and the Co-operative Development Society in Victoria, which was established by YCW in 1961 to build new co-operatives and spread an understanding of co-operative principles (Baskerville, 2019, pp. 36–37; Bath, 1943, p. 240; 1949, p. 274; CFWA, 1968; Lewis, 2006, pp. 130, 216).<sup>26</sup>

While the Co-operative Union of Queensland, which was renamed the Co-operative Federation of Queensland (CFQ) in 1954 and had 62 members by January 1963, also functioned throughout the post-war period, the co-operative federations in NSW, SA and Victoria took longer to consolidate. The Co-operative Association of South Australia was formed following a conference in Adelaide of 18 co-operative societies, including the Adelaide and Eudunda Farmers' Co-operatives, in July 1946. However, by January 1951, there were complaints about the inactivity of the Association. The state body did show some activity with an Adelaide Conference in November 1951 and proposals to obtain favourable taxation provisions for co-operatives in February 1952. The Association, however, became moribund and had to be reformed in 1974 as the Co-operative Federation of SA (CFQ, 1963, pp. 17–18; Lewis, 2006, p. 54).<sup>27</sup>

The CFNSW origins lay in the Co-operative Institute (NSW) formed in 1945 to foster co-operative ideals and organisation through education and research but becoming moribund following conflict with the NSW CWS over its role in the co-operative movement. A NSW co-operative conference at Kempsey in April 1964 led to the reorganisation of the Institute into the CFNSW along similar lines to the CFWA. The CFNSW published its first newsletter in 1967 with 55 affiliates, overwhelmingly agricultural co-operatives, with significant affiliates including the NSW CWS, NORCO, NSCS and DFC. The Committee of Management was expanded in 1970 to include a credit union

representative. The CFNSW faced difficulties, including participating in a failed effort to establish a co-operative bank, but began to gain traction with the appointment of Bruce Freeman, formerly an agricultural co-operative employee, as executive director in 1975. The VCA collapsed by 1955 but was eventually reformed as the Co-operative Federation of Victoria (CFV) in 1970 (Entwisle, 1952, p. 79; Lewis, 2006, pp. 51–54, 130).<sup>28</sup>

The instability of the state co-operative organisations weakened the CFA, which relied on CFWA support, and struggled for survival. Its Canberra office closed in 1946 and did not reopen until 1975. The CFA joined the ICA, but ICA initiatives such as the International Co-operative Trading Organisation, despite CFA representation, gained little Australian co-operative enthusiasm until 1974 when the Whitlam Labor Government supported the idea and assisted the CFA. The CFA along with the Department of Foreign Affairs developed in 1969 an international co-operative study course that drew students from Africa, Asia, the South Pacific and PNG. It also organised the All-Australian-Co-operative Congress in Sydney in June 1957 and three Co-operative National Conventions in 1973–1975 in Canberra (Kidston, 1962, p. 170; Lewis, 2006, pp. 209–229).<sup>29</sup>

Financial co-operatives formed their own peak organisations. The state organisations for the CBS in NSW and CHS in Victoria formed the Australian Council of Co-operative Building and Housing Societies in June 1956 to encourage the spread of these societies throughout Australia in the wake of the CSHA. Permanent building societies formed a NSW Association in 1962 and an Australian Association in 1964. Victorian Catholic parish credit unions formed the Association of Catholic Co-operative Credit Societies (ACCCS) in 1957 to develop credit societies in other Catholic parishes. After several failed attempts, the NSW credit unions formed in 1956 a Savings and Loan Co-operative Association, the predecessor of the NSW Credit Union League Co-operative. The ACCCS eventually joined with other credit unions to form the Victorian Credit Co-operative Association in 1966 and there were associations in other states. Credit unions formed a national body in 1966, known as the Australian Federation of Credit Union Leagues, later the Australian Federation of Credit Unions Limited (AFCUL), which despite various state splinter groups, generally represented most credit unions and their members. The credit unions through their associations eventually obtained specific state credit union legislation and amendments to the federal Income Tax Assessment Act in 1974 that extended the mutuality principle to credit unions freeing them from taxation payments on income received from members' loans (Lyons, 1988, pp. 393–394; Patmore and Westcott, 2021, p. 12).

## Conclusion

The post-war economic boom brought mixed fortunes for Australian co-operatives. The CWS influence declined, particularly as the UK moved to enter the EEC, with a growing North American influence in the development of

credit unions. There was a massive surge in the overall number of co-operatives with the quest for finance to fund personal loans and housing leading to a spectacular growth of credit unions and co-operative building societies with legislative encouragement by state governments. Business co-operatives expanded to meet the competitive challenges faced by small business and favourable legislative changes saw a major growth of community co-operatives. There was also a growing interest in education and training, health, housing and Indigenous co-operatives, with the federal government support for Indigenous communities after 1967 fuelling an expansion of Indigenous co-operatives. Rochdale consumer co-operatives went into decline, however, facing major challenges as competitors were able to take advantage of the development of supermarkets and supply chain management. While the numbers of agricultural co-operatives peaked in the early 1950s, there was a consolidation of co-operatives, particularly in the dairying sector, and the expansion of agricultural co-operatives into areas such as fishing, where government intervention assisted fishers facing exploitation by agents, and export sectors such as cotton and rice. While CFWA gained influence, co-operative state and national organisation struggled, with some stability by 1975. As explained in the next chapter, the strength of Australian peak co-operative organisations will be tested by the rise of Neo-liberalism.

## Notes

- 1 CN, 1 September 1955, p. 7.
- 2 Interview of Kevin Yates by Gary Lewis, 3 May 1985. Australian Mutuals History (hereafter AMH), Sydney.
- 3 CN, 1 January 1954, p. 4; Tasmania, *Co-operative Housing Societies Act 1963*.
- 4 Interview of Ken Miller, Credit Union Activist and Manager, by Sarah Pantzer, 14 May 1987, S000000408/42/, AMH.
- 5 *Glenn Innes Examiner*, 8 December 1908, p. 4; NSWGG, 13 April 1956, p. 1011.
- 6 *The Advertiser* (Adelaide), 4 August 1943, p. 6.
- 7 *SMH*, 1 February 1958, p. 58.
- 8 Interview of Allen Cooper, KDCA employee, by Greg Patmore, 8 March 2019; KDCA BD Minutes, 12 December 1968. Killarney Co-operative.
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## 9 The Challenges of Neo-liberalism 1975–2009

This chapter explores a period of major decline for co-operatives in Australia against the background of the influence of Neo-liberalism from 1975 to 2009. The political climate became more difficult for co-operatives with governments favouring IOBs and opening Australia to increased international competition. There was a dramatic decline in the number of financial co-operatives as they demutualised or amalgamated to gain economies of scale. Prominent agricultural and consumer co-operatives either demutualised or failed. There were some countervailing influences deriving from the counterculture and developments in worker co-operatives. There was also a surge of housing co-operatives and the emergence of new co-operatives such as arts co-operatives.

The chapter will begin with an examination of the political and economic context during this period focussing on the Neo-liberal reforms of the 1980s. It will look at ideological influences by focussing on the impact of Neo-liberalism on co-operatives, but also explore countervailing influences such as the interest in worker co-operatives. The chapter will then explore the fortunes of agricultural, finance, consumer and housing co-operatives, before looking at the wide variety of other types of co-operatives that developed in Australia during this period. The final section will conclude with a discussion of peak organisations and their continued fragmentation.

### The Context

From 1975 to 2009, the Australian economy went from economic downturn to a growing economy. The economy faced persistent inflation and rising unemployment until the early 1990s with the economy contracting in 1982–1983. During 1990–1991, unemployment rose to almost 10 per cent. There was a share market crash in October 1987 and interest rates for owner-occupied homes peaked at 17.25 per cent at St. George Building Society in Sydney by 1990. After 1992, the Australian economy experienced continued growth with the annual average growth per capita GDP rising from 1.7 per cent in 1984–1994 to 2.5 per cent in 1994–2004. While the contribution of financial and business services to GDP continued to grow, agriculture and manufacturing continued to decline over the period. There were also major

shifts in Australia's trading partners with the People's Republic of China (PRC)'s share growing from 1.3 per cent of Australia's merchandise trade in 1977 to 14.3 per cent in 2007, while Japan's share fell from 26.9 per cent to 14.3 per cent. The share of other East Asian countries grew from 8.5 per cent to 29.5 per cent over the same period. The trading relationship with major European countries and the USA declined as a share of merchandise trade. Net immigration remained an important feature of Australian population growth fluctuating over the period with a minimum of 21,000 in 1976 and a maximum of 300,000 in 2009 with a growing share of immigrants from Asia (ABS, 2022; Attard, 2023; Cramer, 1993, pp. 93–94; Pomfret, 2014, pp. 407–409; Stevens, 2008, pp. 18–19).

Against the background of the sluggish Australian economy of the 1980s and early 1990s, a political climate evolved that favoured privatisation and deregulation to make the Australian economy more globally competitive. The Hawke-Keating Federal Labor Governments from 1983 to 1996 were willing to dump Keynesianism and social democratic policies, which were viewed as discredited by the collapse of the post-war boom, as they needed to establish their economic credentials as a responsible party of change and modernisation following the apparent economic mismanagement of the Whitlam Labor federal Government. They embraced pre-Keynesian neo-classical economics as part of their drive to modernise Australia (Patmore and Coates, 2005, pp. 129–130).

The Australian dollar was floated in December 1983, which gave the financial markets increased power over government economic policy. Other changes included the abolition of exchange controls, the deregulation of the financial sector, which increased competition for financial co-operatives such as credit unions and building societies, and major tariff reductions in 1988 and 1991. The Labor Government strongly supported free trade agendas in international forums such as the General Agreement on Tariffs and Trade. The shift towards the market led to abandonment by the Labor Party of its traditional view of public ownership and its desirability as early as 1986. It opposed the call for privatisation by the Liberals in 1985 but supported privatisation on a case-by-case basis by 1988. Major state enterprises such as Qantas and the Commonwealth Bank were privatised, while the monopoly of the state-owned Telecom was broken up. The level of proceeds from privatisation in Australia from 1990 to 1997 was \$A 61,269,000,000, which in \$US terms was the second highest in OECD countries exceeded only by the UK and in terms of a percentage of GDP ranked second behind NZ. A significant legacy is the National Competition Policy Act, which requires both federal and state governments to implement comprehensive pro-market programs under the supervision of the unelected and unaccountable National Competition Council. Successive Liberal National Party coalition and Labor Governments, both at a state and federal level, built their economic policies on these foundations (Patmore, Balnave and Marjanovic, 2021, pp. 519–520).

The adoption of Neo-liberal policies was also extended to agriculture where the main thrust of Australian agricultural policy was the enthusiastic advocacy

of free trade and the curtailment of domestic support for Australian farmers through schemes such as income stabilisation. Agricultural agencies, such as the Australian Bureau of Agricultural Resource Economics and major farming organisations, accepted the tenets of Neo-liberalism to the extent that agricultural policy making was closed to those who disagreed with the new prevailing economic approach. This policy direction had begun with the exclusion of Australia from its main export market in the UK when it entered EEC in 1973 but was reinforced by Neo-liberalism and the “inability of an economically small, export dependent country to compete with the subsidies of European and North American competitors” (Dibden, Potter and Cocklin, 2009, p. 302). Both state and federal governments encouraged agriculture deregulation by removing the monopoly power of state-based bulk handlers and single desk marketing boards such as the AWB and the Australian Barley Board, which were respectively privatised in 1998 and 1999, and the abolition of minimum price regulations and milk production quotas (Patmore, Balnave and Marjanovic, 2021, p. 520).

### **Ideology and Legislation**

The shift towards Neo-liberalism further weakened co-operatives through isomorphism, which involves the convergence of organisational forms. With very few exceptions, the enthusiasm for privatisation in Australia related to the conversion of state assets to IOBs rather than mutual ownership. Policy makers generally viewed corporations rather than co-operatives as more efficient entities. Professor Allan Fels, Chair of the federal Australian Consumer and Competition Commission from 1995 to 2003, criticised co-operatives in 1995 for being anti-competitive, as they represented an agreement among competitors, while Federal Treasurer Peter Costello in May 1999 saw demutualisation as an important trend in helping major sectors of the Australian economy respond to increased competition and structural reform (Patmore, Balnave and Marjanovic, 2021, pp. 512–513, 520)

Neo-liberalism impacted on co-operatives in several ways. There was a reduction of direct state assistance towards the development of the sector. The Carr NSW Labor Government disbanded its Co-operatives Policy Branch and transferred its officers to the Co-operatives Registry in 1998, which was subsequently transferred to the regional centre of Bathurst, leading to a significant loss of “corporate memory” (Lewis, 2006, pp. 154–162). While the Carr Government did fund the establishment in 1999 of the Australian Centre for Co-operative Research and Development (ACCORD), which was jointly administered by the University of Technology Sydney and Charles Sturt University, Bathurst, it closed in 2005 after government funding ceased. The shift towards Neo-liberalism shook traditional approaches to management both in co-operatives and IOBs. Co-operative boards turned to consultants to help guide them through a maze of “new compliance issues” and advise them on changes in the legal, accounting and economic environment. Consultants had



very limited familiarity or sympathy with the co-operative principles, given the lack of co-operative education in tertiary educational institutions that taught law, accounting and business. There was a link between the privatisation of state assets and the demutualisation of co-operatives with consultants playing a key role in promoting both. There were also “success fees” for consultants if they successfully demutualised co-operatives and consultants targeted co-operatives which had considerable assets and a healthy balance sheet. There was also a shift to independent directors who were not members and encouraged the co-operatives to demutualise, and the importation of senior executives from IOBs, who had little sympathy for the co-operatives. Senior executives could shift co-operative culture by controlling key appointments such as Chief Financial Officer, appointing external directors to the board and hiring consultants who may also have little sympathy for co-operatives and shift them towards an IOB (Lewis, 2006, pp. 204–205; Patmore, Balnave and Marjanovic, 2021, pp. 520–521).

While Neo-liberalism challenged co-operatives and favoured IOBs, there were some influences that promoted co-operatives. While the CWS ended its involvement in Australia by 1996, there were a variety of ideas from Europe and North America. Disillusionment with capitalism during the late 1960s and 1970s led to the formation of new co-operatives, such as co-operative community settlements and food co-operatives. Vietnam War protestors, environmentalists, community control advocates and civil rights activists saw co-operatives as a symbol of the counterculture they sought to build (Patmore and Balnave, 2018, p. 281). While this movement is associated with “hippies,” by 1987 members of alternative communities were middle-aged, with 40 per cent having tertiary qualifications and 20 per cent working as professionals in areas such as health and education (Metcalf, 1995, p. 39). As Bunce (2013, pp. 26–27) noted an unfortunate side effect of the rural commune movement was the linking by government officials and public of co-operatives with “hippies” which impacted on public tolerance for both co-operative community settlements and urban housing co-operatives.

There was also a renewed interest in worker co-operatives. Race Mathews (1983, 1987), a federal Labor parliamentarian from 1972–1975 and later Victorian Labor Government Minister during the 1980s, through the Fabian Society, promoted the Mondragon group of co-operatives in Spain as a way of addressing Australia’s economic decline relative to other countries. He later published a significant book (Mathews, 1999) calling for “distributism,” where ownership was widely based rather than concentrated with the state or a wealthy few, while questioning demutualisation, and drawing upon the Mondragon and Antigoniash experiences. Mondragon was promoted by a wide range of Australian co-operatives including Indigenous co-operatives, as early as 1972, and the CFQ, which distributed video cassettes to its members on Mondragon in 1984. There was also interest in developments in the UK where local co-operative development agencies helped a growth in worker co-operatives from 300 in 1979 to 1,400 in 1987 (Jensen, 1988, p. 35). Alan

Greig, from the Work Co-operative Unit, Department of Youth and Community Services, went to the UK in 1979–1980 on behalf of the NSW Government to explore these ideas.<sup>1</sup>

While these ideas encouraged co-operatives, the Neo-liberal reforms of the financial system shifted the legislative regime governing credit unions towards banks. Following a loss of confidence in building societies in the wake of the failure of the Pyramid Group of Building Societies in Victoria, which had been demutualised, in 1992, all state governments passed complementary legislation to establish the Australian Financial Institutions Commission (AFIC) as a central supervising body for non-bank financial institutions including building societies and credit unions. Despite protests by credit unions, the federal Labor government announced that credit unions would lose their tax exempt status in August 1993, with it being phased out over three years and the full company rate of 36 per cent applying in 1997. The movement by credit unions into housing loans, prompted competitors, including building societies, who paid the full corporate tax rate, to demand a level playing field (Habersberger, 1994, p. 2; Patmore and Westcott, 2021, pp. 26, 40). Graham Loughlin, the General Manager of Credit Union Services Corporation of Australia (CUSCAL), was concerned that with up to 30 per cent of their income being taxed, it reduced the extent that credit unions could engage in a range of activities including “volunteer involvement and community development.”<sup>2</sup> The loss of tax status also placed credit unions at a disadvantage compared to non-mutual financial institutions as they could not distribute to members tax credits arising under Australia’s imputation tax system (Davis, 2007, p. 282).

Credit unions also became a focus of federal rather than state regulation, which meant that credit unions could operate beyond the borders of one state. In the wake of the Wallis Report of 1997, which called for the operation of credit unions and other financial institutions under a single national regulatory scheme, Australian credit unions on 1 July 1997 became subject to the Corporations Act administered by Australian Securities and Investment Commission (ASIC). On the same date, the Australian Prudential Regulation Authority (APRA), a newly created supervisory authority, undertook prudential regulation of credit unions, with their activities subject to the Banking Act. The Financial Services Reform Act, administered by ASIC, introduced licensing and training requirements for all financial service providers. Credit unions adopted new constitutions that complied with the APRA scheme that transformed them into a company limited by shares, while retaining virtually identical rights and obligations, such as the right of members to vote at AGMs. While these changes gave credit unions greater flexibility, removing restrictions on lending, foreign currency transactions and director’s remuneration, their cumulative effect was to increase operating costs for small credit unions and greater demands on volunteer directors, which accelerated the push towards amalgamation to obtain economies of scale (Davis, 2007, pp. 282–283; Lewis, 2005, p. 137).

While co-operatives faced a shift in the political and economic environment, there were legislative attempts in NSW to block demutualisation and provide more options for co-operatives to raise capital. In NSW, agricultural

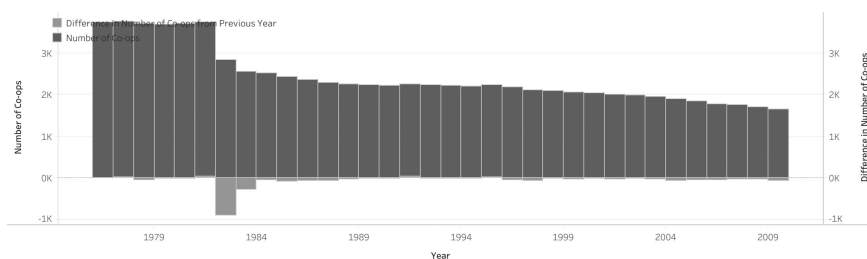
co-operatives faced corporate raids, whereby “dry” shareholders were targeted by those promoting demutualisation. The NSW Government Labor responded to the attack by Pafinda Foods on DFC by amending the co-operatives legislation in October 1987 with the aim of returning control to active shareholders by preventing “dries” selling shares to outsiders and forcing “dries” to be paid out for their shares at \$2 each with no capital gain. Pafinda Foods, through a subsidiary, the Bodalla Company, took advantage of the push to amend the Act to make an offer of \$5 per share which would allow Pafinda Foods control of DFC at less than its asset value. DFC responded by shedding its “dries” before they could take up the offer and creating a new share policy that related shares to the volume of member business, which blocked the Pafinda takeover as Bodalla only supplied 0.4 per cent of DFC’s milk. The loss of capital arising from buying out the “dries” combined with uncertainty surrounding the deregulation of the dairy industry led DFC to merge with two other co-operatives in January 1990 to form Australian Co-operative Foods, which was partially demutualised in 2004 with DFC being registered as a NSW co-operative to supply milk (Lewis, 2006, pp. 316–322; Patmore, Balnave and Marjanovic, 2021, p. 522).

The NSW Co-operatives Act 1992, which was introduced by a Liberal National Party Coalition Government and came into force in May 1993, incorporated co-operative principles and allowed for a variety of shareholding models, including not for profit co-operatives without share capital. It also removed the doctrine of “ultra vires” where co-operatives were classified as types such as community advancement co-operatives with limited powers.<sup>3</sup> The legislation aimed to increase co-operative transparency and accountability, with BD now facing considerable penalties, including imprisonment for a breach of duty (Lewis, 2006, pp. 179–182; Magarey, 1994, pp. 3–7). The legislation provided for Co-operative Capital Units (CCU), which were a new form of co-operative capital “designed to permit the holders to share profit and risk in the co-operative without gaining any of the benefits of the membership or contravening co-operative principles” (Magarey, 1994, p. 114). The CCU addressed the argument that the co-operative model could not meet the capital demands of the changed economic environment. There was, however, legal confusion about the CCU, which were viewed as a cross between a share and a loan, with the legislation giving the co-operative a great deal of discretion to determine its precise terms. The tax implications were also unclear and there were the long-standing co-operative concerns that if large amounts of capital were held by non-members this could threaten the member control of the co-operative through the threat of capital withdrawal. The CCUs were poorly taken up and failed to attract much capital. By 2000 only six co-operatives had issued CCUs and overall, the legislation “was a non-event.” By 2007 only one further co-operative had taken up CCUs. The NSW legislation was an influence on the 1997 Queensland Co-operatives Act, which merged the PPCA and the existing Co-operative Act (Lewis, 2006, p. 94; Patmore, Balnave and Marjanovic, 2021, p. 522).

There were initiatives in NSW and Victoria that viewed co-operatives as a means of resolving high unemployment rather than a long-term strategy of

co-operative development. The NSW Labor Government launched a Work Co-operative Program in 1978 to generate employment opportunities for unemployed youth but by 1984 it was viewed as a failure by the NSW Registry of Co-operatives. There were problems with the NSW co-operative legislation that did not recognise worker co-operatives until the 1992 Act, so a common ownership company based on Mondragon was developed for worker co-operatives registering under the Companies Act. The NSW Labor Government tried again with the Worker Enterprise Corporation in 1985 to assist skilled workers to work co-operatively and convert failing enterprises into co-operatives with funding from a Co-operative Development Trust Fund. While it was estimated in 1987 that 340 jobs had been created or saved by the program, only six of the enterprises survived by 1993. A Liberal National Party Coalition Government elected in 1988 withdrew support for the program. The Victorian Liberal Government established a similar employment program to NSW in April 1981 called the Co-operative Development Program (CDP), which focused on social co-operatives where control was divided between worker members and local community members to create job opportunities. The Cain Labor Government elected in March 1982 continued the CDP, but the CFV was critical of the CDP's bureaucratic control and administrative delays, which caused cash-flow problems for the co-operatives funded under the scheme, and the CDP lingered on until 1986 (Griffiths, 2003; Lewis, 2006, p. 409; Matthews, 1983, pp. 13–14).<sup>4</sup>

Against the background of these developments, Figure 9.1 highlights a significant decline in the number of Australian co-operatives between 1975 and 2009. A major explanation for the decline was amalgamations with 1,899 recorded in the VHAAC, of which 95 per cent involved financial co-operatives. These amalgamations peaked in 1981–1982 as the NSW Government encouraged CBS to merge into the renamed non-terminating CHS to modernise management practices and reduce costs for members. By 2 June 1982, 3,015 CBS were reduced to 244 CHS administered from 134 offices (Withycombe, 1987, p. 81).<sup>5</sup> Demutualisation was a less significant explanation in terms of the declining numbers but involved some large co-operatives in agriculture and finance. There are 140 demutualisations recorded in the VHAAC with



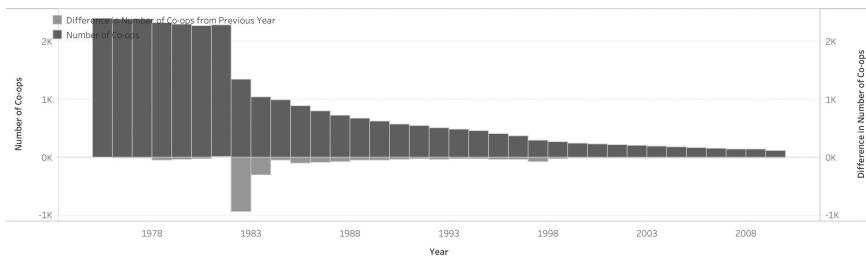
*Figure 9.1* Australian Co-operative Trends 1975–2009.

Source: VHAAC Version 31.0 July 2023.

agricultural co-operatives, financial co-operatives, community co-operatives, notably registered clubs and business co-operatives, being, respectively, 47.9, 17.1, 11.4 and 10.7 per cent of demutualisations. The level of demutualisation fluctuated over the period with peak years being 1987, 1995, 2002, 2005, and 2009, with the last year being the highest for the period with ten demutualisations. The demutualisations from 1975 to 2009 constituted 58 per cent of all demutualisations in the VHAAC since 1846. Aggregate data also highlights the dramatic general decline in the number of co-operatives. There were 8,721 co-operatives in Australia in 1973, but this had fallen to 5,138 by 1991. While the number of non-financial co-operatives slightly increased from 2,023 to 2,346 over this period, the number of financial co-operatives fell from 6,398 to 2,795. The number of registered non-financial co-operatives in Australia remained relatively stable during the 1990s. By 2000 there were approximately 2,350 non-financial co-operatives with 44 per cent in Victoria, 37 per cent in NSW and 10 per cent in Queensland, but this declined after 2000 to approximately 1,700 by 2012 (ABS, 2012, p. 50; Lewis, 1992, pp. 330, 332; Wickremaratchi and Passey, 2003, p. 21). The remainder of this chapter will examine the fortunes of different co-operative types during this period of general decline.

### Financial Co-operatives

As Figure 9.2 highlights, there was a major decline in financial co-operatives between 1975 and 2009. The CBS and the CHS virtually disappeared. The NSW government's push towards the amalgamation of CBS into non-terminating CHS underpinned a decline from 3,257 in 1980 to 224 in 1985. Against a background of financial deregulation and their association with problematic NSW government housing finance schemes, the CHS found it difficult to obtain funding after the NSW government suspended their guarantee in July 1994. The number of members in NSW fell dramatically from 63,000 in 1980 to 17,748 in 1997. By July 2008, there were only 16 CHS registered in NSW. Similar issues occurred in other states with the encouragement of amalgamation and the withdrawal of government guarantees (Abbott



*Figure 9.2* Australian Financial Co-operative Trends 1975–2009.

*Source:* VHAAC Version 31.0 July 2023.

and Doucouliagos, 1999, pp. 120–121; 2001, pp. 232, 235; Abbott and Thomson, 1997, pp. 26–29; NSW Office of Fair Trading, 2008; Queensland Office of Financial Supervision, 1998, p. 19).

There was a significant fall in the number of permanent building societies from 139 in 1980 to only 24 in 1996. While there were further scandals associated with building societies during the 1980s and 1990s, notably the demutualised Pyramid Building Society in Victoria, many reputable permanent building societies merged and demutualised during this period as the financial sector was deregulated and opened to overseas competition (Thomson and Abbott, 1998, p. 88). A significant example of a financial co-operative demutualisation was the St. George Building Society in 1992, which had assets of over \$A8.5 billion in May 1991 (Cramer, 1993, p. 102).

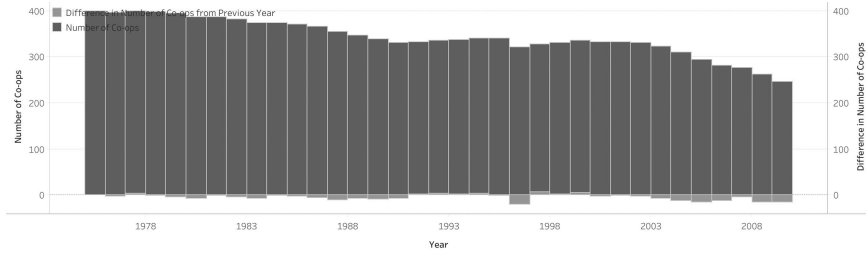
The credit union movement continued to consolidate in this period through amalgamations. A liquidity crisis in 1974 had highlighted the need for small credit unions to maintain sufficient reserves and obtain the benefits of economies of scale to survive. While the number of credit unions declined from 748 in 1975 to 164 in 2005, membership increased from 910,000 to 3,600,000. Total assets grew from 13.9 billion in 1995 to 33.1 billion in 2005. Amalgamations reached in a peak in 1997–1998 with 25 mergers. There was also a growing concentration of assets with percentage of total assets held by the top ten credit unions 23.3 per cent in June 1995 to 46.5 per cent in June 2005. The amalgamations weakened the traditional membership bond based on occupation and locality and led credit unions to reinvent themselves to have an appeal to the broadest possible market, with an emphasis on product and services rather than the bonds of membership. The range of products also widened with credit unions offering a full range of financial services including home loans, managed investment funds and superannuation (Patmore and Westcott, 2023, pp. 197–199).

While the regulatory changes shifted the credit unions away from their co-operative roots, individual credit unions continued to emphasise their traditional core principles. Gateway Credit Union, for instance, in 2000 launched a Brand Communication Project, to reinforce the mutuality principle and highlight its history of service to members to defend it against demutualisation in the context of corporatisation. It maintained its product appeal by introducing new products, such as Cash Management Accounts, a Dollaroo Junior Savers Club for children under 16 and member discounts on a wider range of products (Lewis, 2006, pp. 192–193; Patmore and Westcott, 2021, p. 41).

### **Agricultural Co-operatives**

As Figure 9.3 highlights the number of agriculture co-operatives continued to decline between 1975 and 2009. Data from the VAHACC shows that there were 84 demutualisations during this time compared to 68 amalgamations of agricultural co-operatives with continuing mergers in dairying (Lewis, 2006, p. 314). The peak periods of agricultural demutualisation were 1994–1995,





*Figure 9.3* Australian Agricultural Co-operative Trends 1975–2009.

*Source:* VHAAC Version 31.0 July 2023.

1999–2000 and 2008–2009. These demutualisations included significant agricultural co-operatives such as the Ricegrowers’ Co-operative Mills, with a turnover of \$A246 million and assets of \$A378 million, and the South Australian Co-operative Bulk Handling, which had a turnover of approximately \$A100 million and assets of approximately \$A320 million. The bulk handling co-operative had 17,365 members and approximately 500 employees. A major loss for the WA co-operative movement was the Westralian Farmers’ Co-operative, formerly the WFL, which had played a crucial role in the CFWA and made a significant contribution to the WA economy, with a wide range of interests including wool broking, dairy processing, road transport, retailing, livestock sales and shipping. It was an example of a slow demutualisation, with a partial demutualisation arising from launching of Wesfarmers Ltd. in 1982 and full demutualisation in 2001 with a final exchange of co-operative shares for Wesfarmers Ltd. shares. The co-operative, controlled by Wesfarmers, remained registered until 2015, when any remaining assets were transferred to a new IOB (Lewis, 2006, p. 95; Patmore, Balnave and Marjanovic, 2021, pp. 517, 519).

The push towards the demutualisation of agricultural co-operatives was built around the need for capital raising to survive increasingly competitive markets. Gary Helou, the CEO of Ricegrowers, argued that demutualisation was necessary to raise capital and that banks better understood the IOB model in providing finance. When the directors of the Producers’ Markets Co-operative in WA were faced with increased costs with the movement of the Perth Metropolitan Markets to a new site at Canning Vale in 1989, they tried unsuccessfully to raise further capital from members. Rather than raising the capital through loans, they accepted legal advice that the simpler approach was for the co-operative’s shares and assets to be purchased by a shelf company (Patmore, Balnave and Marjanovic, 2021, pp. 519, 521).

Within some Australian agricultural co-operatives, there was resistance to demutualisation, with two notable examples being CBH and NORCO. Both co-operatives shared common features that helped resist the movement towards demutualisation. They are based in regions that historically had clusters of co-operatives that reinforced co-operative networking and ideology – the WA Wheat Belt and the Richmond River Valley of NSW. They were strong

promoters of co-operative ideology and played important roles in supporting co-operative federations. While WA unlike NSW co-operative legislation was silent on the issue of “dries,” CBH rules required a member to be an “active grower” for at least two seasons or otherwise their shares would be purchased for the face value of A\$2 and redistributed to new members. While NORCO dairy farmers operated in a relatively smaller area, wheat farmers in CBH were spread across a far larger area. The CBH Board, however, consisted of directors only elected by wheat farmers from geographical electorates, which structurally embedded the notion of economic democracy and control in CBH culture. While both co-operatives faced declining memberships due to increased competition and the consolidation of farms, both were financially healthy. NORCO’s membership was in decline from 834 in 1992 to 301 in 2012, but both turnover and assets almost doubled, with NORCO having assets of A\$141 million and a turnover of A\$345 million in 2011–2012. CBH’s membership fell from 9,622 in June 1992 to approximately 7,500 by 2002, but turnover grew from A\$101 million in 1991–1992 to A\$228 million in 2000 (Patmore, Balnave and Marjanovic, 2021, p. 523).

From 1996, CBH began to review its operations in response to the greater competitive pressures. There was also a shift to a corporate culture with a focus on KPIs, team clusters and Mission Statements, with CBH management drawing on practices of IOBs such as ICI and Colgate-Palmolive. They recruited consultants such as Gresham Partners, Price Waterhouse Coopers and Clayton Utz to support and justify the restructuring. CBH management and the Board initiated the push towards demutualisation in 1999–2000 with a top-down campaign targeting both employees and members. While 58 per cent of voting members voted for demutualisation on 29 September 2000, the numbers were not sufficient to meet the 75 per cent required by CBH rules and 65 per cent of members did not vote. Within CBH, there was growing resistance to demutualisation following the failure of the September 2000 attempt. Wally Newman, who joined the CBH BD in a by-election of May 2000, was a strong opponent of the demutualisation push, circulating anti-demutualisation circulars and speaking against it, being ostracised by the other directors for his views. Other directors elected in the wake of the failed restructuring vote also supported the retention of the co-operative structure on similar grounds. Despite the concerns of those supporting demutualisation, CBH continued to grow, merging with The Grain Pool of WA in November 2002, with a revenue of A\$3,550 million by 2009 (CBH, 2009, p. 3; Patmore, Balnave and Marjanovic, 2021, pp. 519–524).

NORCO experimented with ways of raising capital that did not involve demutualisation and the BD remained committed to the co-operative model with the support of NORCO’s members. NORCO decided in September 1993 to issue CCUs, which gave none of the rights and privileges of a NORCO member, hoping to attract funds at less than overdraft rates. NORCO, however, found CCUs not effective in raising capital and poorly understood by the public, members, administrators and financial institutions. NORCO in 1995

also amended its rules to allow for two independent directors but subject to member endorsement. They could be nominated by the BD but had to be endorsed by a vote of more than 50 per cent of members. There were two between 1995 and 2000 but there were no further appointments after 2000. Consultants became embedded within NORCO, with NORCO managers remembering that consultants were given too much influence inside the dairy co-operative and began pushing for demutualisation before 2008. The consultants claimed that the traded shares following demutualisation would be worth more than co-operative shares due to NORCO's increasing profitability. NORCO also appointed Murray Richardson as the new CEO in September 2004 with a background outside the co-operative sector in IOB food processors such as Nestlé, who eventually resigned in July 2008 as his views did not align with the NORCO BD's support for the co-operative business model (Patmore, Balnave and Marjanovic, 2021, p. 525).

The increased competition led to the failure of some agricultural co-operatives and the rationalisation of operations. Fruit growers faced lost markets with the entry of the UK into the EEC and faced new international competitors such as South Africa following the lifting of trade sanctions against Apartheid. The Letona Cannery went into receivership in August 1993 and ceased operation in 1994, while the Angaston Fruitgrowers Co-operative Society, which had operated in the Barossa Valley in SA since 1913, ceased to operate in 1997. The DFC, to focus on milk production and to raise capital, sold its NSW manufacturing facilities to its workers, who formed co-operatives at Anderson Equipment in 1988 and Budge-Ellis in 1989 (ASIC, 2023; Faifua, 2001, pp. 8, 117–118; Lewis, 2006, p. 267).<sup>6</sup>

Despite the difficult environment for agricultural co-operatives, there were new co-operative start-ups. Twenty farmers at Wynyard, Tasmania formed the Yolla Producers Society in May 1977 as a buyers' group to try to reduce the high prices of farming inputs. This occurred following a visit of one of its members to the UK where they saw the benefits of collective buying to reduce prices. The group registered as a co-operative in May 1986 which increased the willingness of the wholesalers to deal with them. They opened the first trading shop in 1988 and by 2009 the co-operative had grown to 439 members. There were examples of the mutualisation of state agricultural enterprises such as state marketing boards and water irrigation schemes in NSW and WA (Lewis, 2006, pp. 237–239; Plunkett, Chaddad and Cook, 2010; WAMMCO, 2023; Yolla Co-op, 2017, pp. 5–9).<sup>7</sup>

### **Consumer Co-operatives**

As Figure 9.4 highlights, while there was an overall fall in the number of consumer co-operatives during the period, there was a resurgence leading to peak in 1993, and from 1997, there was a slight gradual increase in the number of consumer co-operatives. Many Rochdale consumer co-operatives failed to survive. The most spectacular collapse in Australia was the NSCS, which

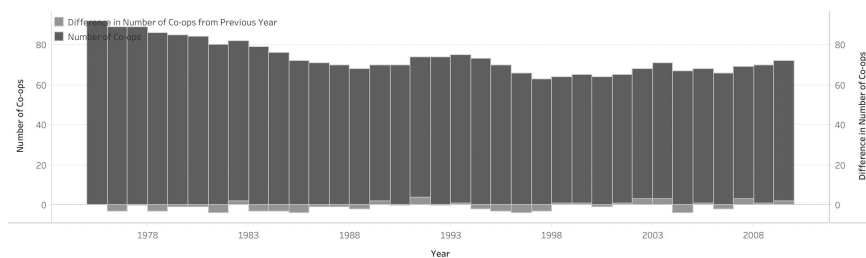


Figure 9.4 Australian Consumer Co-operative Trends 1975–2009.

Source: VHAAC Version 31.0 July 2023.

achieved a peak membership of 95,000 in 1978. There were rumours of impending insolvency which led to a run on capital in 1979 as 9,000 members left. Despite a freeze on capital withdrawals, which split both management and shareholders, the NSCS closed in 1981. A subsequent investigation of the collapse found there were problems such as overstaffing and inadequate accounting practices. There was increasing competition from the large supermarket chains, Coles and Woolworths, with their market share growing from 37.3 per cent in 1978 to 61.6 per cent in 1997. The demise of the Collie co-operative followed the arrival in the town of a Coles supermarket, some of whose suppliers refused to supply the co-operative at wholesale prices and encouraged it to buy from Coles at retail prices. The state-based wholesale co-operatives that failed to survive with the NSW CWS ceasing operations in 1979 and the Queensland Co-operative Wholesale Society dissolving in 1981. While the number of demutualisations of consumer co-operatives was small, at least three, a significant demutualisation in 1990 was the Eudunda Farmers' Co-operative Society, which at its peak in 1981 operated 41 supermarkets in SA and had over 91,062 members (Balnave and Patmore, 2012, pp. 990, 993; Merrett, 2020, p. 302; Smith, 1997, pp. 14, 19).<sup>8</sup>

These original Rochdale co-operatives were joined by some new entrants into consumer co-operation – transformational dairy co-operatives and food co-operatives. At least five dairy co-operatives in NSW and Queensland transformed themselves into retail co-operatives. The Macleay River Co-operative Dairying Company, later the Macleay Regional Co-operative (MRC), on the mid-North coast of NSW, sold its dairy factories in 1975. It had expanded into general retailing in Kempsey in 1945 and opened a supermarket in April 1965. The MRC supermarket began its relationship with IGA in 1990 and was later rebranded into a Supa IGA supermarket. The KCDA, following the closure of its butter factory, transferred its registration from the PPCA to the Queensland Co-operatives Act in 1981 and expanded its services in Killarney to include a Westpac banking agency in 1998 after the bank closed its local branch (Kempsey Shire Council, 2009, p. 9; Rhodes, 2005, pp. 325, a–d; Telfer, 2012, pp. 76, 93–94).<sup>9</sup>

Disillusionment with capitalism during the late 1960s and 1970s led to the formation of new consumer food co-operatives. They grew from at least three in 1980 to at least 21 in 2009, with 12 of them in NSW according to VHAAC data. Student activists at the University of Melbourne founded a food co-operative in 1976 to “sell only nutritional and minimally processed foods” (Hannon, 2020). A group of “hippies” determined to live more communally and closer to nature started a movement in Maleny, a rural township in Queensland 92 kilometres north of Brisbane, in 1979. They formed numerous co-operatives including a food co-operative and a women’s co-operative. Elsewhere there were co-operatives that focused on organic foods and locally produced goods. Alfalfa House was formed following a rent strike by a single household in the Sydney suburb of Erskineville in 1981. It became a member-based co-operative, with a one-off joining fee, that provided discounts for members who volunteered their labour in the store. The Blue Mountains Food Co-operative also began in 1981 in a garage in Katoomba to the west of Sydney when local families decided to remedy the lack of organic wholefoods in their area (Alfalfa House, 2023; Lewis, 2006, p. 93).<sup>10</sup>

### **Housing Co-operatives**

There was surge of Australian housing co-operatives according to VHAAC data from at least 5 in 1980 to at least 263 in 1998 with Victoria, SA and NSW having 49, 25 and 22 per cent of housing co-operatives respectively. Underpinning the surge was a concern with a shortage of low rental housing for single parents, older people and the unemployed. The Brotherhood of St. Laurence with the support of local councils helped establish the Fitzroy-Collingwood Rental Housing Association in 1976 with a rental housing co-operative receiving funding from the Victorian Government. The rise of housing co-operatives was also fuelled by a decline in government support for public housing from the 1980s with the rise of Neo-liberalism (Bunce, 2013, pp. 64–67). The funding under the CSHA declined by approximately 15 per cent for 1989–1999 (Arthurson, 2009, p. 255). Another factor was the rise of women’s shelters for women and children escaping domestic violence. The Women’s Shelters Housing Association in SA reached an agreement with the SA Housing Trust in 1981 to form a housing co-operative to provide low-cost housing accommodation for women who were leaving shelters and waiting for public housing. They secured mortgage finance from a building society for the purchase of dwellings. The SA Government in 1991 passed legislation to establish the South Australian Community Housing Authority (SACHA), which funded housing co-operatives and allowed them to elect two representatives to the Authority (SACHA, 1998).<sup>11</sup>

There were major developments in housing co-operatives in Victoria and NSW. From 1978 to 1986, there were 17 non-profit rental housing co-operatives established in Victoria. Co-operative members were not required to have any equity in the home so that it was accessible to low-income earners.

The Victorian Government purchased the homes for the rental housing co-operatives. The Ministry of Housing retained the title and granted a head lease to the co-operative. Members, who had to meet income eligibility requirements, took sub-leases. The Victorian Labor Government also encouraged the formation of common equity co-operatives that received federal government funding and sought private sector finance for low- to middle-income earners. Common Equity Housing Finance (CEHF) was founded in 1985 to administer funding, with new properties being 65 per cent financed by state grants and 35 per cent funded by commercial borrowing (Gilmour, 2012, p. 12). The Association to Resource Co-operative Housing was registered in NSW as co-operative in 1989 to help promote housing co-operatives,<sup>12</sup> becoming in 2009 Common Equity NSW (CENSW, 2023).

Since a peak in 1998, there was a decline in the number of housing co-operatives to a least 227 by 2009 according to VHAAC data. Governments were less inclined to provide funding and support for housing co-operatives and there was a devaluing of the co-operative business model. Following the collapse of the State Bank and change of government in SA in 1993, the support for housing co-operatives was largely withdrawn in favour of housing associations to minimise risk and consolidate the sector (Bunce, 2013, p. 27). The Victorian Liberal National Coalition Government restructured the CHEF, which became Common Equity Housing Ltd., and withdrew capital funding in 1997 (Gilmour, 2012, p. 12).

### **Other Co-operatives**

The number of business co-operatives, like housing co-operatives, peaked in the late 1990s with a peak of at least 154 co-operatives in 1999 according to VHAAC data, with small businesses and professionals forming co-operatives as a way of dealing with deregulated business environments and increased competition. One notable example is the Capricorn Society that began as small buying group, known as Group 11, without legal status in 1970 for a group of WA Golden Fleece Service Station owners seeking to challenge the price control exercised by the Western Australian Spare Parts Association, which disadvantaged the service station proprietors compared to other sections of the automobile industry. The Society gained registration as a co-operative in 1975 with parts suppliers providing discounts as the Society's membership grew. The Society expanded into NSW in 1988 and was operating in all Australian states by 1991. It also became international with operations in NZ since 1997 and in South Africa for a period from 2000. Capricorn grew to 4,172 members in 2009 whose purchases totalled \$A852 million. While Capricorn registered under the Corporations Act in 2006 to allow greater flexibility in its interstate and international operations, it continued to operate under the co-operative business model. After 1999, there was a decline in the number of business co-operatives, falling to a minimum of 113 by 2009, with at least eight business co-operatives demutualising between 2000 and 2009.



The Master Butchers Co-operative in WA, for example, demutualised in 2004, as the traditional membership base of retailer butchers declined and there was a need for capital to expand into new markets (Capricorn Society, 2009, pp. 3, 6; Patmore, Balnave and Marjanovic, 2023, pp. 161, 163, 166–167).

There were different patterns for education and training, community and Indigenous co-operatives according to VHACC data. The continued growth of female participation in workforce led to a peak of 93 education and training co-operatives in 1992–1993 followed by a decline to 75 by 2009. The number of community co-operatives peaked at 715 in 1998 with a gradual decline back to 576 in 2009. One significant legislative development was the passage of specific incorporated association legislation in NSW, Queensland and Victoria during the 1980s. The legislation was less complicated than co-operative legislation and provided a viable alternative for organisations not committed to co-operative values and structures.<sup>13</sup> While at least 16 community co-operatives demutualised between 1985 and 2009, at least 25 became incorporated associations based on data recorded in the VHAAC. There were further limitations on the growth of community co-operatives with NSW registered clubs no longer able to register as co-operatives by 2002. Changing demographics and interests impacted on community co-operatives with 33 lawn bowling clubs, including co-operatives, closing in Sydney between 1976 and 2005, with no new clubs thereafter (Heath and Freestone, 2022, p. 7; NSW Office of Fair Trading, 2002; Sievers, 2001, p. 128).

There was a continued growth of Indigenous co-operatives reaching a recorded peak in the VHAAC of 95 in 2007. A significant example was the Traditional Credit Union (TCU), which was founded by East Arnhem Land elders in the NT in 1995, concerned that financial exclusion, which was being exacerbated by the closure of bank branches in regional and remote communities, would increase the socio-economic disadvantage of Indigenous communities. By October 2009 the TCU had a head office at Casuarina, a Darwin suburb, and ten full service branches in remote Indigenous communities. It offered a financial literacy education program for its members and sponsored community festivals, sporting events and university scholarships. Indigenous co-operatives became involved in legal struggles to improve the lives of Indigenous Australians with the Bur-del Co-operative Advancement Society, at Ayr, Queensland, acting against the state government in 1979 under the federal Racial Discrimination Act for its refusal to allow a caravan park lease (Cutcher and Dale, 2022, p. 2; Patmore and Westcott, 2021, p. 54; TCU, 2009a, p. 6; 2009b).<sup>14</sup>

Both co-operative community settlements and worker co-operatives surged during this period with the later reaching a historic highpoint. Against the background of the influence of the counterculture movement, the number of co-operative community settlements recorded in the VHACC grew from seven in 1975 to peak of 25 in 1989–1991, with 23 still operating in 2009. There were 36 operating for varying periods of which 21 were in NSW, nine in Queensland and six in Victoria. The interest in worker co-operatives spurred a growth from two in 1975 to a peak of 37 in 1987, but after that declined

to eight by 2009 according to data in the VHAAC. Of the 67 worker co-operatives that operated during this period, they were primarily found in NSW (58 per cent) and Victoria (24 per cent). While they were mainly in manufacturing, which faced reduced levels of protection and increasing international competition, they were in other industries such as building and theatrical arts. Workers at Abrasiflex, a grinding wheels manufacturer in Warragamba, NSW, bought the company and set up a co-operative in 1991 to save their jobs. Despite some initial success, they faced capital shortages, a costly legal case concerning an employee dismissal and a lack of management expertise. The co-operative faced liquidation and was deregistered in 2002.<sup>15</sup>

While some unions, like the Amalgamated Metal Workers Union (AMWU), supported worker co-operatives to save jobs, there were concerns that co-operatives could undermine workers' wages and conditions to survive. There were some worker co-operatives such as All Graphics, a printer in Sydney, that had an anti-union culture. Workers, despite union support to save their jobs, rejected in November 1986 the conversion of a plant of the white goods manufacturer Rank Industries in the Sydney suburb of Blacktown into a worker co-operative, to obtain their full redundancy pay for Christmas rather than contribute to the buy-out, lacking the confidence in their own ability to save the company. There was also opposition from middle management and competing companies (Jensen, 1988, pp. 60, 153; Sams, 1986).

There was growing diversification in the types of co-operatives. There were at least 20 social co-operatives during the period growing from at one in 1975 to a peak of 11 in 1979 and 1983, according to VHAAC data, primarily concerned with employment services against a background of unemployment. The emphasis on employment services remained with a peak of 12 in 1997 falling to 10 in 2009. AMWU members in NSW formed the Labour Co-operative Group in 1986 to find employment for workers with the closure of the Newcastle State Dockyard. There was a surge of interest by artists in establishing co-operatives to provide venues to sell their creations. They grew from one in 1976 to a peak of 29 in 1997 with a slight decline to 24 in 2009 according to VHAAC data. This growth reflected the growing funding for artists and art organisations through the Australia Council after 1975 with government funding for visual art/crafts growing from \$5.2 million in 1973–1974 to a peak of \$31.4 million including photography in 1995–1996. With the emergence of digital platform technology, there was an early interest in platform co-operatives growing from one in 1998 to five in 2009 according to VHAAC data. The North East Telecommunications Co-operative (NETC), which began as an incorporated association in Wangaratta, Victoria, in 1993, and registered as a co-operative in January 2000, was Australia's first internet service provider co-operative (Derby, 2012, p. 73; NETC, 2003; Throsby, 2001, pp. 551–555).<sup>16</sup>

### **Co-operative Federations**

Co-operative federations had mixed fortunes during this period of the onset of Neo-liberalism. With the demutualisation of Westralian Farmers, the

CFWA lost financial assistance, secretarial assistance and office accommodation. CFWA membership fell from 70 in 1985 to 48 in 2004. There was a revival of fortunes in 2004, however, with the appointment of Peter Wells, from CBH, as Secretary, and the establishment by the Gallop Labor Government of an Industry Reference Group consisting of relevant government agencies and the CFWA to draft co-operative legislation. The CFQ faced similar issues with the demutualisation in 1980 of the Red Comb Stock Feeds Co-operative, formerly the Poultry Farmers' Co-operative. Community based co-operatives in 1990 formed the Co-operative Community Council, an independent association in South-East Queensland that focussed on co-operative education, networking and political lobbying. The SA federation also struggled with only seven co-operatives sending delegates to the 2007 Annual Conference (Baskerville, 2019, pp. 53–61; Lewis, 2006, pp. 92–93).<sup>17</sup>

The CFA remained weak and fluctuated in its level of activity, becoming moribund in 1986. The CFNSW tried to fill the void by becoming the AAC in 1986, with the CFV joining in 1987 after a period of decline. The AAC eventually collapsed in 1993 due to financial problems associated with its internal banking services to NSW members and co-operatives lost money. The AAC had made some bad loans to a struggling consumer co-operative at Singleton in NSW, which also went into liquidation. In the wake of the collapse of the AAC, the CFNSW and CFV were reformed, with CFV membership growing from 14 in 1993 to 84 in 1999. The CFNSW restricted its activities to lobbying governmental agencies, failing to stop a transfer of the NSW Registry to Bathurst in 1999, and providing advice on legal and financial matters. The CFA was revived in 1993 as the Co-operatives Council of Australia (CCA), later renamed Co-operatives Australia in 2008, with all state federations affiliating. However, it was poorly resourced and structured. There was a breakdown in the relationship with the ICA with the CCA unwilling to affiliate, and in October 1999, rejecting ICA affiliation as there was no benefit for Australia (Balnave and Patmore, 2012, p. 1993; CFNSW, 2009; Gill, 2004; Lewis, 2006, p. 264).<sup>18</sup>

The credit unions and other financial co-operatives maintained separate national organisations. AFCUL negotiated deals in 1985 that allowed credit unions to issue cheques to their members, sell travellers cheques and permit the use of credit union Redicards at EFTPOS terminals or Reditellers. AFCUL in November 1988 laid out the parameters of Project Renewal, which reviewed the governance and management of Australian credit unions and released a report in October 1989. The Project Renewal Report highlighted the movement's poor market image, poor understanding of core credit union values and inefficient use of resources. Despite some credit union opposition, the Report led to a central pooling of movement resources for greater economy and efficiency (Patmore and Westcott, 2021, p. 26) (Figure 9.5).

Credit unions created in January 1992 a new national body, CUSCAL. The pre-existing Credit Union Financial Services of Australia became its financial services subsidiary. CUSCAL was recognised as a Special Service Provider under the AFIC framework, providing treasury and related business services to



*Figure 9.5* Mary Stone, Credit Union Member, at Rediteller, 1984. Courtesy: Australian Mutuals History.

credit unions, including the holding of emergency liquid support funds. The reorganisation liquidated the state credit union leagues and absorbed their assets. There was criticism of this reorganisation as it brought in an influx of specialist personnel who had little knowledge of credit unions, saw the loss of many loyal employees familiar with credit unions and eliminated a reliance on “well meaning” volunteers who provided services at no cost to the credit union movement. In 2002, CUSCAL produced a booklet that emphasised six core values of the credit union movement: co-operation, moral integrity, trust, financial prudence, caring for members and social responsibility. CUSCAL emphasised that these core values made credit unions different from their competitors (Catturani and Cutcher, 2015, pp. 80–81; Patmore and Westcott, 2023, pp. 198, 200).

In December 2005, CUSCAL became Cuscal. In a press release announcing this change Cuscal noted the major drivers behind the identity was the “continuing consolidation of the credit union sector; the need to expand

the business offerings to non-credit union financial service providers; grow revenues for the business; and continue improving returns to shareholders” (Cuscal, 2005). This new identity was recognised by the organisation as a significant shift in their business focus, but a Credit Union Industry Association (CUIA) was maintained as an advocate for credit unions (Patmore and Westcott, 2023, p. 200).

In 2009 CUIA and the Australian Association of Permanent Building Societies merged to form Association of Building Societies and Credit Unions (ABACUS) reflecting the inclusion of building societies and credit unions. It also adopted in July 2009 a Mutual Banking Code of Practice, which Catturani and Cutcher (2015, p. 81) argue represented “a significant shift in the discourse and practice of the peak body.” They claimed that the new code emphasised credit unions and building societies as another form of banking but on a more equitable basis. There was no mention of the co-operative philosophy, while mutuality was defined by membership ownership. Principle 7 did recognise members’ rights as owners but largely saw this in terms of the right to information regarding changes to the mutual structure (Catturani and Cutcher, 2015, p. 81).

Credit unions were involved in co-operative education and a government program to provide financial services to communities in the wake of bank branch closures. CUFA, founded in 1971, engaged in education programs, notably the Development Education Program, which helped spread credit unions to South-East Asia and the South Pacific. Credit unions and the Commonwealth government were partners in CreditCare, which was a response to problems of delivering of social security entitlements following the closure of hundreds of regional bank branches and agencies. CreditCare commenced in July 1995 and helped 58 “no bank” towns regain access to financial and other services, helping 40,000 people by October 1999. The CreditCare program continued until June 2000 (Patmore and Westcott, 2021, p. 54; 2023).

## **Conclusion**

In the wake of the end of the post-war boom co-operatives faced challenges and the number of Australian co-operatives declined. Neo-liberalism, which challenged the mutuality on which co-operatives, increased international competition and encouraged demutualisation, with a policy priority being given to IOBs. Credit unions continued to grow in size, but public policy initiatives shifted their focus away from co-operative principles. Building societies faced pressure to rationalise and demutualise to ensure financial viability and meet increased regulative scrutiny. The collapse of the traditional consumer co-operative movement was highlighted by the failure of the NSCS in 1981. While there was successful resistance to demutualisation in CBH and NORCO, the number of agricultural co-operatives continued to decline. Despite these setbacks, there was a growth in co-operative community settlements and a significant upsurge in worker co-operatives in the 1980s as some state Labor



governments and unions viewed them as a way of maintaining employment in the declining manufacturing sector. There was a surge in growth of housing co-operatives and the beginnings of a food co-operative movement built around the organic and local food movements. Other new initiatives included platform co-operatives, social co-operatives and arts co-operatives. Despite these developments, the co-operative movement remained fractured and weak at a national level, with the collapse of the AAC in 1993, inhibiting its ability to counter Neo-liberalism. The next chapter will focus on the fate of Australian co-operatives in the wake of the GFC and the UN 2012 International Year of Co-operatives (IYC).

## Notes

- 1 Interview by Zoom of Alan Greig by Nikki Balnave and Greg Patmore, 31 March 2023; Killarney Co-operative, Manager's Report, March 1984; *Mili Mili*, December 1972, p. 4.
- 2 *SMH*, 27 October 1993, p. 28.
- 3 Email from Garry Cronan, former Manager of Co-operative Development in the NSW Registry of Co-operatives, to Greg Patmore, 17 April 2023.
- 4 Interview by Zoom of Alan Greig by Nikki Balnave and Greg Patmore, 31 March 2023.
- 5 *SMH*, 21 November 1980, p. 12.
- 6 *Canberra Times*, 14 October 1993, p. 13, 30 December 1993, p. 19.
- 7 Tasmanian Registrar of Co-operatives, 'Co-operatives Register, September 2021,' Typescript.
- 8 Queensland Registrar of Co-operatives, Brisbane, Register of Ceased Co-operatives and Liquidation/Receivership Cards, 1977–1980.
- 9 Interview of Ken Mogridge, Killarney Co-operative BD, by Greg Patmore, 5 March 2019.
- 10 *Blue Mountains Gazette*, 18 August 2021, p. 14; Interview by Greg Patmore with Sam Byrne, a former Alfalfa councillor, 6 May 2013.
- 11 *Prospector* (Fitzroy, SA), 1 February 1982, p. 6.
- 12 NSW Registry of Co-operatives, 'Address Listing of Active Co-operatives,' 31 May 1993, p. 2. Mercury Co-operative Collection, CRC.
- 13 Email from Garry Cronan, former Manager of Co-operative Development in the NSW Registry of Co-operatives, to Greg Patmore, 17 April 2023; Interview by Zoom of Alan Greig by Nikki Balnave and Greg Patmore, 31 March 2023.
- 14 Queensland Registrar of Co-operatives, Register of Co-operatives, Index Cards, 1978–1990; *The Canberra Times*, 18 July 1979, p. 3.
- 15 *Commonwealth of Australia Gazette, Business*, 21 March 2000, p. 680; *Equity Report*, December 1998, pp. 6–7; NSW Registry of Co-operatives, 'Co-operatives (All Statutes) FYE 1992 – 2012 as at 6 February 2020,' Excel File; *SMH*, 12 December 1990, p. 4.
- 16 Consumer Affairs Victoria, 'Co-operative Extract – Full History – North East Telecommunications Co-operative Ltd,' 8 November 2019; *National Co-op Update*, March/April 2002, p. 2.
- 17 Community Co-operative Store (Nuriootpa) BD minutes, 24 October 2007; Queensland Registrar of Co-operatives, Brisbane, Register of Ceased Co-operatives and Liquidation/Receivership Cards, 1977–1980.
- 18 CFNSW Minutes, 16 February 1994, 23 June 1999, 25 August 1999, 16 November 1999, CFNSW Collection, CRC.



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## 10 A Revival? 2009–2023

After 2009, the GFC and the UN IYC in Australia heightened a renewed awareness of co-operatives as an alternative to IOBs with their community and democratic focus. Following the decline before 2009, there were changes that provided an opportunity for the consolidation and expansion of co-operatives. These included the formation of Business Council of Co-operatives and Mutuals (BCCM) in 2013 and the establishment of uniform national legislation for co-operatives. This chapter will first examine the economic and political context for co-operatives and then explore major ideological and legislative developments. It will also explore the developments in financial, agricultural and consumer co-operatives. For other types of co-operatives, there have been fluctuating fortunes, with Indigenous, community, business and housing co-operatives facing decline, while others such as consumer, worker, social, platform and energy co-operatives have seen some minor growth. The chapter will conclude with an examination of the co-operative federations, noting the expansion of the BCCM and the Co-op Federation (CF), formerly the CFNSW.

### **Economic and Political Context**

Since 2008, the Australian economy has faced two major economic challenges – the GFC and the impact of COVID-19. The GFC began in the USA in 2007 and quickly spread to other economies due to the growing integration of trade and finance in the world economy. The Australian economy was less affected than other economies, with its low debt and deficit to GDP ratios. Australian banks had very little exposure to the US housing market and banks due to the profitability of domestic lending. Subprime and other high-risk loans were only small share of lending in Australia partly due to the lending standards imposed by APRA. The Australian economy was also protected by its large resource exports to the PRC, whose economy responded quickly after the GFC due to an expansionary fiscal policy. From the second half of 2008, the Rudd federal Labor Government took several steps to protect the Australian economy by guaranteeing bank deposits up to a million dollars

and introducing stimulus packages, of which nearly 30 per cent were cash handouts to households. There were also funds directed towards infrastructure projects and construction. The Reserve Bank of Australia (RBA) reduced interest rates to stimulate the economy. The rate of economic growth did slow significantly, and unemployment rose sharply from 4.1 per cent in February 2008 to 5.8 per cent in August 2009 before declining to 5.3 per cent in February 2010. While health and social services sectors gained jobs, there were job losses in the manufacturing, construction and retail sectors and a substitution of part-time for full-time jobs. Although the Australian economy avoided recession, it grew at half the pace after on a per capita basis compared to the pre-GFC years. Per capita GDP grew at an average of approximately 1 per cent between 2011 and 2018, compared to an average over 2 per cent in the five years preceding the GFC. While Australia fared well compared to other countries during the GFC, the economic dislocation generally shook confidence in the market-driven model of capitalism that underlay Neo-liberalism and encouraged a consideration of alternative business models to IOB such as co-operatives (Battilani and Schröter, 2012, p. 155; Chesters, 2023; Makin, 2019, p. 16; RBA, 2023; Rudd, 2018).

Australia's avoidance of recession since the early 1990s ended with the onset of the COVID-19 pandemic in 2020. The Morrison federal Liberal National Party Coalition Government in March 2020 responded to the pandemic by closing the borders to people seeking to enter Australia and with state governments introducing domestic social distancing practices that included the closure of non-essential businesses. The Government also introduced several fiscal measures to ensure the maintenance of income. The RBA reduced interest rates to a record low of 0.25 per cent to stimulate the economy. There were significant effects for the education, which relied on international students, and hospitality sector, which saw a decline in tourism and the closure of businesses. The pandemic also disrupted supply chains and unemployment rose from 5.2 per cent in March 2020 to a high of 7.4 per cent in June 2020. Australia entered recession as growth was negative in the first two quarters of 2020 but there was an economic recovery in the second half of 2020, which reflected a flattening of the COVID-19 infection curve, government economic stimulus policies and the opening of the economy. During 2021–2022 state COVID restrictions were lifted, with WA ending its restrictions in November 2022, and all international border restrictions were lifted in July 2022. Alongside COVID, there were other issues that impacted the Australian economy such as natural disasters linked with Climate Change, including extreme bushfires in December 2019/January 2020 and major widespread floods including the Northern Rivers Region of NSW in February 2022, as well as a trade war with the PRC, Australia's largest trading partner. The trade war was sparked by Australia's support in April 2020 for a global inquiry into the origins of COVID-19 virus. This led to trade sanctions on products such as barley and lobsters, where co-operatives are major exporters (Khalil, 2020; Lim et al., 2021, pp. 5–6; O'Neil, 2022).



## **Ideology and Legislation**

The UN IYC 2012 provided an impetus for the formation of a new national organisation to represent Australian co-operatives. Its origins lay in Social Business Australia (SBA), formed in 2009 to promote social business through education programs, greater capital investment and raising public awareness. Dame Pauline Green, then ICA President, gave the inaugural SBA lecture at Parliament House in Canberra in March 2010 which was a call for action for the co-operative and mutual sector to unite around common values. The SBA established a UN IYC National Steering Committee in May 2010 to organise preparations for the IYC. A founding director of the SBA was Trent Bartlett, the CEO of Capricorn. Capricorn was an Australian affiliate of the ICA from 2005 and through Bartlett, also promoted and provided significant funding for the celebration of the UN IYC in Australia in 2012. Capricorn had also forged a link with mutuals through the formation in 2003 of Capricorn Mutual, the first ever discretionary mutual with an Australian financial services licence, and subsequently joining the International Co-operative and Mutual Insurance Federation. Bartlett and Greg Wall, Bartlett's successor as Capricorn CEO, were chairs of the Australian IYC 2012 Secretariat, which was formed to co-ordinate the IYC activities and registered as a company in WA in January 2011. Melina Morrison, who had worked in London on the ICA *Digest*, was a founding director of SBA and the Secretariat. Morrison played a significant role in the IYC activities (ASIC, 2023; Derby, 2012, p. 13; SBA, 2015), providing for example advice and assistance to a well-publicised report by the Australian Institute in 2012, that noted that

despite the fact that 79 per cent of people are members of a co-op only three in ten Australians could name a co-operative or mutually owned enterprise and only 16 per cent of Australians believe that they are a member of one.

(Denniss and Baker, 2012, p. v)

The other founding directors were Alan Greig and Suzanne Henderson. Greig had been involved in establishing worker co-operatives in NSW during the 1980s. He was active in the Australian Employee Ownership Association since its inception in 1986 and was a director of ownership strategies for the Mercury Co-operative in Sydney. Henderson had worked at ACCORD, was the founding editor of *Community Co-operative Communication*, an online co-operative newsletter and an associate editor of the ICA *Digest* (SBA, Nd).<sup>1</sup>

The IYC Secretariat received strong co-operative support and engaged in several activities to raise the profile of co-operatives. Richard O'Leary, the MRC CEO, served on the Secretariat. The MRC, CBH, NORCO, Capricorn, ABA-CUS, Co-operatives WA and many co-operatives donated funds towards the celebrations and contributed entries to the Australian IYC publication, *Building a Better Australia* (Derby, 2012; IYC National Conference, 2012, p. 17).

Other major activities during the IYC included a *National Co-operative Conference* at Port Macquarie in NSW in October 2012 where Morrison was MC (IYC National Conference, 2012, p. 37). There was an early awareness in the IYC movement of a need to build a legacy by forming a peak national organisation to represent the interests of the entire social business sector in the future.<sup>2</sup>

The IYC Secretariat eventually transformed itself into the BCCM, which was launched in July 2013 to represent the whole sector with Morrison as CEO. The BCCM's major focus was raising awareness in the community and amongst politicians and other policy makers of the economic and social significance of the co-operative sector. The BCCM strategy initially consisted of four pillars: voice, choice, growth and networking. Voice increased awareness and gave voice to the co-operative business sector that was previously unrepresented. Choice aimed to ensure parity between co-operatives and other business models in their treatment by the legislative and regulatory environment particularly regarding the raising of capital to ensure that co-operatives had fair competition (Patmore and Balnave, 2018, pp. 212–213). Growth was two-fold. Firstly, it referred to BCCM's objective "to grow the number and prevalence and economic and social contribution of co-operatives and mutuals in the economy."<sup>3</sup> Secondly, growth referred to increasing the "credibility and representation of the council through membership."<sup>4</sup> Morrison saw networking and co-operation as being about two things: "co-operation amongst co-operatives," and "sharing best practice." Morrison believed that these were "the main things that the BCCM does, but the overarching mission is to increase recognition and awareness of the important contribution of co-operatives and mutuals to the economy through those four pillars."<sup>5</sup> More recently, the pillars of strategy have been renamed and refined, with networking or advocacy remaining important, and a greater focus on co-operation among the sector, education and key projects. The BCCM (2015b), with the UK sector think tank and advocacy group Mutuo, produced a more detailed document, *Blue Print for an Enterprising Nation*, to guide government policy reforming the sector, with recommendations including consistent legislation and a greater role for the sector in delivering public services. The *Blue Print* also promoted self-help and reliance by the sector, with recommendations including a pooling of resources and the adoption of the highest standards of corporate governance.<sup>6</sup>

Another major achievement during this period was the Co-operatives National Law (CNL). While companies had achieved national regulation in 1992, co-operatives were governed by eight legal jurisdictions. Co-operatives, unlike companies, wanting to operate outside their state of incorporation had to register as foreign co-operatives in each of those other jurisdictions, putting them at a competitive disadvantage. Both the CFA and the AAC had unsuccessfully lobbied for uniform co-operative legislation to remove legislative inconsistencies. All governments, except for WA, signed a Co-operatives Law Agreement in 1996. A Core Consistent Provisions Scheme (CCPS) developed based on the 1996 Victorian Act, where core provisions such as funding and winding up would be uniform and 5 per cent of provisions would be allowed to vary, to reflect local jurisdictional peculiarities. The CCPS was adopted in all

jurisdictions by 2002 except WA. There was opposition by the CFWA which feared an increase in bureaucratic oversight if WA legislation was made consistent with other states (Australian Co-operative Links, 2021; Baskerville, 2019, p. 59; Lewis, 2006, pp. 279–304)

A new movement emerged in 2007 when the Ministerial Council for Consumer Affairs (MCCA), which brought together the respective Consumer Affairs Ministers in each Australian jurisdiction, agreed to have uniform legislation based on a template law. The MCCA released a draft CNL in December 2009 for public comment. All states and territories passed legislation to comply with the CNL, with NSW and Victoria being the first to come into effect in March 2014 and Queensland being the last in December 2020. The legislation removed the need for registration as “foreign co-operatives” and allowed all co-operatives to issue CCUs. It reduced administrative costs for small co-operatives by simplifying financial reporting to members and removing the need to publicly lodge accounts. One feature, that reflects earlier co-operative legislation, was that the CNL prevented new financial co-operatives being formed. While WA parliament amended its legislation in 2016 to ensure it would comply with CNL and allow its co-operatives to operate nationally, some specific characteristics remained unchanged such as allowing members under 18 the right to vote and a non-member to act as a proxy for a member at meetings (Australian Co-operative Links, 2021; Baskerville, 2019, p. 67; NSW Fair Trading, 2012, pp. 50–51, 2023b).<sup>7</sup>

Against the background of these developments, as Figure 10.1 highlights, the trend data indicates that the aggregate number of Australian co-operatives has continued to decline. The decline bottomed out in 2019–2020 but has since continued at a slow rate against the background of the economic disruption arising from the COVID-19 pandemic. There continued to be amalgamations among financial co-operatives, with at least 30 or 86 per cent of the amalgamations in the VHAAC between 2009 and 2023. While demutualisations had peaks in 2009 and 2012, they are still a feature of the Australian co-operative landscape with a least 35 from 2013 to 2023 or 52 per cent of the demutualisations recorded since 2009. Of the 67 demutualisations recorded in the VHAAC since 2009, 27, 19 and 18 per cent, respectively, were

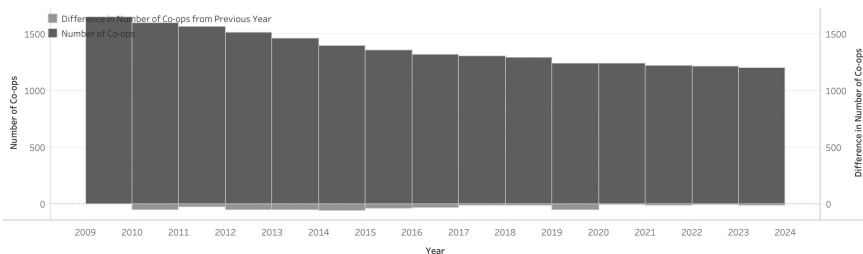


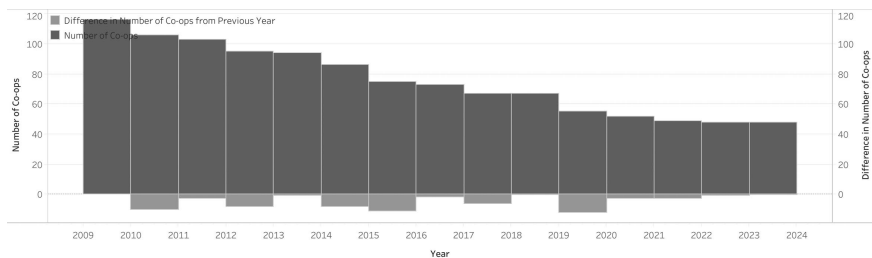
Figure 10.1 Trends for All Australian Co-operatives 2009–2023.

Source: VHAAC Version 31.0 July 2023.

agricultural, community and Indigenous co-operatives. The aggregate estimates of co-operatives also indicate a slight decline in the aggregate number of co-operatives from approximately 1,700 in 2012 to 1,658 in 2019. The remainder of the chapter will examine the trends for the various types of co-operatives (ABS, 2012, p. 50; ICA Asia Pacific, 2020)

**Financial Co-operatives**

As Figure 10.2 highlights, based on data in the VHAAC, there has been a continued decline in the number of financial co-operatives in Australia since 2009. This reflects APRA data which indicates a fall in the number of credit unions and building societies from 131 in March 2009 to 35 in December 2022. As noted previously, a significant feature of financial co-operatives since 2009 has been amalgamations and the CNL prevented the formation of new financial co-operatives. The Teachers Mutual Bank (TMB), formerly the Teachers’ Credit Union, for example, merged with the smaller WA credit union, Unicredit, in 2015, and the Fire Brigades Credit Union in 2016. TMB retained a strong bond with its teacher membership and allowed the Unicredit and Fire Brigades members to retain their identities with their new names being Uni Bank and Firefighters Mutual Bank. Similarly, in 2019 when the Endeavour Mutual Bank and the Sydney Credit Union merged under the umbrella registered name of Australia Mutual Bank, they retained their distinct identities with two divisions – the Endeavour Mutual Bank and Sydney Mutual Bank. A major building society merger in Newcastle occurred with the amalgamation of the Greater Bank, formerly the Greater Building Society, with the Newcastle Permanent Building Society (NPBS) in 2023, which became the Newcastle Greater Mutual Group (NGMG) but continue to trade as separate entities. CHS and Starr-Bowkett societies continued to decline with NSW from July 2019 banning their formation and registration with Starr-Bowkett societies not being allowed to take any new members. As of May 2023, there were only two Starr-Bowkett societies and four CHS registered in NSW (APRA, 2023; NSW Fair Trading, 2023a, 2023c; Mason, 2020, p. 258; NGMG, 2023, Patmore and Westcott, 2021, p. 79).<sup>8</sup>



*Figure 10.2* Trends for Financial Co-operatives 2009–2023.

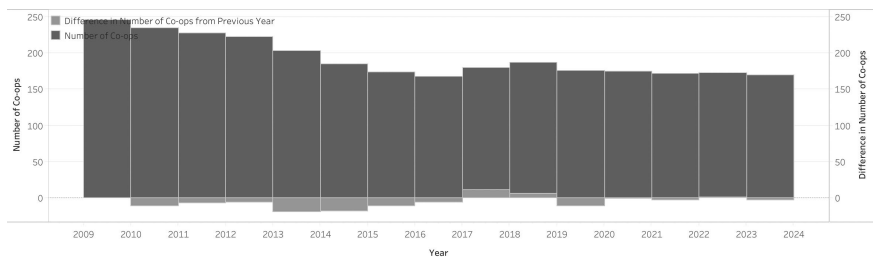
*Source:* VHAAC Version 31.0 July 2023.

During this period, there was an ongoing shift towards mutual banks. The number of mutual banks expanded because of amalgamations of financial co-operatives and conversions from financial co-operatives to mutual banks. The Teachers' Credit Union changed its name to TMB on 1 April 2012 after 83 per cent of members voted to change the name on 26 November 2011. It was believed that the name change was necessary to remain competitive with the major banks against a background of increased market concentration of the big four banks in Australia – Westpac, NAB, ANZ and the Commonwealth Bank in the wake of the GFC. The big four banks in 2009 wrote 90 per cent of Australia's mortgages as compared to 60 per cent before the GFC. The Teachers' Credit Union argued that becoming a bank would allow it to source funding from wholesale finance sources that would only invest in banks. Further it claimed that there were shifts in public policy that were more sympathetic to smaller deposit taking institutions applying for bank status to increase competition. Finally, it argued that the term "credit union" did not resonate with a younger demographic that they were targeting for membership (Catturani and Cutcher, 2015, p. 80; Patmore and Westcott, 2021, p. 80; TMB, 2016, pp. 90–96). The TMB later argued "that the name 'bank' would leave potential members in no doubt as to what the organisation was and what services it could provide" (TMB, 2016, p. 94).

While there has been a shift away from traditional financial co-operatives to mutual banks, with professionalisation and marketisation, there continues to be an emphasis on member voice and a community focus. TMB, for example, holds AGMs where members directly elect directors and as well as a members' committee, which meets monthly to review matters referred to it by the BD. The TMB emphasised its continued commitment to community through elevating Corporate Social Responsibility (CSR), which the Teachers' Credit Union had adopted in 2006 as a key policy with 96 CSR targets and performance indicators. It funded charities such as Stewart House, which provides for children in need from ACT and NSW public schools and promoted issues such as environmental sustainability. TMB also had to remain competitive to retain and attract members by for example introducing brokers in 2012 who could directly sell TMB products to members. During the devastating floods that hit Northern NSW in early 2022, the Greater Bank and the NPBS donated to A\$40,000 to the charity Lifeline, which had its offices flooded in Lismore, to allow locals to have access to its services with staff working out of mobile vans. Credit unions and mutual banks remained active in international development activities through CUFA, which separated its formal links with the credit union movement in 2013, and the Australian Mutual Foundation formed in 2016 (COBA, Nd, p. 53; Patmore and Westcott, 2021, pp. 80, 83–85; 2023, p. 214; TMB, 2016, pp. 80, 96–100).

### **Agricultural Co-operatives**

As Figure 10.3 highlights, unlike financial co-operatives, agricultural co-operatives did not experience a continual decline since 2009. There was a



*Figure 10.3* Trends for Agricultural Co-operatives 2009–2023.

*Source:* VHAAC Version 31.0 July 2023.

revival during 2016–2018 followed by a slight decline since 2018. A significant factor in explaining this upsurge is the federal Liberal National Party Coalition Government’s Farm Co-operative and Collaboration Pilot Program, known as Farming Together (FT). FT was introduced in 2016 as a A\$14.9 million two-year program to encourage farmer collaboration, including the formation of new farmer co-operatives. Southern Cross University, which is primarily located on the NSW North Coast, played a key role in FT. Lorraine Gordon, whose background included farming and agri-finance, was the director of FT. The programme reached 730 groups comprising 28,500 farmers throughout Australia, providing financial support for 51 projects and more than 1,000 consultancy advisory projects. It also developed online courses focussing on co-operatives. FT was involved in the formation of over 70 agricultural co-operatives. While some such as Australian Teagrowers’ Co-operative in NSW have not survived, the Mountain Milk Co-operative (MMC) in Victoria has continued (Farming Together, 2023; NSW Fair Trading, 2023c; Southern Cross University, 2019).

While there was a boost in the number of agricultural co-operatives, there were significant demutualisations. The Bega Co-operative Society (BCS), on the NSW South Coast, deregistered in June 2009 after voting to change its capital structure into an unlisted public company, Bega Cheese, and subsequently becoming publicly listed on the Australian Stock Exchange (ASX) in August 2011. BCS in June 2007 had a A\$340 million turnover, A\$277 million in assets, 112 shareholders and 531 employees. Barry Irvin, the BCS Chair, justified the demutualisation on the grounds that “dries,” who were required to redeem their shares and unable pass their farms on to their children, be allowed to retain their investment. Irvin also wanted to increase the milk supply by recruiting more farmers from beyond the Bega Valley. MGC, Australia’s largest dairy co-operative, also demutualised. Gary Helou, who has been involved in the demutualisation of Ricegrowers’ Co-operative Mills, became the MGC CEO in 2011. He partially floated the co-operative on the ASX in July 2015 through a new entity entitled MG Unit Trust with an initial capitalisation of A\$438 million raised through the issue of 209 million



non-voting units to more than 600 new investors. He resigned in April 2016 but laid the groundwork for the demutualisation of MGC in 2018. Some former MGC members, however, continued to value the co-operative business model with the formation of the MMC in 2017. Other demutualisations included the Batlow Fruit Co-operative and the Namoi Cotton Co-operative in NSW (Patmore, Balnave and Marjanovic, 2021, pp. 519, 521; White, 2008).<sup>9</sup>

While some agricultural co-operatives demutualised, other established agricultural co-operatives remained committed to the co-operative business model and their communities. CBH, for example, became the largest non-financial co-operative in Australia, with revenue growing to A\$6,292,232,000 in 2022. This was a record breaking year for CBH in terms of the tonnes of grain harvested and shipped overseas. It faced difficulties in its trade with the PRC, which imposed huge tariffs on Australian barley and specifically banned CBH barley imports in 2020. CBH plays a crucial role in developing WA rail infrastructure by deciding in 2010 to purchase its own fleet of locomotives and rolling stock to transport grain. The Cobargo Co-operative in NSW became the centre of its community response to the New Year's bushfires in 2019 that destroyed most of the shops in the town. It became a centre for emotional support, information and essential supplies such as fuel and fencing supplies for livestock. While NORCO faced A12.7 million record profit for 2021, it faced major losses of A\$41 million due to the devastating Lismore floods in February 2022, with major damage to its ice cream factory. Consequently, NORCO obtained A\$46 million in federal and NSW government assistance to help rebuild the factory. Despite these challenges, NORCO and the National Farmers' Federation released in March 2023 the National Farmer Wellbeing Report to highlight the mental illness challenges faced by farmers (BCCM, 2021, p. 12; CBH, 2022, pp. 6, 70; Hunt, 2022; Peel, 2023; Thompson, 2020).

### **Consumer Co-operatives**

As Figure 10.4 indicates, the number of consumer co-operatives slightly increased with a peak in 2021, and a plateau since then. There have been some major failures reflecting shifting market changes and competition. The MRC, despite its IGA franchise, faced a deteriorating financial position in the face of competition from Coles and Woolworths in a disadvantaged socio-economic community, where price was a significant factor driving consumer choice. The situation worsened with the arrival of Aldi next door and the co-operative was forced into liquidation. The UCB was taken over in 2020 by Booktopia in Australia as part of a liquidation process following a failed management expansion strategy, the growth of online retail and the development of buy now, pay later strategies (Bonyhady, 2020; Kempsey Shire Council, 2019, pp. 16–17).<sup>10</sup>

There were also difficulties with the onset of COVID 19 pandemic and shutdowns. The Community Co-operative at Nuriootpa in SA in April 2020 faced severe shortages of stock, including toilet paper, pasta and flour, with its major wholesaler only delivering 1,700 of the 4,500 cases required for delivery,

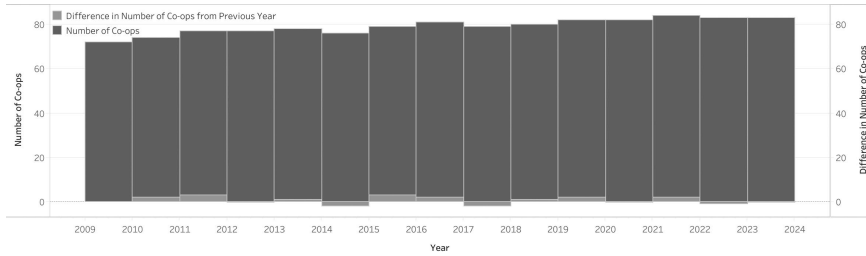


Figure 10.4 Trends for Consumer Co-operatives 2009–2023.

Source: VHAAC Version 31.0 July 2023.

leading to the introduction of buying limits on key products and exclusive shopping times for specific community groups. The Co-operative eventually changed its wholesaler and expanded its online presence with the purchase of new delivery vans, earning its first net profit before tax of \$A644,673 since 2017 in 2021–22. It had already decided to discontinue its members' rebates in 2019 to allow investment in the further development of its shopping centre but was able to reintroduce the rebates for 2021–2022 year. The small co-operative store at Casterton in Victoria, by contrast, was unable to survive the slowdown in business and increased costs of the COVID-19 epidemic. It decided to shut down in 2022 (Community Co-operative Store (Nuriootpa), 2022, p. 3; McDonald, 2022).<sup>11</sup>

There are also examples of new food co-operatives and rural communities forming consumer co-operatives because of declining retail services and existing consumer co-operatives expanding their activities. The Lyttleton Stores Co-operative in Lawson in the Blue Mountains west of Sydney began in 2015 as a family-owned business but was converted into a co-operative following a crowd-funding campaign. Its heritage store focuses on locally grown organic and sustainable food as well as local artisan products. The co-operative, which provides community hub for local meetings and events, also offers workshops on topics such as permaculture, cooking and backyard agriculture. The Coota Co-op was formed in the NSW rural town of Cootamundra in 2020, following the closure of a Country Target, the last department store in the town. When Killarney in Queensland lost its doctor in 2008, residents faced the prospect of travelling to Warwick, 34 kilometres away, with no public transport and an expensive taxi ride if they did not possess a car. The Killarney Co-operative renovated a residence it owned as a medical centre, which opened in April 2012. While the Co-operative's Westpac branch closed in 2016, it gained the postal licence for the town and thereby was able to provide residents with continued access to banking services (*Blue Mountains Gazette*, 2018; Killarney Co-op, 2023; Tan, 2020; Telfer, 2012, pp. 111–113).<sup>12</sup>

The upsurge in interest in co-operatives since 2013 led to renewed interest in both greater co-operation among consumer co-operatives and wholesale

co-operatives. A Community Food Conference in July 2014 attended by many food co-operatives from NSW and the ACT was a face-to-face networking event for food co-operatives, which shared business practices and looked at the possibilities for food co-operatives to work together, but nothing further eventuated. More recently, a peak organisation called Co-op Grocers in NSW was formed but it has not had a significant presence to date (CF, 2021).<sup>13</sup>

### **Other Co-operatives**

There have been declines since 2009 in the numbers of housing and Indigenous co-operatives, respectively, by 23 and 43 per cent according to the data recorded in the VHAAC in a political climate less sympathetic to co-operatives. Legislative changes in SA by a Labor Government forced housing co-operatives from 2014 to choose between becoming incorporated associations or community housing providers. The Minister noted “there is no longer a need to distinguish between different types of entities delivering community housing based solely on their corporate structure but rather there is a need to align regulatory responsibilities and requirements to the scope of activities and services delivered by community housing providers” (Parliament South Australia, 2013). Some of the housing co-operatives that registered as incorporated associations still retained ICA principles as the basis for their rules (Peach Housing Co-operative Incorporated, 2016). Since 2009, at least five housing co-operatives have demutualised. The federal Corporations (Aboriginal and Torres Strait Islander) Act 2006 encouraged Indigenous organisations, including co-operatives, to become corporations to receive federal government funding. Since 2009, at least 12 Indigenous co-operatives have demutualised (Commonwealth of Australia, 2016, p. 38).

There have been also declines for community and business co-operatives according to data recorded in the VHACC. Since 2009, there has been a 37 per cent fall in the number of community co-operatives, with at least 15 conversions to incorporated associations and 13 demutualisations of registered clubs. Changes in social and recreational interests have continued, with the number of lawn bowling clubs in Sydney falling from 179 in 2005 to 128 in 2020. While some business co-operatives grew, such as the Capricorn, from 4,172 members in 2009 to over 25,000 members in 2022, the number of business co-operatives has fallen 14 per cent since 2009. There have been at least three demutualisations, notably in 2021 the Hair Beauty Co-op, formerly the Hairdressers Co-operative Society in South Australia, which was formed in 1944. There has been interest by small food stores in forming business co-operatives to fight competition by the large supermarket chains. The Co-operative Food Group (CFG) was launched at Hexham, NSW, on 30 January 2013 and registered the following month. By December 2014, the CFG had 33 members, but it faced problems with member loyalty as members bypassed the CFG and did private deals with suppliers. Co-operative Supermarkets Australia (CSA) was launched in 2019, drawing its inspiration from the successful co-operative

supermarket chains Leclerc in France and Foodstuffs in NZ, and registered under co-operative legislation. It brought together over 250 IGA franchised stores in South-Eastern Australia to provide a greater variety of products than the existing supplier Metcash, reduce business costs through group buying and share knowledge about supermarket practices. The CSA has a current membership of 557 (Beautopia Hair & Beauty, 2023; BCCM, 2023b; Capricorn Society, CSA, 2022; Heath and Freestone, 2022, p. 7; MRC, 2014; Patmore, Balnave and Marjanovic, 2023, p. 167).<sup>14</sup>

There has been some interest in developing energy co-operatives. While energy co-operatives date from 1943, there has been a growing interest in sustainable forms of energy generation such as solar and wind power through co-operatives to challenge the impact of Climate Change. Residents in Daylesford in central Victoria formed the Hepburn Wind Co-operative in 2007, after a nearby district rejected the idea of building a commercial wind farm. More than 1900 members contributed over \$A9 million to the project and obtained funding from state government renewable energy initiatives. The first turbines were hoisted into position in June 2011. Co-operative Power, formed in Victoria in 2017, has a number of organisational members including co-operatives, a church and trade unions. During the COVID-19 pandemic in 2020, they donated their surplus to relieve economic and social distress and in 2021 set up a procedure whereby customer members could vote on how future surpluses would be spent. The number of Australian energy co-operatives, however, remained quite small, growing from at least six in 2009 and to 15 in 2023, with a peak of 18 in 2020 according to VHAAC data. Many of these co-operatives remain in early stages of development due to issues with capital raising, while some such as the Central New South Wales Renewable Energy Co-operative, which was formed by Bathurst and Orange residents to develop a proposed wind farm in 2013, have not survived (Commonwealth of Australia, 2016, p. 14; Co-operative Farming, 2023; Co-operative Power, 2023; Derby, 2012, p. 123; Entwisle, 1952, p. 82).

While small in numbers, several other types of co-operatives have had grown since 2009 according to data in the VHAAC. Platform co-operatives have grown from five in 2009 to nine in 2023. The pioneer NETC was unable to compete against larger internet providers and deregistered in 2014, but new examples include the Bhive Bendigo Co-operative in Victoria and the Douglas Shire Accommodation Co-operative in Queensland, founded, respectively, in 2017 and 2020. There has been an increase in social co-operatives from at least ten in 2009 to 13 in 2023. New co-operatives formed as providers under the federal National Disability Income Scheme (NDIS), which was legislated in 2013 to fund the costs associated with disability. The Supporting Independent Living Co-operative (SILC), a Sydney NDIS provider formed in 2016, encourages members to form family governed co-operatives to provide a home for adult children with a disability. The Blue Sky House Co-operative formed in a Sydney suburb in March 2022, provides a home for two non-verbal autistic men and their support workers. The number of worker co-operatives has grown from at least eight in 2009 to 22 in 2023. An important auxiliary

co-operative promoting worker co-operatives is the Earthworker Co-operative in Victoria, which has established the Earthworker Energy Manufacturers Co-operative in the Latrobe Valley and the Redgum Cleaning Co-operative in Melbourne, with the former encouraging the move to renewable sources of energy and the later providing green cleaning services. Redgum Cleaning Co-operative, however, decided to wind up its business in 2023 citing staff shortages, increased costs and cancellations during the COVID-19 pandemic. The Earthworker Co-operative also launched the Earthworker Construction Co-operative, which was registered in November 2022 (Earth Worker, 2023; Earthworker Construction Co-operative, 2023; Redgum Cleaning Co-operative, 2023; SILC, 2023a, 2023b).<sup>15</sup>

### **Co-operative Federations**

While in 2013, BCCM began with ten members, it grew by June 2023 to 60 members, who have one member one vote each, and 40 associate members. There are also five peak industry organisation members including Co-operatives WA, the rebranded CFWA and the Customer Owned Banking Association (COBA). The membership is dominated by large co-operatives, such as CBH and Capricorn, and mutuals, which generally have considerable resources available to fund the BCCM and its activities (BCCM, 2023a). CEO Melina Morrison believed that the aim of BCCM growth was “not to have all 2000 co-operatives and mutuals members of the council because many of them would be better to deploy their surplus back into their communities, but enough in the council that we can genuinely claim to be a peak body.”<sup>16</sup>

The BCCM has played an important role in placing co-operatives and mutuals on the Australian political agenda and achieving favourable legislation. From 2014, the BCCM began publishing a national mutual economy report to highlight the importance of the sector to the Australian economy. It organised annual leaders’ summits, developed education programs and established an honour roll to recognise the individual’s long service to co-operatives and mutuals. It established networks of sympathetic politicians from a range of political parties by encouraging the formation of parliamentary friends’ groups in the federal parliament in 2017 and more recently in NSW in October 2022. In 2016, following BCCM lobbying an Australian Senate inquiry issued a report into co-operatives and mutuals, with major political parties such as the Labor Party adopting its recommendations as party policy, including the collection of national statistics on co-operatives, better access to capital raising and co-operative education programs. The report called for a level playing field for co-operatives and mutuals after noting the discrimination against co-operatives and mutuals in government policy and funding. The 17 recommendations of the Senate report became the basis of the BCCM’s legislative strategy to promote co-operatives and mutuals. A BCCM recommendation led to the creation of FT, and it launched a Co-operative Farming Program, with federal funding, in 2020 to encourage the formation of new agricultural co-operatives and foster the growth of existing agricultural co-operatives. The BCCM also

strengthened Australia's links with the international co-operative movement by affiliating with the ICA in 2016 (BCCM, 2014, 2015a, p. 9; 2020a, p. 3; 2022a, 2023a; ICA, 2023; Patmore and Balnave, 2018, p. 213; Figure 10.5).<sup>17</sup>

The BCCM in July 2022 launched a co-operative development fund called the Bunya Fund to help early-stage co-operatives and mutuals to develop their businesses. The founding members of the Fund included CBH, two mutual banks and Co-operative Power, a BCCM associate member. They provided the initial \$A137,000 for the fund which is expected to grow to A\$500,00 per year. There were ten successful applicants in November 2022 including the Coota Co-op (BCCM, 2022b).

The financial co-operatives continued to have their own peak organisations. ABACUS became the COBA in 2013. By January 2014, it had 99 member institutions including 81 credit unions, seven building societies and 10 mutual



*Figure 10.5* Melina Morrison, 2014 BCCM Leaders' Summit. Courtesy – BCCM.



banks. It also represented 13 friendly societies through the Friendly Societies Association. By November 2021, COBA membership consisted of 27 credit unions, 30 mutual banks and one building society. It represented through its affiliates more than 4.5 million Australians and A\$139 billion in assets (Catturani and Cutcher, 2015, p. 81; COBA, 2021).

While the COBA has been seen as “taking on the banks at their own game” and “adopting the discourse of the banks”, the sector did challenge discrimination against the sector in favour of the banks (Catturani and Cutcher, 2015, p. 81). APRA introduced capital reforms from 1 January 2013 based on the Basel III International Agreement, which arose in 2010 to set out higher capital requirements for lenders as a response to weaknesses revealed by the GFC. These reforms reduced the capacity of customer owned banks to issue regulatory capital instruments, which depended on conversion to listed shares in times of crisis. Customer owned banks did not have listed shares. Without conversion clauses, mutuals would be unable to satisfy the requirements for common equity tier 1, which was a key classification monitored by global regulators. COBA lobbied for “competitive neutrality” to ensure that the sector could compete. APRA responded in April 2014 by amending banking system rules to distinguish for the first time the different attributes of mutual banks, including credit unions, through a recognition of a new instrument known as “mutual equity interest.” COBA and the BCCM continued to lobby for a more favourable legislative environment for the capital raising capability of mutual banks and credit unions. COBA in its submission noted that despite APRA’s concession on Basel III rules, further reform was needed like the UK, which successfully accommodated mutuals into the Basel III framework. The lobbying eventually paid off with the enactment of the Treasury Laws (Mutual Reforms) Act in May 2019, which defined a mutual in the Corporations Act for the first time and created new “mutual capital instruments” that can only be issued by mutual entities to attract capital investment, while protecting capital investment structures (Patmore and Westcott, 2021, p. 80).

Except for NSW and WA, state co-operative federations in SA, Queensland and Victoria have either been wound up or become moribund. The rise of the BCCM also saw the demise of Co-operatives Australia. While Co-operatives WA surrendered its legislated role of accrediting start-up co-operatives for registration as part of its support of the 2009 WA Co-operatives Act, which included for the first time the seven ICA principles, it continues to be active in co-operative education and political lobbying, with some of the largest co-operatives in Australia, such as CBH and Capricorn, being active supporters. Co-operatives WA assists with the formation new co-operatives in WA, including the Broomehill Village Co-operative, the Nannup Truffle Growers Co-operative and Wesbuilders Co-operative. It also assisted established members to adopt new rules under the 2009 Act and update them following the 2016 amendments to the WA legislation that achieved “corresponding co-operatives legislation” status under the CNL (Baskerville, 2019, pp. 65–68).<sup>18</sup>

While the Co-operatives WA is a BCCM associate member, the CFNSW withdrew from the BCCM. It rebranded itself, the CF, and has organised beyond NSW into the eastern states. The CF's resources have grown with Sam Byrne, who was a former Greens Mayor of Marrickville and involved in Alfalfa House food co-operative, appointed as a part-time secretary in 2016, eventually becoming full time. The CF's activities range from educational programs, assisting new co-operatives through the registration process to organising an annual Assembly. Its membership has increased dramatically from 79 in March 2012 to 176 in June 2023 with direct involvement in the organising of new co-operatives such as the Hotline Courier worker co-operative in Sydney, with the assistance of a City of Sydney Council grant, and the Pecan Farmers' Co-operative in Lismore. Relative to the BCCM the CF's membership consists of smaller co-operatives (CF, 2023). While few of the CF members are also BCCM members, the growth of the CF highlights the growing awareness of co-operatives in Australia fuelled by the BCCM's activities since the IYC.<sup>19</sup>

## Conclusion

Since 2009, there have been major national advances for Australian co-operatives. The BCCM, which arose out of the IYC, departed from previous approaches to forming co-operative federations in Australia by not seeking the affiliation of all co-operatives but focussing on gaining members from the larger mutuals and co-operatives, which would mobilise considerable resources to raise the profile of the sector and achieve legislative reform to ensure a level playing field with IOB. In its first decade, the BCCM has achieved considerable success in its activities and filled the historical void of a national organisation of co-operatives. The movement towards national uniform co-operative legislation broke down state barriers to co-operative development and removed a major legislative disadvantage relative to companies.

Despite challenges such as the GFC, COVID-19, competition in the supermarket sector and access to capital, the decline in the number of Australian co-operatives has slowed. While the numbers of financial co-operatives continue to decline due to amalgamations, there have been slight improvements in the number of platform co-operatives, energy co-operatives, consumer co-operatives, social co-operatives and worker co-operatives. There was a reversal of the decline in agricultural co-operatives in 2016–2018 with FT. While several state co-operative federations have not survived, Co-operatives WA continues to play a major role in WA and the CF has expanded its membership beyond NSW.

## Notes

- 1 Email Trent Bartlett to Greg Patmore, 4 May 2023; Interviews by Zoom of Alan Greig, 31 March 2023, and Trent Bartlett, former Capricorn CEO, 15 May 2023 by Nikola Balnave and Greg Patmore.

- 2 Interview of Melina Morrison by Nikola Balnave and Greg Patmore, BCCM CEO, Sydney, 23 March 2017; SBA, UN IYC National Steering Committee Minutes, 18 November 2010. MRC Records. CRC.
- 3 Interview of Melina Morrison by Nikola Balnave and Greg Patmore, BCCM CEO, Sydney, 23 March 2017.
- 4 Ibid.
- 5 Ibid.
- 6 Interview by Zoom of Melina Morrison, BCCM CEO, 20 January 2023, by Nikola Balnave and Greg Patmore.
- 7 Email Peter Wells to Greg Patmore, 8 June 2023; Interview by Zoom of Peter Wells, Co-operatives WA, 31 May 2023 by Nikola Balnave and Greg Patmore.
- 8 Email Peter Wells to Greg Patmore, 8 June 2023.
- 9 NSW Registry of Co-operatives, 'Co-operatives (All Statutes) FYE 1992 – 2012 as at 6 February 2020,' Excel File.
- 10 Interview by Zoom of Richard O'Leary, former MRC CEO by Greg Patmore, 2 September 2021
- 11 Community Co-operative Store (Nuriootpa), Emails to members, 17 April 2020, 23 June 2021.
- 12 Interviews of Bruce Goodwin, former Killarney Co-op employee, 27 February 2019, Andrew Peterson, Killarney Co-op BD, 28 February 2019, Rod Petersen, Killarney Co-op BD, 27 February 2019, by Greg Patmore, Killarney.
- 13 BCCM, *BCCM E-News special edition for International Co-ops Day*, 5 July 2014.
- 14 Interview by Zoom of Richard O'Leary, former MRC CEO by Greg Patmore, 2 September 2021.
- 15 Consumer Affairs Victoria, 'Co-operative Extract – Full History – North East Telecommunications Co-operative Ltd,' 8 November 2019.
- 16 Interview of Melina Morrison by Nikola Balnave and Greg Patmore, BCCM CEO, Sydney, 23 March 2017.
- 17 *BCCM Member's Review*, December 2018; Interview by Zoom of Melina Morrison, BCCM CEO, 20 January 2023, by Nikola Balnave and Greg Patmore.
- 18 Email Peter Wells to Greg Patmore, 8 June 2023; Interviews by Zoom of Melina Morrison, BCCM CEO, 20 January 2023, and Peter Wells, Co-operatives WA, 31 May 2023 by Nikola Balnave and Greg Patmore.
- 19 Interviews by Zoom of Melina Morrison, BCCM CEO, 20 January 2023, Peter Wells, Co-operatives WA, 31 May 2023 and Sam Byrne, CF, 6 June 2023 by Nikola Balnave and Greg Patmore.

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# 11 Conclusion

Co-operatives are a significant business model which remain an important part of Australian economic and social life in the early twenty-first century. With a long history, co-operatives provide a viable alternative to other forms of business organisation such as the IOB. They are MOBs that deliver benefits and services to members. Co-operatives differ from other types of businesses for their principle that one member has one vote irrespective of their number of shares as well as their focus on members and their communities rather than external investors, as in the case of an IOB. They are defined by an evolving set of principles. There are a variety of types of co-operatives with major ones internationally being consumer, worker, agricultural and financial co-operatives, whose significance can vary over time and space. Co-operatives may not fit into one type, with agricultural co-operatives selling consumer goods. There can also be hybrid co-operatives that bring together workers and consumers as owners and even transformational co-operatives which can change their type over time.

There are factors that have favoured the development of co-operatives including market failures, periods of political and social unrest, state support, immigration, colonialisation, favourable clergy, technology and community. Issues can promote specific types of co-operatives such as inflation for consumer co-operatives. There are also factors that weaken them including competition from the non-co-operative sector and unfavourable ideologies such as Neo-liberalism. While there is a notion of a co-operative life cycle, the fate of co-operatives is not pre-determined and shaped by the choices of managers and members. Overall, however, individual co-operatives can fail like all other businesses if they are poorly managed.

The modern co-operative movement arose from the inequities of the industrial revolution in the UK with workers, concerned over the quality and price of the food and the need to circumvent company stores, forming consumer co-operatives and later co-operative wholesalers. There were differences in the ideology underlying the early co-operative movement with Robert Owen advocating the transformation of capitalism and William King believing they could operate within capitalism. Financial co-operatives have their origins in building societies and the needs of German peasants to obtain credit

to rebuild their holdings, following economic and political upheavals in the 1840s. Financial co-operatives in Canada and the US took the form of credit unions. Farmers were inspired to form co-operatives to remove “middlemen” who charged them fees to handle their products and increase their bargaining power. The formation and development of the ICA highlights the international dimension of co-operative movement. While initially dominated by the UK, its membership has spread throughout the world with the establishment of regional offices in Africa and Asia. It has become a forum for defining the evolving principles of the co-operative movement and promoting co-operative culture through ideas such International Co-operative Day.

While Australian historiography has generally overlooked co-operatives or dismissed them as not being significant, this study, using the trend data provided by the VHAAC, which currently maps and visualises the organisational histories of 9,557 Australian co-operatives over time and space, and documentary sources, has challenged this neglect. The neglect reflects the cross-class nature of co-operatives as well as their positioning as a middle way between liberal capitalism and state socialism. Australian co-operatives have also had problems with developing a national movement given their state-based legislation and divisions between different types of co-operatives. The data provided by the VHAAC highlights that co-operatives have been a significant part of Australian life since the 1820s, with geographical concentrations in particular locations and regions. There are also many different types of Australian co-operatives that have been developed to assist farmers, workers, consumers, small businesses and Indigenous communities to overcome market failures and as well as develop significant economic and social infrastructure. Community co-operatives in the eastern states provided important facilities for Australians in educational, sporting and recreational activities. The data recorded in the VHAAC also indicate that co-operatives can provide services for their members for decades and in some cases for over 100 years.

Australian co-operatives before 1860 were associated with the arrival of British immigrants following the European invasion of Australia. Some brought with them their experience with early co-operatives in the UK. At the time colonial newspapers reported on co-operative developments in the UK and elsewhere. There was a lack of clarity over meaning of co-operation with opposition by some early co-operators to Robert Owen’s ideas on religious grounds. Rochdale co-operation started to have a direct impact from the late 1850s. As in the UK the legal framework for co-operatives was poorly developed with legislation providing a clearer definition for building societies. As the SA building society legislation highlighted, the UK legislation was not directly copied but was adapted to meet local interests.

There were a wide variety of co-operative ventures. There were ideas for community co-operative settlements for both British immigrants and Indigenous Australians. There were examples of early worker/producer co-operatives in the printing and building industries which had limited capital requirements but required skilled labour. Goldminers were also interested in co-operatives

as the capital requirements of mining increased. There were early forms of consumer co-operatives with the first Rochdale consumer co-operatives from 1859 in Brisbane and the Victorian goldfields. Terminating building societies were the most numerous form of the early financial co-operatives fuelled by building booms associated with the gold rushes. Building societies also highlighted early regional differences with SA and then Victoria having more societies compared to NSW.

There was dramatic growth in the Australian economy and population during the period from 1860 to 1890. Rochdale provided an important model for the growing consumer co-operative movement that also aimed to protect living standards by reducing the prices of groceries and staples, such as bread and meat. While there was legislative encouragement through the passage of IPSA in several colonies, there were fluctuations of interest in the Rochdale model, but overall the movement grew. While the labour movement preferred to achieve its objectives through industrial action, there continued to be some interest in worker/producer co-operatives. Dairy farmers were also influenced to form marketing and processing co-operatives by Danish developments and strong desire to increase their returns by cutting out the “middle men” and pooling their resources to embrace new technology.

There was a major growth in building societies, particularly in Victoria, with building societies there exposing themselves to a greater risk by weakening the terms of their loans to compete and by engaging in speculative activities. While there was a legislative recognition of the need to regulate building societies during the building boom, there was a significant oversight in the Victorian legislation regarding speculative activity and evasion of regulation as some building societies registered as companies in Victoria and Queensland.

Despite the economic uncertainty that followed the collapse of the long boom, Australian co-operatives continued to expand during the period leading up to the First World War. Both consumer and agricultural co-operatives grew. Consumer co-operatives developed links with the CWS and further spread into regional and metropolitan areas. They followed the UK movement with the establishment of women’s guilds and a NSW co-operative wholesaler. The 1897 CWS visit heightened the interest of agricultural co-operatives in the export trade with an explosion of dairying co-operatives and expansion into fruit growing areas. There was short-lived growth in worker/producer co-operatives and co-operative community settlements as workers and governments responded to the economic and social challenges of the 1890s Depression. There was a decline in building societies with the loss of confidence arising from the 1890s crashes but the rise of the self-financed Starr-Bowkett societies, which gave the Australian movement a distinct identity given their outlawing in the UK. By 1914, there were still major challenges such as the failure to organise nationally and the rise of the Labor Party which focussed on the state as a means of increasing workers living standards.

While there was overall growth in the number of Australian co-operatives from 1914 to 1945, there were fluctuating fortunes for varying forms of

co-operation. Agricultural co-operatives steadily grew, with fruit packing and processing becoming another focus of activity, while consumer co-operatives peaked in the early 1920s following the inflation and unrest of the First World War. The significant role of the state in shaping the Australian co-operative movement was highlighted particularly in NSW and Queensland where respective state legislation encouraged the formation of co-operatives and shaped their form, such as in the case community co-operatives in NSW and agricultural co-operatives in Queensland. State intervention in NSW following the Depression revitalised terminating building societies, which still faced a lack of public confidence arising from the financial turmoil of the 1890s. While the development of the Country Party provided a political ally for agricultural co-operatives, the Labor Party in Queensland championed co-operatives as a way of forging a worker-farmer alliance.

The Australian co-operative movement saw a geographical shift in influence and internal conflict. WA co-operatives became significant actors in the development of Australian co-operatives. The co-operative movement, through the WFL, rather than government, led the dramatic growth of agricultural co-operatives in the WA Wheat Belt at the end of the First World War and encouraged co-operatives to combine their interests in WA through the CFWA. The rise of community co-operatives in NSW contrasted with WA, where similar types of organisations were encouraged to register as incorporated associations. There were general disagreements over the interpretation of Rochdale principles and tensions around gender within the consumer co-operative movement. Despite these disagreements, by the end of the Second World War, there were co-operative federations at a federal level and in most states.

The post-war economic boom brought mixed fortunes for Australian co-operatives but overall, there was a major surge in the number of co-operatives. UK influence declined as it moved to enter the EEC. There was a rapid growth in the number of financial co-operatives with the quest for finance to fund personal loans and housing. State governments strongly encouraged credit unions, which were influenced by the North American movement, and CBS or CHS. Business co-operatives expanded to meet the competitive challenges faced by small business and favourable legislative changes saw a major growth of community co-operatives in areas such as registered clubs in NSW and school fund-raising co-operatives in Victoria. There was also a growing interest in education and training, health, housing and Indigenous co-operatives, with the latter providing a vehicle for the federal government's increased Indigenous funding after the 1967 constitutional referendum. Rochdale consumer co-operatives went into decline, however, facing major challenges as competitors were able to take advantage of the development of supermarkets and supply chain management. While the number of agricultural co-operatives peaked in the early 1950s, there was a consolidation of co-operatives, particularly in the dairying sector, and the expansion of agricultural co-operatives into areas such as fishing, where government intervention assisted fishers facing exploitation by agents, and export sectors such as cotton and rice.

In the wake of the end of the post-war boom, co-operatives faced challenges and the number of Australian co-operatives declined. Neo-liberalism highlights the dangers of an unsympathetic state for co-operatives. It challenged the mutuality on which co-operatives, increased international competition and encouraged demutualisation, with a state policy priority being given to IOBs. Credit unions continued to grow in terms of members and financial assets, but public policy initiatives shifted their focus away from co-operative principles. Building societies faced pressure to rationalise and demutualise to ensure financial viability and meet increased regulative scrutiny particularly following the Pyramid Building Society collapse. While there was successful resistance to demutualisation in CBH and Norco, the numbers of agricultural co-operatives continued to decline. Despite these setbacks, the development of a counterculture following the 1960s encouraged the growth in co-operative community settlements particularly in NSW. Against the background of influences such as Mondragon in Spain and local co-operative development agencies in the UK, there was a short-term upsurge in worker co-operatives in the 1980s with the encouragement of state Labor governments and unions. They, however, viewed them as a way of maintaining employment in the declining manufacturing sector rather than a long-term shift towards economic democracy. There was a surge in growth of housing co-operatives and the beginnings of a food co-operative movement built around the organic and local food movements. Other new initiatives included platform, social and arts co-operatives. Despite these developments, the co-operative movement remained fractured and weak at a national level, with the collapse of the AAC in 1993, inhibiting its ability to counter Neo-liberalism.

Since 2009, there have been major national advances for Australian co-operatives with the decline in numbers of Australia co-operatives slowing down particularly with the consolidation of financial co-operatives. The GFC internationally led to some questioning of IOBs and Neo-liberalism. Co-operators, with the support of mutuals, took the initiative against the background of the IYC to form the BCCM, which mobilised considerable resources to raise the sector's profile and achieve legislative reform to ensure a level playing field with IOBs. It filled the historical void of a strong national organisation of co-operatives and provided the environment for the expansion of the CF at the state level as state organisation collapsed in the Eastern states. The adoption of the CNL has helped alleviate the legal disadvantages of co-operatives relative to IOBs. The decline in financial co-operatives continued through amalgamation and their transformation into mutual banks. There was a short-lived reversal of the decline in agricultural co-operatives in 2016–2018 with FT, another example of a favourable state intervention for co-operatives. There were declines in housing, business, community and Indigenous co-operatives, and demutualisations remain a feature of the Australian co-operative landscape. There has been a slight increase of interest in energy, platform, consumer, social and worker co-operatives.



By 2023, the decline of Australian co-operatives has slowed. The BCCM continues to play a crucial role in promoting Australian co-operatives, as do COBA, Co-operatives WA and the CF. While traditionally state initiatives, such as CBS and more recently FT, have helped promote Australian co-operatives, co-operatives are self-help organisations built from below. Unless they are an integral part of Australian culture and the Australian education system, they remain a vulnerable form of economic democracy. Their virtual absence from educational curriculum, whether at secondary or tertiary level, compared to traditional capitalist business approaches remains a weakness and another barrier to be broken through by the Australian co-operative movement.

Despite these challenges, some Australians continue to see co-operatives as the solution for the failure of existing institutions to resolve issues such as aged care, disability support and Climate Change. There is further potential for Australian co-operatives to expand in the digital economy with platform and data co-operatives. The question of the ownership and practices of the platforms owned and managed by IOBs rather than their “members” is an important public policy issue.



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