



Western Australian Co-operative News

Newsletter of the Co-operative Federation of Western Australia Inc.
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Summer 2001–2002

THE CO-OPERATIVE ADVANTAGE

May conference brings rewards

Those who attended the CFWA conference on 15 and 16 May were rewarded with excellent contributions from Tom Webb, Mark Dixon, Jo Parker and Kaye Plummer. Let's start with Tom Webb, prominent Canadian consultant to and speaker on co-operatives. In the Arthritis Foundation of WA, of which I am a board member, we say "something can be done". Tom took this approach in his address *Marketing the Co-operative Advantage* (MOCA).

"The objective...is to explore how we think about co-operatives and marketing. MOCA is based on a belief that there is an enormous opportunity to be had by co-operatives if their marketing reflected their pride, not only in the products and services they sold, but in who they were as co-operatives." "Because a co-operative is a group of people working together to meet their needs, all transactions should reflect an openness and trust not possible if each party is out to benefit at the expense of the other..." "This is the co-operative advantage!" These simple statements are complex in their ramifications and powerful in their effect.

Tom said that, because of their complex nature, co-operatives are difficult to manage. But, over six sessions, he described how to meet the challenge, giving examples from his experience in eastern Canada. (cont page 2)



COOPERATIVE WINS NATIONAL IT AWARD



Frank O'Connor, General Manager (recently retired) Capricorn Society Ltd

(See Capricorn story, page 2)

THE CO-OPERATIVE ADVANTAGE (cont)

He pointed to the need to measure the critical aspects of co-operative operations to understand how well they satisfied the needs of the various stakeholders. His discourse covered:

- the global challenges affecting our lives;
- key strengths of co-operatives;
- marketing versus co-operative education;
- key marketing opportunities;
- image marketing versus character marketing
- research indicating that
 - the values that underlie co-operation are valued around the world
 - people appreciate co-operatives and credit unions, and
 - a high proportion of people prefer to buy from co-ops, other things equal, but that
 - understanding and awareness of co-ops is low, and
 - case studies showing that when co-operative values are made the core of our marketing, it works!

Mark Dixon, of Anysize Software Pty Ltd, and Jo Parker, from Capricorn Society Ltd, gave practical insight, combining excellently to take some of the mystique out of computing and Information Technology. This encouragement to those starting out on the IT path included helpful examples of what can be done to improve business information and processes. Mark explained applications that can be easily performed on hardware common to most small to medium-sized organisations. Jo gave an extensive review on how Capricorn has developed many of those applications to give better management and customer information, at the same time streamlining their processes to save time and money.

Complementing the other sessions neatly was Kay Plummer, a co-director of ACCoRD and Senior Lecturer in Accounting at Charles Sturt University. Kay offered ideas on how to develop suitable measures for co-operatives. She spoke about using the Balanced Scorecard to drive strategy and measure performance in co-operative organisations. An essential part of the Scorecard is balancing financial measures with other measures of organisation activities and goals: the multiple bottom line.

I consider the conference one of the most relevant we have held: there was much useful information, plenty of opportunity to participate and fun for all fortunate enough to attend. Well done John Booth!

Bill Robertson, 2 July 2001

COOPERATIVE WINS NATIONAL IT AWARD

Capricorn is National Champion!

The Capricorn Society website is the unanimous winner under the Australian Information Technology and Tele-communications Awards. Capricorn, the National Champion in the Infrastructure/Best Communication and/or Information Service category for 2001, won its award after rigorous judging of eight finalists from each Australian state. The highly commended website is: www.capricorn.com.au

The Society is recognised as the largest independent automotive parts-buying cooperative in Australia, with over \$260 million turnover in Australia and New Zealand. The Capricorn online service enables a total of 5,500 members, 1,000 suppliers, staff and the general public access to a vastly enhanced delivery of individualised information.

Already winner of the 2001 Western Australian State Information Technology and Tele-communications Award (WAITTA), the Capricorn website has repeated its resounding success at a national level. The award was presented on 9 May at the Australian Tele-communications Users Group (ATUG) Annual Conference 'now 2001' held at Darling Harbour, Sydney. Judging criteria included management excellence, innovation, benefit to the community and customer service excellence.

Developed in conjunction with Perth WA online business experts, Internet Business Corporation (IBC), the highly interactive website features an effective solution for an extremely complicated online option and forms part of Capricorn's total business strategy. Members can perform extensive searches, request quotations, place orders and track invoices. Auxiliary services, including health, travel and legal advice, are also available.

An accounting system Unique to the website provides instant line credit with 1,000 suppliers on one Capricorn account. (concl page 4)

FEDERATION COUNCIL NEWS

The Council

The Annual General Meeting was held on the 15th November and resulting there from Council Members and their nominated representatives for the next year are:

<i>Organisation</i>	<i>Representative</i>	<i>Telephone</i>	<i>Fax</i>
Capricorn Society Limited	Hugh Lennerts	9470 2665	9470 6013
Co-operative Bulk Handling Limited	John Carstairs	9293 4041	9293 3563
Co-operative Purchasing Services Limited	Noel Higgins	9352 4777	9361 4272
Grain Pool of WA	Andy McGlew	9646 1229	9646 1258
MBL Food Services Co-operative Limited	Tony Wray	9361 3321	9361 5764
Mt. Barker Co-operative Limited	Warren York	9851 1011	9851 2355

The Executive

Chairman	Tony Wray
Deputy Chairman	—
Executive Committee Member	Hugh Lennerts
Executive Officer	John Booth

The positions of Deputy Chairman and Executive Committee Member come up for election at the March Council Meeting. Mr W York did not seek re-election as chairman for a second term and at the November council meeting Mr Tony Wray was elected Chairman.

Council vacancies

There are five vacancies on Council. It is important these vacancies be filled to ensure that the co-operative sector is fully represented in forming policies during this period of very rapid change.

These positions are not onerous or time-consuming, as there are only four meetings scheduled for 2002 (March, May, August and November). Taking a position gives the representative a much greater awareness of co-operative sector activity and a forum for contributing to that activity.

Any member wanting further information on positions available or considering nominating for Council please contact John Booth before the next meeting of Council, which will be held in March 2002.

CONFERENCES 2002

Following are preliminary details of conferences that may be of interest.

March	WAFF Annual Conference, Perth
September	CFWA Annual Conference, Perth
September	NSW Co-operative Federation Annual Conference, Penrith, NSW
September	Monash Agricultural Directors Seminar, Melbourne

NOTICE TO READERS

Every effort is made to ensure the accuracy of information presented in this newsletter. However, no responsibility is accepted for any errors, or for views expressed, which may not necessarily reflect those of the Co-operative Federation of Western Australia Inc.

NEWS FROM THE CO-OPERATIVES

Wagin and Districts Co-operative Ltd.

Wagin Co-operative acquired the Dumbleyung General Store in June 1999 and has continued to operate the business under that name.

(Apologies for the late notification to Co-operative News readers, but it is a change to hear of a co-operative being the consumer rather than the morsel! Ed.)

Fremantle Fishermen's Co-operative Society Limited

The Co-operative Society has converted to an unlisted public company and now operates under the name Bluewave Seafood Limited.

Grain Pool of WA

Mr Peter Reading has been appointed CEO.

Western Australian Meat Marketing Co-operative Limited

Mr Des Griffiths has been appointed CEO.

Westralian Farmers Co-operative Limited

In February Wesfarmers Ltd moved to unwind its complex ownership structure by unlocking the 50% stake held by the Westralian Farmers Co-operative, the 87-year-old rural co-operative in which Wesfarmers had its origins. The restructure involves the exchange of units and options in Franked Income Fund (FIF) for Wesfarmers shares, the exchange of stock in the co-operative for Wesfarmers shares and the acquisition by Wesfarmers of Greshem Partners Management, its half owned merchant banking arm that manages the FIF.

Co-operative Purchasing Services Limited (CPS)

Mr Noel Higgins has been appointed Deputy General Manager and has replaced Mr Keith Prout as the co-operative's representative on Federation Council. During April CPS relocated to larger, extensively refurbished premises in Kewdale.

BKW Co-operative Limited

The official opening of the newly completed 1000-square-metre hardware complex was on 8 November, coinciding with the very successful members' open day.

Capricorn Society Limited

Capricorn Society, recognised as the largest independent automotive parts buying co-operative in Australia with a turnover in excess of \$260M, is the National Champion of the Infrastructure/Best Communication and / or Information Service category for 2001. Mr Frank O'Connor, Capricorn's General Manger for 30 years and its representative on Federation Council for 17 years, took early retirement in September. (See article.)

Challenge Dairy Co-operative Limited

Mr Don Geare has been appointed CEO and Mr Roger Kay remains General Manager Operations. Don was previously Managing Director of the former Manjimup Syndicate Cool Stores Co-operative Limited during the period that saw a six-fold increase in turnover.

Mt. Barker Co-operative Limited

In September the co-operative moved the grocery and administration divisions to the extensively rebuilt southern end of the original buildings, where they also opened a cafe and hot bread shop.

Co-operative Bulk Handling Ltd./ The Grain Pool of Western Australia

The Boards of the state's premier grains storage, handling and marketing organisations have unanimously agreed to integrate their activities. The new entity will have a co-operative structure, remain owned and controlled by WA grain growers and lead to an increased ability to create value for WA grain growers, which they could not have achieved separately. This enhances the international competitiveness of the Western Australian grain industry.

* * *

COOPERATIVE WINS NATIONAL IT AWARD (concl)

Transactions for members are password-protected and purchases are done through secure online purchasing. The extensive range of services is complemented by access to free e-mail addresses and all suppliers areas, ensuring the best price from the group negotiators rate is received.

FROM THE EXECUTIVE OFFICER

2001 Annual Conference

Exit responses to the conference were very positive but the continued lack of support and participation by members is disheartening. To try and revitalise interest and continue to attract internationally and nationally recognised presenters, Council has decided to change the date of the conference to September 2002. (See box.) For any further information or comments on this change of date please contact John Booth at the Federation offices.

Member input

It is vital for a peak body to receive continual constructive input from its members to remain relevant. The Federation's achievements in its role of co-operative development are regularly demonstrated as is the advisory service provided to member co-operatives. Input from co-operatives of a size to be self sufficient is required to show how the Federation can be of relevance to them, even if it is only to progress the awareness of co-operatives in the wider community, which will have a flow on effect for them. To date this element of input to the Federation is minimal.

Federation Council Vacancies

Council currently has five vacancies, the majority of which resulted from the forced resignations of co-operatives owing to restructures (Fremantle Fishermen's co-operative and Westralian Farmers Co-operative) and a takeover (The Nursery Co-operative). It was unfortunate that the loss of such committed and capable expertise occurred in the one year with no 'succession planning' in place. With the probable merger of CBH and The Grain Pool within the next 12 months, Council is likely to lose another experienced and committed member.

Change is occurring within the commercial and community co-operative sectors at a very rapid rate, brought about by globalisation and government requirement for financial self sufficiency. If this change is to be managed and developed successfully it is imperative that the vacancies be filled by members who believe in the co-operative principles and have the expertise and commitment to make a contribution in these

very important commercial and social environments.

Currently two co-operatives are considering nomination to council, but this still leaves three vacancies. If any member or reader has any queries on Council membership please contact John Booth at the Federation offices.

Co-operative legislation

The March/April Co-operative News will contain an update on the introduction of the legislation and comments on the more important areas of possible change. It is anticipated that a draft Bill may be available for discussion during the middle of next calendar year, but this is not the first time we have shown optimism.

Federation Council is restructuring the legislative subcommittee; any co-operative wishing to be represented on the committee please contact John Booth.

ANNUAL CONFERENCE

SEPTEMBER 2002

Council has changed the date of the Annual CFWA Conference to September for several reasons:

- To try and obtain access to quality international and Australian presenters by sharing costs of travel and fees with the other states
- To attract more delegates, co-operatives and possibly third parties, to the conference
- To make the Federation's Annual General Meeting more relevant by holding it during the conference.

...and Briefs

This space is deliberately blank for comments and contributions by members and/or readers.

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CHAIRMAN'S REPORT

Presented at the 81st Annual General Meeting of the Co-operative Federation of Western Australia Inc. 15 November 2001.

OPERATIONAL

In June 1996 your Federation opened independent premises with the appointment of our Executive Officer Mr John Booth, who has operated the office on his own since then. For the past three years our office has been located on the ground floor of Capricorn House 172 Burswood Road, Burswood. Although Capricorn Society Limited readily assists in so many ways (for example the use of meeting facilities) the independence of the Federation has been maintained.

A few comparative statistics demonstrates that the funding, operation and make-up of the Federation has changed considerably since June 1996. These statistics do not include 'not-for-profit' co-operatives.

	1996	2001
Active co-operatives	45	62
Member co-operatives	35	51
Subscriptions received	\$25,010	\$17,805
Interest received	\$32,259	\$18,157
Term Deposit Interest rate	7.2%	4.5%
Dividends received	\$10,002	\$16,769
Fees generated	\$4,600	\$45,840
Costs	\$64,859	\$107,286
Surplus/(Deficiency)	\$12,562	(\$8,715)

The net increase in active co-operatives is encouraging and it is interesting to note that the Federation has been involved to varying degrees with the formation of every co-operative during this period. Corporate restructures, the selling or defuncting of co-operatives, changes in membership categories along with static levels of subscription and with most new co-operatives qualifying for the minimum subscription have been the reasons for the fall in subscriptions received.

Fees generated are for professional services rendered to individual members and non- members for specific projects. These fees were abnormally high for the years ended 30 June 2000 and 30 June 2001 and it is anticipated that the current year will revert to a more normal level.

In 1996 Federation Council acknowledged that an independent full time office would operate at a deficit. However, it was never envisaged that Federation would be handling the many general enquiries that have been generated by the renewed interest in co-operatives as a form of enterprise, nor be involved so fully in Australia-wide discussions on the new Act. We have reported previously that Federation is seeking a commitment from our Government of Western Australia to fund portion of Federation's operating expenses in recognition that our Executive Officer handles many general enquiries that in other states of Australia would be dealt with by a fully-staffed Government Department.

Along with our Vice Chairman and Executive Officer I met with Mr John Kobelke Minister for Consumer & Employment Protection; and Leader of the House in the Legislative Assembly, to discuss such funding but admit to leaving the meeting quite pessimistic of our prospects.

LEGISLATION

After many years of discussion and development the new Core Consistent Provisions Co-operative Legislation was adopted by Victoria in 1996. The other states and territories have since adopted this legislation which it is anticipated, will be adopted by WA during the latter half of calendar 2002.

The delay was a deliberate decision by WA because it was considered that the legislation was flawed in certain areas and too inflexible in other areas. These concerns have been accepted and recognised by the other states which have introduced numerous amendments to their individual Acts. Major reviews are currently being conducted relating to the areas of distribution of the surplus, capital raising by financial instruments other than shares and mutual recognition of the legislation.

Federation Council and the relevant State Government Department, Consumer Protection, have a close and open working relationship and are both progressing the introduction of this new legislation.

As advised previously a Legislation Sub Committee of Federation has been active and, as legislation is imminent, is to invite members to participate on that sub committee. It is important that members of that committee commit to attendance of all committee meetings.

FEDERATION COUNCIL

Federation Rules allow for a Council of 11 members. Members currently represented on Council are:

- Co-operative Bulk Handling Limited
- The Grain Pool of WA
- Capricorn Society Limited
- MBL Food Services Limited
- Co-operative Purchasing Services Limited
- Mount Barker Co-operative Limited

With the very recent announcement that the first two are to merge, the representation will be down to five. Obviously there are currently five and probably six vacancies so we would urge members to consider contributing to the Co-operative movement by nominating for Council. The new Act will govern all co-operatives and the activity level of Federation is expected to rise dramatically from now on until the Act becomes law and the individual co-operatives have bedded down their activities with the new regime. Members, please give this your earnest attention.

For many, many years our Federation has enjoyed fundamental encouragement and considerable financial support from three co-operatives in WA: Westralian Farmers Co-operative Limited, Co-operative Bulk Handling Limited and the Grain Pool of WA. However, in more recent times it has been considered more appropriate that these higher subscriptions be reduced to the level of other co-operatives. Accordingly we have placed before this Annual General Meeting the Special Resolution to amend the Rules to reflect this change in fundamental financial assistance to the Federation. We commend this alteration to you. With the corporate restructure of Wesfarmers and the pending arrangements between CBH and the Grain Pool, Federation will never be quite the same again!

On behalf of Council I would like to acknowledge the contributions to the Federation by Bill Robertson who represented Westralian Farmers Co-operative Ltd for years and retires following the Wesfarmers Group restructure. Contributions by Capricorn Society's representative Frank O'Connor (15 years) and Boyup Brook Co-operative's representative Wally Treloar (seven years) were acknowledged late last year by the presentation of certificates in recognition of their services.

CONFERENCE

In May 2001, the 33 attendees at our Annual Conference were challenged to rethink their co-operative: its membership, how it can use E-Commerce, accepting that managing a co-op is different and harder, and how we can Market Our Co-operative Advantage (MOCA) amidst the trend to globalisation. The Conference was scheduled to accommodate our presenters availability, which unfortunately coincided with seeding, but in 2002 the Conference is planned for September when we trust a few more co-operatives will be able to attend. Federation is planning that its Annual General Meeting will be held during that Conference.

Individually and collectively, we are being compelled by forces beyond our control to conduct reality checks on what we have perhaps taken for granted hitherto. The scourge of terrorism and the fear and uncertainty it generates, the corporate collapses and their financial implications, and the consequent effects on our lives, the increasing complexity and accountabilities (and therefore costs) of running a business, are all impacting on our lives.

I believe the concept of co-operation is fundamental to our social survival although the form it takes may vary through time. Let's therefore resolve with our Federation and also with our 'own' co-operatives that this spirit of co-operation will be enhanced by our contribution and 'the priming of the pump' for future generations.

Finally, in closing, I would like to thank my fellow councillors and the Executive Officer for the considerable effort required in the development of the Federation over the years.

Warren York, Chairman
13 November 2001

AGRIBUSINESS CO-OPERATIVE DIRECTORS MEET

The 2001 Agribusiness Co-operative Directors seminar attracted a record number of directors from a wide range of national and international agricultural co-operatives. The 70 participants, representing most agriculture sectors, were mainly from the dairy industry followed by sugar and farm inputs.

The focus of the seminar was on co-operative growth. The keynote speaker, Dr Onno-Frank van Bekkum, of Nyenrode University, Netherlands, spoke on the key issues of linking business strategy with internal structural organisations. He emphasised the point that as a co-operative moves from 'commodity' to 'value-added' strategies it must also move from the traditional 'collective' structures to a more 'individualized' member-incentive structure.

The WA representatives were United Farmers Co-operative Company Ltd. 3, South West Irrigation Management Ltd. 2, and the Co-operative Federation of Western Australia Inc./Challenge Dairy Co-operative Ltd 1.

The Chairman in Residence was John Roadley, Chairman of Fonterra Co-operative Group, New Zealand. Mr Roadley was named the winner of the Sir John Monash Gold Medal for exceptional contribution to an agricultural co-operative. The award was in recognition of Mr Roadley's pioneering work in a pan-industry co-operative, involving the industry's manufacturing and marketing arms and providing sufficient critical mass in the globalising international market, to which 98 per cent of New Zealand's milk is sold.