

In the field of social enterprise there is a range of naturally occurring ‘types’ that emerge from common approaches, ideals, and social purposes. Social Traders, working with a number of experts, have developed this series of Social Enterprise Info Briefs to capture the unique characteristics of each social enterprise type.

Co-operative Social Enterprises

What are they?

A Co-operative Social Enterprise (CSE) is a democratic enterprise that is formed to meet a common social need of its members. In Australia, a CSE is an incorporated body registered under nationally consistent state and territory co-operatives law. Unlike traditional co-operatives, which are formed to provide economic benefits to small businesses and consumers, CSEs are prohibited under law from distributing surplus funds to members from profits or upon winding up.

CSEs first appeared as community advancement societies (clubs, ski lodges, bus services) in New South Wales following Australia’s first specific co-operatives legislation in that state in 1923. Community advancement societies did not appear in other states until corresponding legislation was passed in Victoria in 1953, Queensland in 1967 and South Australia in 1983. Following advances in social policy in the 1970s, new forms of CSE such as child care, education and FM radio co-operatives emerged. Social housing, employment, health care and indigenous co-operatives were developed in the 1980s.

Most CSEs in Australia are owned by and serve a single stakeholder group, such as parents (child care co-ops), low income tenants (social housing co-ops), the aged and infirm (meals on wheels co-ops) and the disadvantaged (indigenous co-ops). A few have evolved from serving a single stakeholder group to providing services to other stakeholders who are not members (employment services co-ops).

Other CSEs are structured as community enterprises, where membership and services are available to the general public (health care and FM radio co-ops). Community enterprises usually serve both members and non members, with members receiving additional benefits such as discounted products and/or services.

Why do we need these?

CSEs provide a model for responding to a common need facing a group. It is an empowering model where the beneficiaries from the co-operative are also members with voting rights. In the process of meeting an important collective need they also have the capacity to strengthen communities through values and structures that foster self-help, self-responsibility and equality.

While a CSE has many of the features of other not-for-profits (limited liability, membership based, board of directors, democratic decision-making), the main difference is that a CSE has the option of raising capital by issuing shares to members. While shares in a CSE do not attract a dividend (because of its non-profit status), they remain the personal property of



the member and, except in certain circumstances, are redeemed when the member resigns or membership is cancelled.

What outcomes do they achieve?

The outcomes achieved by a CSE are primarily related to the purpose for which it was formed. In a child care co-operative, the outcome for its members is access to quality child care at an affordable price. For tenants in a social housing co-operative, the outcomes are lower rent and security of tenancy.

CSEs also promote social cohesion by reinforcing certain basic values such as an emphasis on sharing, the need to accommodate the interests of others and empowerment through democratic practices.

How do they perform financially?

Most CSEs operate as financially sustainable enterprises, with income being derived from the provision of services to members. Some CSEs such as employment services, health care and indigenous co-operatives rely on some form of government assistance, whether as income from contracted services, medical rebates or grants for cultural and other purposes. CSEs have a good track record as commercial enterprises. Many CSEs formed during the past three decades still operate today. Some have grown into multi-million dollar enterprises, with one in Victoria (Ballarat Community Development Centre Co-operative Ltd) reporting a turnover of more than \$13 million, assets totalling \$7.9 million and employing over 130 staff in 2008. While a few have been dissolved as a result of business failure, most CSEs are conservatively managed and will continue to operate until its members determine that the need for the co-operative no longer exists.

Prominence in Australia and overseas

Co-operatives have existed in some form in Australia for 150 years. Since the first known community owned retail store was established in Brisbane in 1859, co-operatives have spread across Australia following the nation's pattern of economic and social development. Today, there are over 2,000 co-operatives operating in Australia.

Due to legislative support most CSEs are found in Victoria and New South Wales and are prominent in the child care, social housing and indigenous services sectors. CSEs are also prevalent in Europe, Canada and the United States.

Examples in Australia

- Ballarat Community Development Centre Co-operative Ltd - www.bestcd.org.au
- Clifton Child Care Co-operative Ltd (Victoria) - www.cliftoncoop.org.au
- Northcote Rental Housing Co-operative Ltd (Victoria) - www.nrhc.coop



- Resource Work Co-operative Society Ltd (Tasmania) - www.resourcetipshop.com
- Radio for the Print Handicapped of NSW Co-operative Ltd - www.2rph.org.au
- Westgate Health Co-operative Ltd (Victoria) - <http://www.westgatehealth.coop>
- Web site links to CSEs in Australia – www.coopdevelopment.org.au/cselinks.html

References, Research and Resources

The Australian Centre for Cooperative Research and Development (ACCORD) operated from 2000-05. ACCORD research is available at:

<http://www.business.uts.edu.au/cacom/publications/accord.html>

Cooperatives In Australia - A Background Paper by Mark Lyons, published June 2001.

Building Sustainable Communities: Co-operative Solutions to Rural Renewal by Jo Barraket, published October 2001.

State of the Sector: New South Wales Co-operatives 1990-2000 by Jayo Wickremarachchi and Andrew Passey, published June 2003.

Co-operative Development Services Ltd - www.coopdevelopment.org.au

Cooperatives Victoria - www.australia.coop/victoria/

For further information

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