
2021

The New Zealand Co-operative Economy



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COOPERATIVE BUSINESS NEW ZEALAND



We acknowledge the support of PwC on the research of this report through reaching out to New Zealand co-operatives and researching the co-operative business model in New Zealand.



Introductory Letter

Roz Henry - CEO Cooperative Business NZ

Cooperative Business NZ in collaboration with PwC is pleased to present this report detailing the significant contribution New Zealand's co-operatives make to our economy. This research aims to build on previous research conducted in 2017 titled 'The New Zealand Co-operative Economy' in conjunction with Massey University and The University of Auckland.

Co-operative businesses have long been part of the fabric of New Zealand life. The business model is successfully applied across multiple sectors and fundamental to the way we do business and deliver goods and services. Yet there remains little understanding about the value and opportunities these organisations offer to our economy and communities. It is especially critical that we recognise this as New Zealand navigates a period of significant change post the Covid-19 pandemic and the global need to respond to climate change.

The United Nations provided international government guidelines (R193 - Promotion of Co-operatives Recommendation, 2002 (No. 193)), in conjunction with the International Labour Organisation (ILO), to assist in creating regulatory environments that support co-operative businesses. We need to ensure that New Zealand empowers our regulators to incorporate these recommendations.

As a result, Cooperative Business NZ is looking to regularly update this research to enable current insights to be shared on a consistent basis.

This report has been developed with the assistance of PwC and peer reviewed by Massey University and The University of Auckland. We look forward to the insights from this report continuing to raise the profile of New Zealand's member-owned businesses to assist our Government, regulators, educators, advisors, employees and members of the public to get behind them to ensure their continued success.

The comparison numbers presented in this document for 2015 have been lifted directly from the 2017 Co-operative Economy Report and restated where required. Some of the data from the earlier report may not be consistent given business restructures, changes in classifications and IFRS updates during this period. For any significant or unexpected movement from prior years, the researchers have engaged directly with the co-operatives to clarify the data provided. For these reasons, some entities are showing significant movements in their base data that may not reflect businesses' performance. Details are included in the footnotes.

We hope you find this report insightful.



Roz Henry

CEO Cooperative Business NZ

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Executive Summary

New Zealand Top 30 co-operatives overview

	2015*	2020	CHANGE
Revenue (NZD millions)	\$41,373	\$41,652	0.7%
Total Assets (NZD millions)	\$33,250	\$39,522	18.9%
Employees	47,319	41,159	(13.0)%
Members	1,217,107	1,517,570	24.7%
Top 30 revenue as a % of GDP	17.0%	12.9%	(4.1)%

* 2015 data has been updated to reflect restatements made following the release of the New Zealand Co-operative Economy report published by Massey University and The University of Auckland in 2017 (<https://nz.coop/>).

- This report covers the Top 30 co-operatives and mutuals (referred to as co-operatives throughout the report) based in New Zealand. There are approximately 330 in total being some of New Zealand's most enduring businesses.
- These businesses operate under the internationally recognised co-operative principles (Rochdale principles), as set out by the United Nations (UN) and the International Co-operative Alliance (ILO).
- The report indicates that even with significant changes (i.e. Westlands demutualisation, Silver Fern Farms moving to a hybrid model, and the adoption of IFRS-15 accounting standards), the sector continues to grow with new players entering the market.
- It highlights how critical co-operative businesses are to the New Zealand economy. These businesses being some of our largest and most successful, and the majority were identified as essential services during Covid-19.
- It highlights the range of industries and legislation that co-operative and mutual businesses can be established under.
- It places the spotlight on the multiple opportunities that the business model provides:
 - The operating model / principles will assist New Zealand deliver against our Sustainable Development Goal (SDG) targets which, as a country, we have signed up to with the UN
 - The adaptability of the model enables it to be applied to multiple business structures and industries
 - Supports establishment of start-ups looking to create highly sustainable businesses that work more collaboratively and move away from capital structures
 - Consumer buying behaviour is changing – New Zealanders are looking to support local, reduce waste, and ensure profits are retained in New Zealand to create a more circular economy.
 - The principles these businesses operate under provide an umbrella to support being 'Good Corporate Citizens'
 - Create opportunities to improve the lives and livelihoods of New Zealanders through the creation of scale and joint purpose.

“This report calls for New Zealand Government, educators and business community to work together to invest and ensure New Zealand’s co-operatives continue to thrive and support an avenue for future businesses to be established using the business model.”

- The top 30 co-operatives alone generate revenues of NZD\$42 billion annually. This represents approximately 13% of New Zealand’s GDP, indicating how essential these businesses are to the New Zealand economy, prior to assessing the contribution of all New Zealand co-operatives to New Zealand’s GDP.
 - In a country of 5 million, over 1.5 million are members of the top 30 co-operatives.
 - These co-operatives and mutuals (top 30 only) directly employ over 41,000 employees.
 - This report has only investigated the distributing co-operative businesses. Further work is required to understand the value generated by their 1.5 million members in terms of revenues and employees. The contribution of the co-operatives in conjunction with their members is far greater than this report can ascertain - economically, socially and environmentally. However, the two are intrinsically linked.
 - 75% of New Zealand’s co-operatives sit directly (or enable the success of) our primary sector with specific focus on the agricultural / horticultural sectors.
 - The report highlights the key challenges as identified by their Leadership teams facing these businesses going forward:
- The United Nations (UN) and International Labour Organisation (ILO) have set Policy Guidelines no. 193, which recognise the global contribution to economic and social development co-operatives have. They outline that co-operatives require laws recognising their specificities, and sets guidelines to governments on how to draft co-op law and policy. Here in New Zealand there is an opportunity to ensure this is encapsulated into our regulatory and policy settings.
 - Revenue of Australia’s top 30 co-operatives represent 1.3% of GDP. The Government undertook an inquiry into the sector to understand the importance of co-operatives to their economy with far reaching recommendations that they are continuing to implement.
 - With the impact being so significant here in New Zealand, these businesses and individuals need greater recognition, support, skills development and education pathways.
 - This report calls for New Zealand Government, educators and business community to work together to invest and ensure New Zealand’s co-operatives continue to thrive and support an avenue for future businesses to be established using the business model.

Co-op specific:

- Lack of understanding of the business model
- Access to capital
- Managing member relations

General:

- Regulatory changes
- Access to skilled staff
- Supply chain constraints



“When individuals join in a co-operative venture, the power generated far exceeds what they could have accomplished acting individually”

– Richard Buckminster Fuller- US Architect, Designer and Inventor

“United, there is little we cannot do in a host of cooperative ventures. Divided, there is little we can do for we dare not meet a powerful challenge at odds and split asunder.”

– John F. Kennedy

“The strength of the team is each individual member. The strength of each member is the team”

– Phil Jackson, Former LA Lakers and Chicago Bulls Coach

The quotes above do not reflect the co-operative terms of ownership, control or benefits of co-operative members but intend to demonstrate the positive impact of co-operation on teams and organisations.

What is a Co-operative

Overview

A co-operative is another form of company structure. It is a member-owned and controlled business, where the benefits are derived and distributed equitably on the basis of use.

Instead of shareholders investing funds into the stock market where they have no active engagement with the business and are ultimately looking to maximise returns on their investment at the time of exit, the shareholders of a co-operative can invest in a co-operative (or mutual) when they are 'actively trading' with the business.

An investor in a co-operative generates wealth during the tenure of being a shareholder (member) through deriving benefits and sharing in annual profits of the business. At the time of selling their shares, the value (as a rule) is equivalent to their initial investment.

Co-operatives support the New Zealand economy through providing employment, supporting New Zealand made and ensuring profits remain within the community.

The structure enables the establishment of enduring and sustainable businesses that support multi-generational ownership. Further organisational structures and legislation is explored on the following page. Please see 'methodological notes' in the index of this report for reference on what organisations were deemed co-operative in the context of this report.

Characteristics

Principles

1. voluntary and open membership;
2. democratic member control;
3. member economic participation;
4. autonomy and independence;
5. education, training and information;
6. cooperation among co-operatives; and
7. concern for community.

Additional information on the co-operative principles can be found on page 51.

Values

Self help, responsibility, democracy, equity, equality.

Ethics

Open, honest, socially responsible, care for others.

Differences

Ownership

The co-operative is owned by the people who use it.

Control

The co-operative is controlled by the people who use it.

Benefit

The benefits are generated on the basis of supply and/or usage (patronage).

Success Factors

People

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

Profit

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

Planet


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

Characteristics and values sourced from Co-operative Business NZ. Differences and success factors were taken from the New Zealand Co-operative Economy report published by Massey University and The University of Auckland in 2017 (<https://nz.coop/>).

New Zealand Co-operatives Overview

Legislation	Co-operative Companies Act 1996	Friendly Societies and Credit Unions Act 1982	Building Societies Act 1965	Industrial and Provident Societies Act 1908	Farmers Mutual Act 2007
Examples	Fonterra, LIC, Mitre10, Foodstuffs, MG Marketing, Eastpack, Procure, NZPM, Loomio, Wealthpoint	Southern Cross First Credit Union, The Co-operative Bank, NZCU Baywide, Fisher & Paykel	SBS Bank, Nelson Building Society	Farmlands Accuro, Co-op Taxi's	FMG
Industries	Healthcare, primary sector (agri/hort), construction, manufacturing, retail, housing, sport, platform (technology), transport, insurance	Insurance, banking, financial services	Financial services, banking	Retail, insurance, transport	Insurance
Ownership ¹	Producer, consumer, employee, purchasing / supply chain	Consumer	Consumer	Consumer, supplier	Consumer

1: Co-operatives are owned by the people that use it. This could be producers, suppliers, consumers or employees.

An aerial night view of a city skyline, likely Dubai, with numerous skyscrapers and illuminated streets. A large, white, stylized number '1' is overlaid on the left side of the image.

1

GLOBAL PICTURE



3 million co-operatives in the world.

More than one billion co-operative members globally.

Global co-operatives provide jobs or work opportunities to 10% of the employed population.¹

1: Coop International Co-operative Alliance Belgium (2018) (<https://www.ica.coop/>).

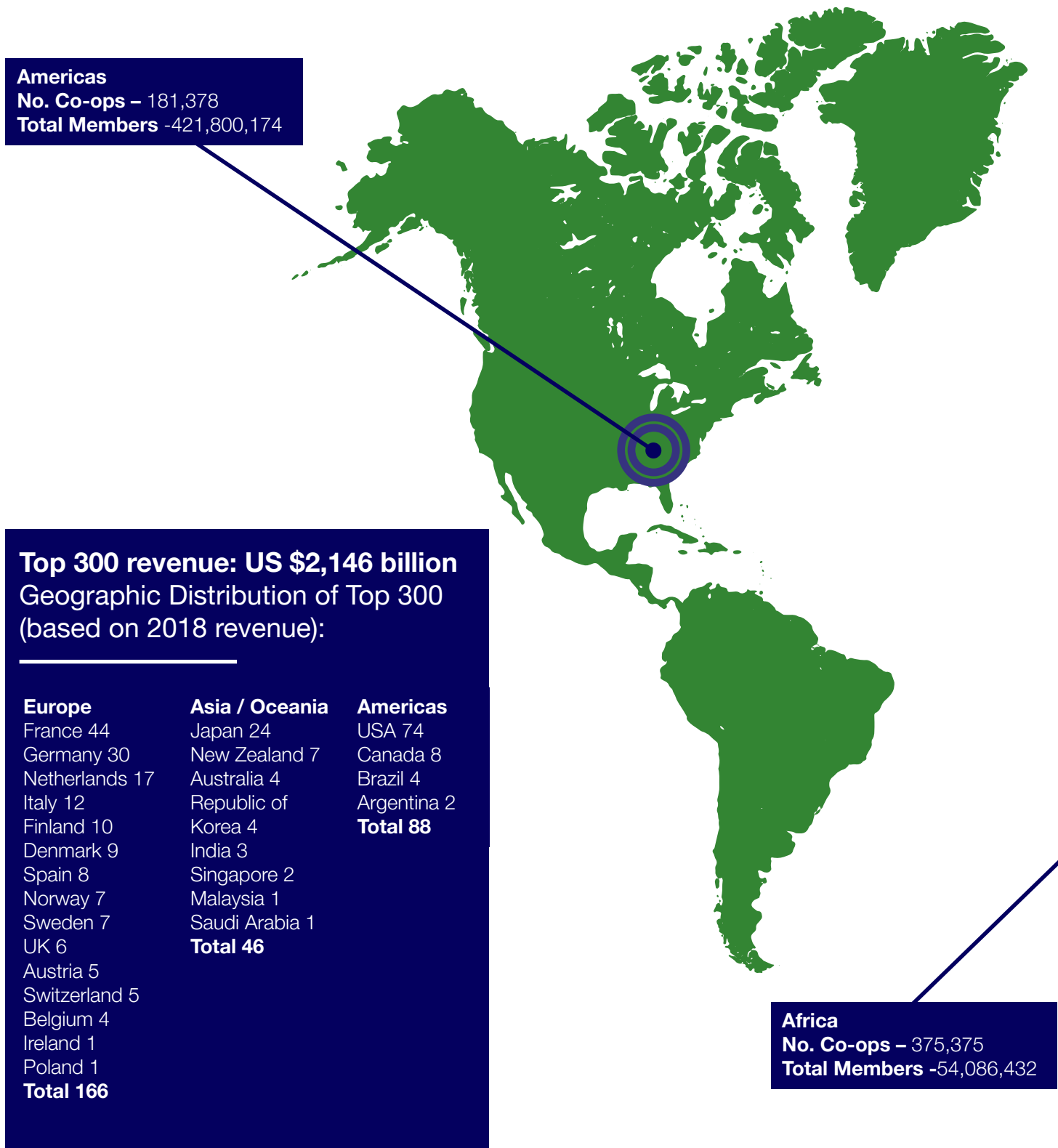
History of Co-operatives and Mutuals Globally

1831	The first co-operative congress held in Manchester, England
1844	Equitable pioneers of Rochdale Society established first co-operative principles
1862	Establishment of Reiffesen (co-operative banks in Europe)
1895	International Co-operative Alliance (ICA) is founded
1937	ICA revises co-operative principles
1966	ICA revises co-operative principles
1971	Committee for the Promotion and Advancement of Co-operatives (COPAC) founded - a joint committee for the promotion of Agricultural Co-operation established by International Labour Organisation (ILO), Food and Agricultural Organisation & ICA
1995	ICA revise co-operative principles to current edition
2012	United Nations celebrate year of co-operatives
2016	ICA signs an agreement with the European Commission a Partnership on International Co-operative Development
2020	ICA held first edition of global youth forum on co-operative entrepreneurship in Malaysia

1: International Co-operative Alliance (<https://www.ica.coop/en/>). Events prior to 2017 were extracted from The NZ Co-operative Economy report by Massey University and The University of Auckland (<https://nz.coop/>).



Total Global Co-operatives and Members: (based on 2018 revenue)¹



Co-operatives contribute to sustainable economic growth and quality employment, providing job opportunities to 280 million people across the globe, which is 10% of the world's working population. In 2018, the top 10 co-operative companies in terms of total revenue were based in France, Germany, Japan, USA and Republic of Korea.



Based on 2018 data Oceania has the largest ratio of total members to number of co-operatives. In 2018, the average number of members in Oceania was 12,900 which is higher than other locations, followed by America with an average 2,325 members per co-operative.

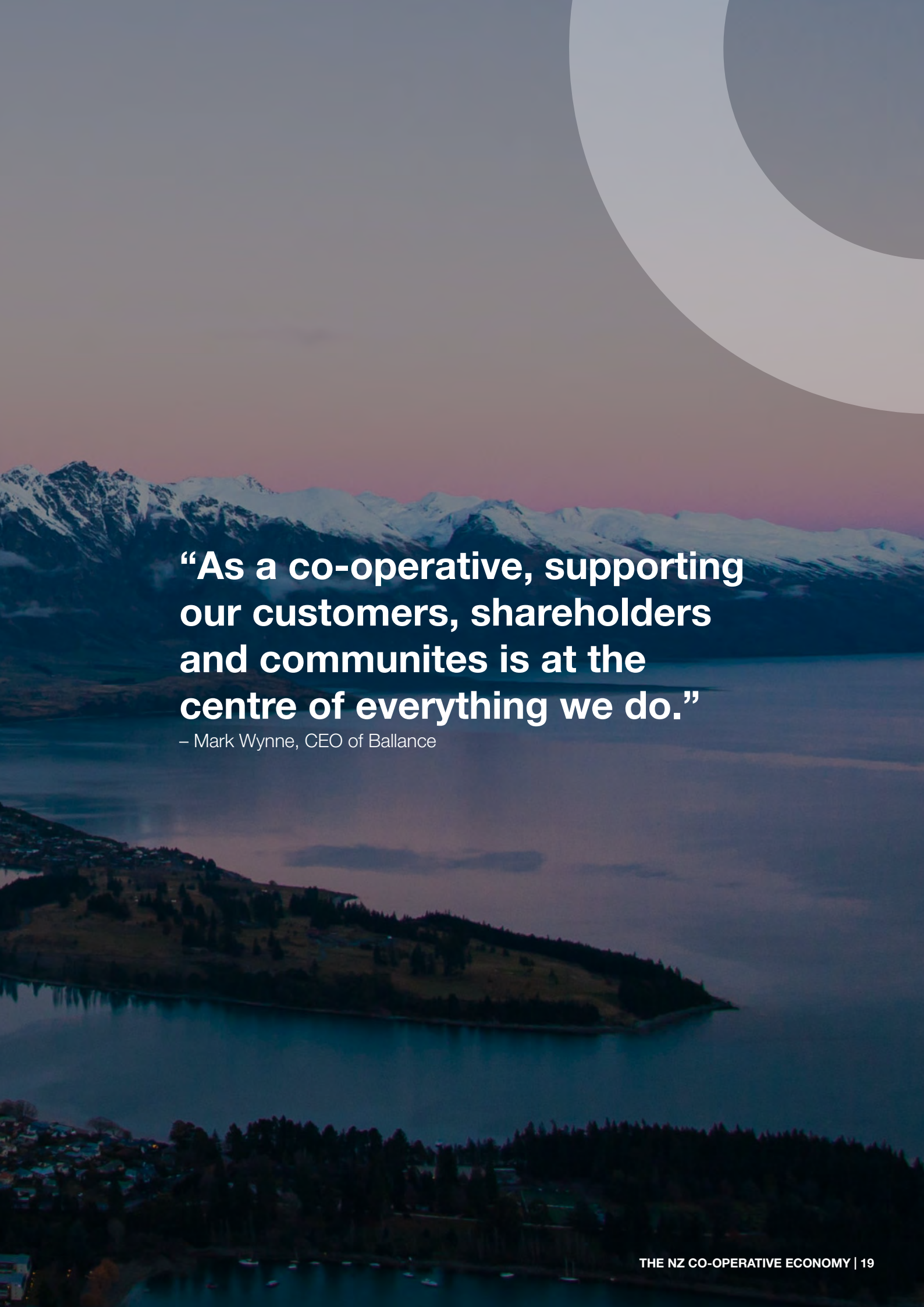
1: World Co-operative Monitor 2020 (<https://monitor.coop/>).

Note: World Co-operative financial information based on 2018 data.



2

**NEW
ZEALAND**



**“As a co-operative, supporting
our customers, shareholders
and communities is at the
centre of everything we do.”**

– Mark Wynne, CEO of Ballance

**331 co-operatives, mutuals,
societies and credit unions in
a country of 5 million people.¹**

**New Zealand's top 30 co-
operatives (by revenue)
alone generate revenues of
approximately 13% of the
value of the country's GDP.²**

**New Zealand's top 30 co-
operatives employ more than
41,000 New Zealanders.³**

1: New Zealand Companies Office, 2021

2: This metric above measure revenue of the Top 30 co-operatives over GDP of an economy. It does not compute the contribution of the Top 30 co-operatives (or all co-operatives) to the GDP of an economy, rather it measures size in a national context. This approach is consistent with the approach in the World Cooperative Monitor reports.

3: The employment metric for New Zealand's top 30 co-operatives (by revenue) does not include employees of co-operative members.

History of co-operatives and mutuals in New Zealand

1846	The first dairy exports from New Zealand
1864	Nelson Building Society was the first co-operative (and building society) established in New Zealand
1869	Southland Building, Land and Investment Society (now SBS Bank) forms
1871	The first dairy co-operative in NZ is registered in Otago
1908	The Industrial and Provident Societies Act is passed
1920 - 1940	Emergence of 600 dairy factories, of which 85% are co-operatives and emergence of co-operatives in other sectors (e.g. Medical Assurance Society, Foodstuffs, Market Gardeners, Electricity Ashburton, CDC, Co-operative Bank)
1940 - 1980	Continued emergence of co-operatives and mutuals in various sectors (e.g. Alliance Group, Farmlands Co-operative Society, Ashburton Trading Society, Mitre 10, Ravensdown and Farmers Mutual Group)
1984	New Zealand Agricultural Co-operatives Association (now Co-operative Business New Zealand) is formed
1996	The Co-operative Companies Act passes into law
2012	United Nations lists New Zealand as the most co-operative economy as part of the International Year of Co-operatives
2017	The first New Zealand Co-operative Economy report is published
2018	Westland Co-operative Dairy Co was sold to Yili Group, one of China's leading dairy companies
2020	Cooperative Business NZ signs a MOU with Massey University to incorporate co-operative education into the business programmes
2021¹	Updated New Zealand Co-operative Economy report confirming the top-30 co-operatives by revenue in New Zealand generate revenues representing approximately 13% of GDP

1: Events prior to 2017 were extracted from the NZ Co-operative Economy report published by Massey University and University of Auckland (<https://nz.coop/>).

Top 30 New Zealand Co-operatives and Mutuals

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* 2015 data has been updated to reflect restatements made following the release of the New Zealand Co-operative Economy report published by Massey University and The University of Auckland in 2017 (<https://nz.coop/>).

For the purpose of this report, we have categorised each co-operative into an industry of the following; agri-food, wholesale & retail, insurance, banking and finance and other. Although some co-operatives and mutuals may fall under multiple, we have chosen the category that best suits their primary operations.

Co-operative	Category
Fonterra Co-operative Group	Agri-Food
Foodstuffs - North Island	Wholesale & Retail
Zespri	Agri-Food
Foodstuffs - South Island	Wholesale & Retail
Alliance Group	Agri-Food
Silver Fern Farms	Agri-Food
Southern Cross Medical Care Society	Insurance, Banking & Finance
Farmlands Co-operative Society	Wholesale & Retail
Ballance Agri-Nutrients	Agri-Food
Ravensdown Fertiliser Co-operative	Agri-Food
MG Marketing (Previously known as Market Gardeners)	Agri-Food
CDC Pharmaceuticals	Wholesale & Retail
Capricorn Society	Other Services
Tatua Co-operative Dairy Co	Agri-Food
FMG (FMG Insurance Limited)	Insurance, Banking & Finance
Livestock Improvement Corporation	Agri-Food
NZPM Group	Wholesale & Retail
Dairy Goat Co-operative (NZ)	Agri-Food
Southland Building Society (SBS Bank)	Insurance, Banking & Finance
Mitre 10 (New Zealand)	Wholesale & Retail
Eastpack	Agri-Food
Pharmacy Wholesalers (Bay of Plenty)	Wholesale & Retail
Medical Assurance Society	Insurance, Banking & Finance
The Co-operative Bank	Insurance, Banking & Finance
Union Medical Benefits Society	Insurance, Banking & Finance
Foodfirst	Wholesale & Retail
EA Networks (Previously known as Electricity Ashburton)	Other Services
Independent Timber Merchants Co-operative	Wholesale & Retail
Rural Co (Previously known as Ashburton Trading Society)	Wholesale & Retail
Seasonal Solutions Cooperative Limited	Other Services



Top 30 by Revenue in 2020

Rank 2020	Co-operative	Revenue 2015 (Million)	Revenue 2020 (Million)	Change	Rank by Revenue 2015
1	Fonterra Co-operative Group	18,845	20,282	▲ 7.6%	1
2	Foodstuffs - North Island	6,239	3,543	▼ (43.2)%	2
3	Zespri	1,459	3,341	▲ 129.0%	7
4	Foodstuffs - South Island	2,721	3,188	▲ 17.1%	3
5	Alliance Group	1,502	1,834	▲ 22.2%	6
6	Silver Fern Farms	2,434	1,249	▼ (48.7)%	4
7	Southern Cross Medical Care Society	818	1,138	▲ 39.2%	9
8	Farmlands Co-operative Society	2,210	1,105	▼ (50.0)%	5
9	Ballance Agri-Nutrients	893	891	▼ (0.2)%	8
10	Ravensdown Fertiliser Co-operative	711	750	▲ 5.5%	10
11	MG Marketing (Previously known as Market Gardeners)	329	599	▲ 82.1%	14
12	CDC Pharmaceuticals	293	465	▲ 58.7%	15
13	Capricorn Society	261	419	▲ 60.1%	17
14	Tatua Co-operative Dairy Co	286	381	▲ 33.4%	16
15	FMG (FMG Insurance Limited)	209	366	▲ 75.0%	19
16	Livestock Improvement Corporation	228	254	▲ 11.2%	18
17	NZPM Group	175	246	▲ 40.8%	21
18	Dairy Goat Co-operative (NZ)	157	246	▲ 56.7%	22
19	Southland Building Society (SBS Bank)	183	242	▲ 32.1%	20
20	Mitre 10 (New Zealand)	709	214	▼ (69.8)%	11
21	Eastpack	135	189	▲ 40.0%	23
22	Pharmacy Wholesalers (Bay of Plenty)	133	152	▲ 14.4%	24
23	Medical Assurance Society *	121	148	▲ 23.2%	29
24	The Co-operative Bank *	66	81	▲ 22.0%	26
25	Union Medical Benefits Society	53	70	▲ 33.3%	27
26	Foodfirst	N/A	60	N/A	N/A
27	EA Networks (Previously known as Electricity Ashburton)	47	58	▲ 23.9%	28
28	Independent Timber Merchants Co-operative *	37	56	▲ 51.1%	13
29	Rural Co (Previously known as Ashburton Trading Society)	119	44	▼ (62.8)%	25
30	Seasonal Solutions Cooperative Limited	N/A	40	N/A	N/A
Total Revenue		41,373	41,652	▲ 0.7%	

Notes for the top 30 by revenue

Co-operatives and organisations trading under co-operative and mutual principles and values were provided through communication with Cooperative Business NZ.

We note there may be some co-operatives who meet the definition of a co-operative as outlined by this report however have not participated in this study. Further work is required to form a comprehensive and complete view of the true top 30.

We understand that some co-operatives and organisations trading under co-operative and mutual principles and values are excluded from this report as a result of overseas ownership and control (e.g Rabobank).

Revenue data was provided by the co-operatives and mutuals listed in this report directly, or, from publicly available information.

Silver Fern Farms (SFF) operates under a hybrid model as a result of the joint venture established between Shanghai Mailing and the SFF Co-operative in 2016. As a result of this model, reported revenue and total assets in this report relates to the SFF Co-operative's share of revenue and total assets in the joint venture (~50%).

Zespri operates under co-operative principles and has therefore been included in both the 2017 and 2020 reports. However, the legal entity of Zespri is not classified as a co-operative as a shareholding in Zespri is not compulsory for current growers (suppliers of the co-operative).

Westland Co-operative Dairy Co. (Westland) was sold to Yili Group, a Chinese based company, in 2019. Although New Zealand operations have continued, the takeover of Westland by Yili Group excludes Westland from this report due to international ownership.

Southland Building Society has reported revenue in this report as total interest income (consistent with its annual report). The Co-operative Bank has reported revenue in this report as net operating income (consistent with its annual report).

The base reporting period for financial data is 2019 to 2020 however there is some variance in the reporting periods between the top-30 co-operatives and mutuals included in this report.

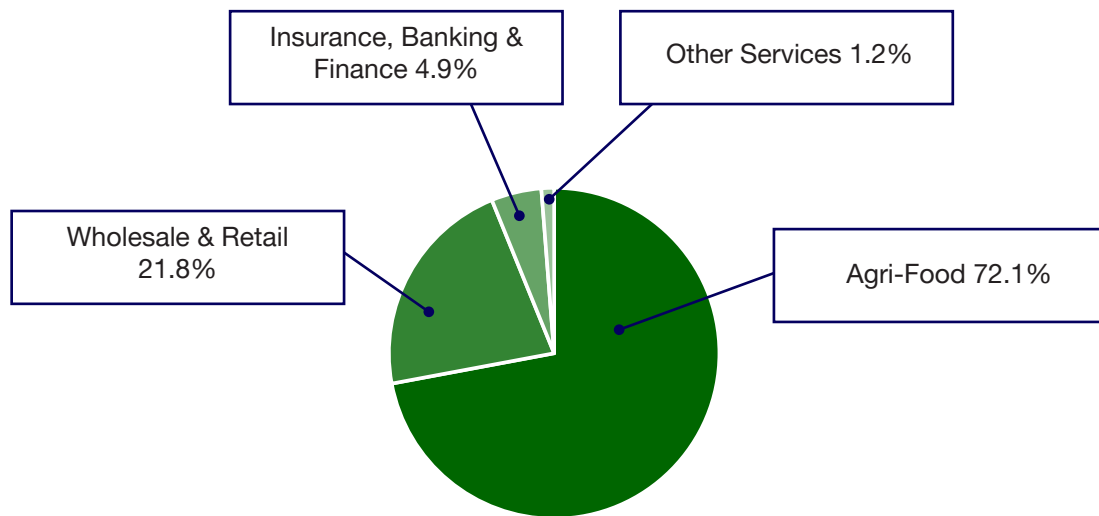
In some circumstances, there has been significant impact to revenue reporting for several co-operatives and mutuals included in this report as a result of the adoption of IFRS-15 - revenue from contracts. Adoption of IFRS-15 may impact comparisons between the 2017 report and this report. The standard came into effect from 1 January 2018, replacing former revenue recognition standards (IAS 11 and IAS 18). The standard has adjusted the way revenue is being recognised, to provide one comprehensive revenue recognition model for all contracts with customers which aims to improve comparability within industries, across industries and across capital markets.

Some co-operative and mutuals' revenues have been affected more significantly due to the adoption of IFRS-15, the nature of their previous reporting and the volume of contacts they have with their customers. Some of the Top 30 co-operatives that have been significantly impacted by the adoption of these new standards due to the nature of their revenues, but no effect to co-operative profit are; Foodstuffs North Island, Farmlands, Mitre 10, and Rural Co. We note the revenue figure does not represent total sales from co-operative stores, therefore these revenue figures displayed do not reflect the overall co-operative value to the wider economy.

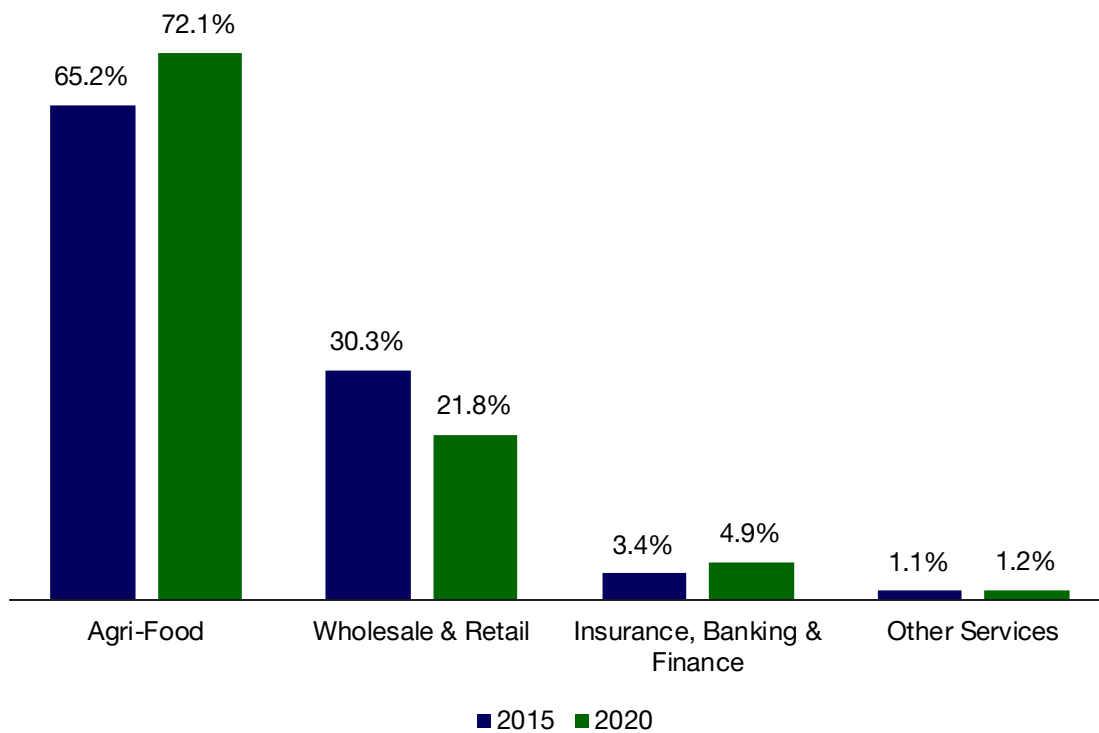
The previous 2017 Co-operative Economy of New Zealand report referred to was published in 2017 however used data from 2014/2015, therefore the comparison of years is a 6-year period from 2015 to 2020.

* 2015 figure has been restated as per request of co-operative / misalignment of previous definition.

Top 30 Revenue by Category 2020



Top 30 Revenue by Category 2015 vs 2020



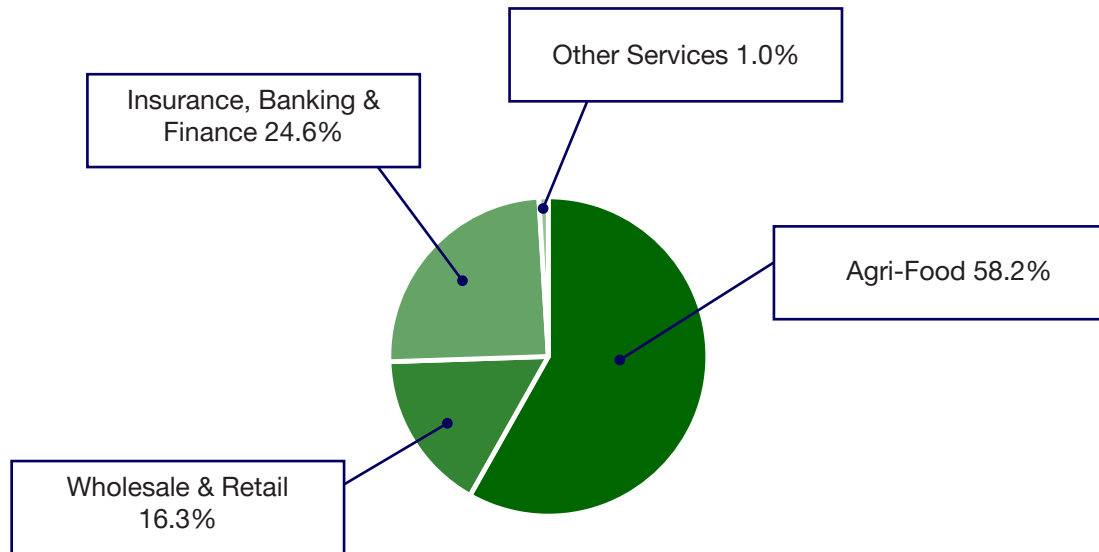


Top 30 by Assets in 2020

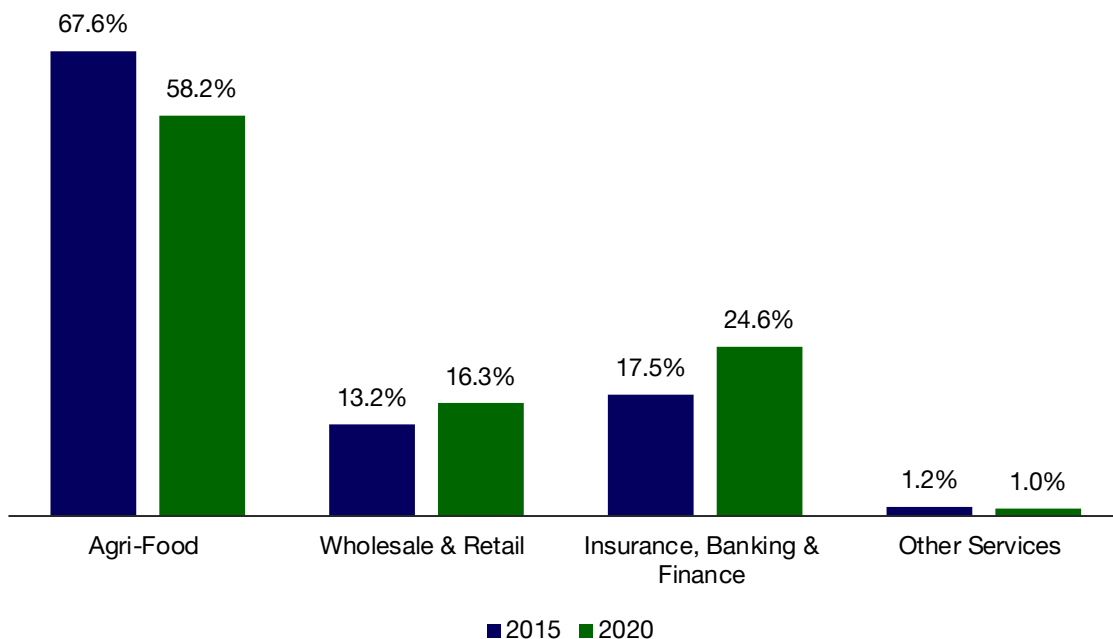
Rank 2020	Co-operative	Assets 2015 (Million)	Assets 2020 ¹ (Million)	Change	Rank by Assets 2015
1	Fonterra Co-operative Group	18,315	17,916	▼ (2.2)%	1
2	Southland Building Society (SBS Bank)	2,863	4,942	▲ 72.6%	2
3	Foodstuffs - North Island	2,646	3,135	▲ 18.5%	3
4	The Co-operative Bank	1,806	2,980	▲ 65.0%	4
5	Foodstuffs - South Island	1,011	1,402	▲ 38.8%	5
6	Zespri	461	1,070	▲ 131.9%	12
7	Mitre 10 (New Zealand)	175	870	▲ 397.7%	20
8	Southern Cross Medical Care Society	602	725	▲ 20.5%	7
9	Ballance Agri-Nutrients	542	696	▲ 28.5%	8
10	Ravensdown Fertiliser Co-operative	533	644	▲ 20.8%	11
11	Alliance Group	536	610	▲ 13.8%	10
12	Farmlands Co-operative Society	412	592	▲ 43.8%	14
13	FMG (FMG Insurance Limited)	419	529	▲ 26.2%	13
14	Silver Fern Farms	627	398	▼ (36.5)%	6
15	Livestock Improvement Corporation	302	380	▲ 26.0%	15
16	MG Marketing (Previously known as Market Gardeners)	180	363	▲ 101.3%	19
17	Medical Assurance Society *	512	363	▼ (29.1)%	25
18	Dairy Goat Co-operative (NZ)	232	321	▲ 38.0%	18
19	EA Netowrks (Previously known as Electricity Ashburton)	251	302	▲ 20.3%	16
20	Tatua Co-operative Dairy Co	241	298	▲ 23.5%	17
21	Eastpack	140	298	▲ 113.3%	21
22	Union Medical Benefits Society	113	171	▲ 52.1%	23
23	NZPM Group	111	146	▲ 31.4%	24
24	CDC Pharmaceuticals	63	114	▲ 80.3%	27
25	Independent Timber Merchants Co-operative	69	101	▲ 47.2%	26
26	Capricorn Society	36	68	▲ 90.4%	28
27	Pharmacy Wholesalers (Bay of Plenty)	22	37	▲ 66.1%	30
28	Rural Co (Previously known as Ashburton Trading Society)	31	33	▲ 5.2%	29
29	Foodfirst	N/A	12	N/A	N/A
30	Seasonal Solutions Cooperative Limited	N/A	8	N/A	N/A
Total Assets		33,250	39,522	▲ 18.9%	

* 2015 figure has been restated as per request of co-operative / misalignment of previous definition.

Top 30 Total Assets by Category 2020



Total Assets by Category 2015 vs 2020



1: Total Asset data was provided by the co-operatives and mutuals listed in this report directly, or, from publicly available information.

The base reporting period for financial data is 2019 to 2020 however there is some variance in the reporting periods between the top-30 co-operatives and mutuals included in this report.

In some circumstances, there has been significant impact to total asset reporting for several co-operatives and mutuals included in this report as a result of the adoption of IFRS 16- recognition of leases. This standard came into effect from 1 January 2019 and requires the lessee to recognise almost all lease contracts in the Statement of Financial Position as an asset or liability, which has had a significant impact on the total asset figure. The variation of the Co-operative or Mutual reporting period, with the date of adoption may impact some total asset figures more than others.

Top 30 by Employees in 2020

Rank 2020	Co-operative	Employees 2015	Employees 2020 ¹	Change	Rank by Employees 2015
1	Fonterra Co-operative Group	22,000	19,593	▼ (10.9)%	1
2	Alliance Group	4,700	5,000	▲ 6.4%	3
3	Eastpack	2,700	3,600	▲ 33.3%	4
4	Foodstuffs - North Island	1,800	1,970	▲ 9.4%	5
5	Foodstuffs - South Island	1,350	1,867	▲ 38.3%	6
6	Farmlands Co-operative Society	1,000	1,400	▲ 40.0%	7
7	Ballance Agri-Nutrients	760	819	▲ 7.8%	8
8	Livestock Improvement Corporation	710	806	▲ 13.5%	12
9	FMG (FMG Insurance Limited)	468	750	▲ 60.3%	14
10	Ravensdown Fertiliser Co-operative	750	650	▼ (13.3)%	10
11	Southern Cross Medical Care Society	750	629	▼ (16.1)%	9
12	Zespri	250	578	▲ 131.2%	20
13	MG Marketing (Previously known as Market Gardeners)	360	530	▲ 47.2%	16
14	NZPM Group	603	525	▼ (12.9)%	13
15	Tatua Co-operative Dairy Co	345	400	▲ 15.9%	18
16	Mitre 10 (New Zealand) *	250	364	▲ 45.6%	11
17	The Co-operative Bank	310	331	▲ 6.8%	19
18	Southland Building Society (SBS Bank)	350	290	▼ (17.1)%	17
19	Dairy Goat Co-operative (NZ)	190	255	▲ 34.2%	22
20	Medical Assurance Society	175	222	▲ 26.9%	24
21	CDC Pharmaceuticals	125	155	▲ 24.0%	25
22	EA Networks (Previously known as Electricity Ashburton)	175	130	▼ (25.7)%	23
23	Rural Co (Previously known as Ashburton Trading Society)	90	85	▼ (5.6)%	26
24	Pharmacy Wholesalers (Bay of Plenty)	35	77	▲ 120.0%	28
25	Independent Timber Merchants Co-operative	25	40	▲ 60.0%	30
26	Union Medical Benefits Society	35	38	▲ 8.6%	29
27	Seasonal Solutions Cooperative Limited	N/A	24	N/A	N/A
28	Capricorn Society *	13	21	▲ 61.5%	21
29	Foodfirst	N/A	9	N/A	N/A
30	Silver Fern Farms	7,000	1	▼ (100)%	2
	Total Employees	47,319	41,159	▼ (13.0)%	

1: Employee data was provided by the co-operatives and mutuals listed in this report directly, or, from publicly available information.

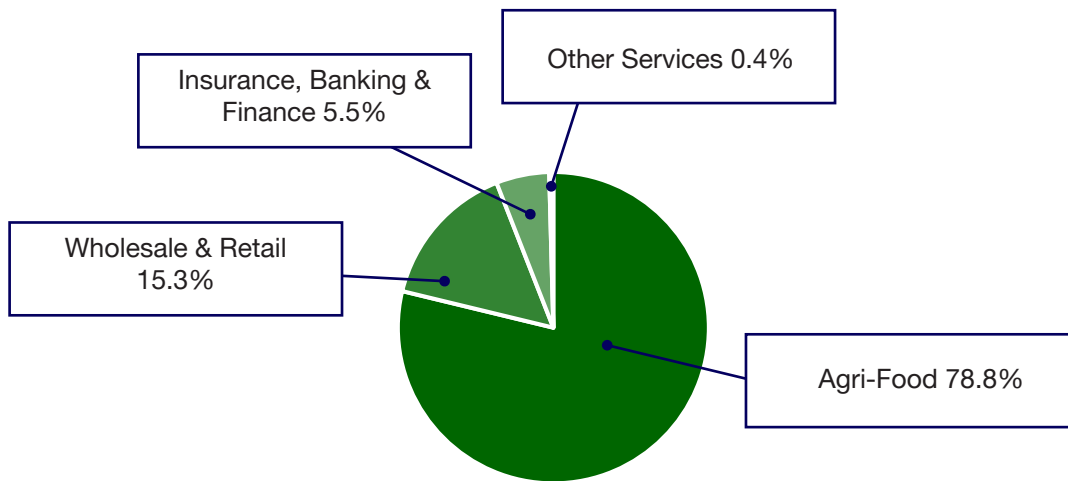
The base reporting period for financial data is 2019 to 2020 however there is some variance in the reporting periods between the Top-30 co-operatives and mutuals included in this report.

Although we aimed to capture the NZ co-operative economy, some data may include overseas employees. The research only considered the number of direct employees of the co-operative and does not include the employees of their 1.5m members. Given that a significant proportion of these members are SME's and businesses, this number would be significant.

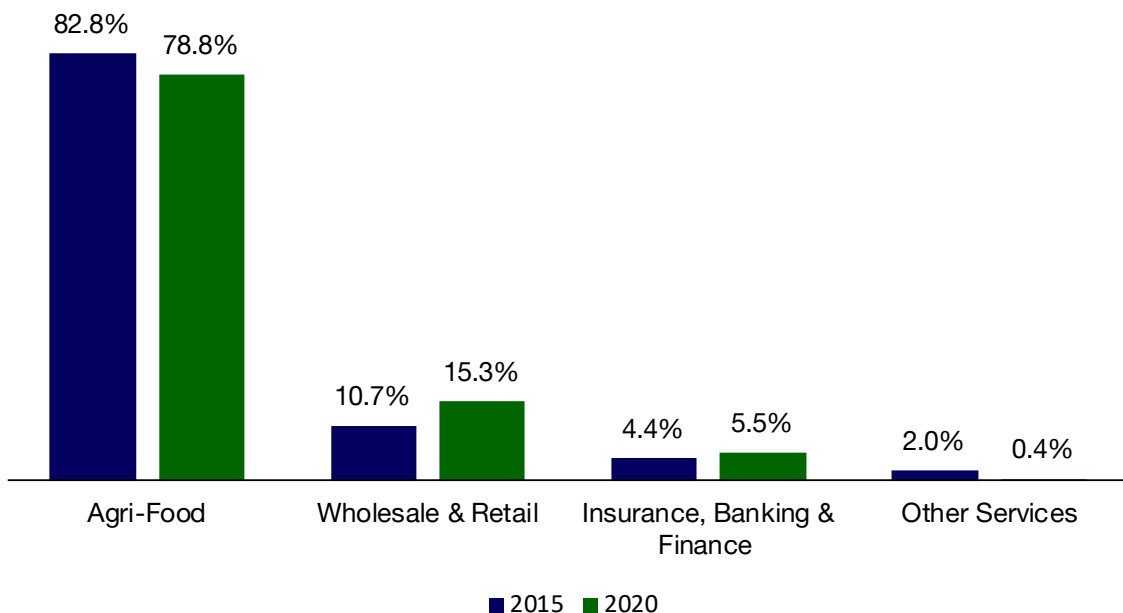
Silver Fern Farms' employee structure has changed since the joint venture with Shanghai Mailing (see note on page 25), with one person employed by the co-operative, and the remaining employed by the limited liability company.

* 2015 figure has been restated as per request of co-operative/ misalignment of previous definition.

Top 30 Total Employees by Category 2020



Total Employees by Category 2015 vs 2020



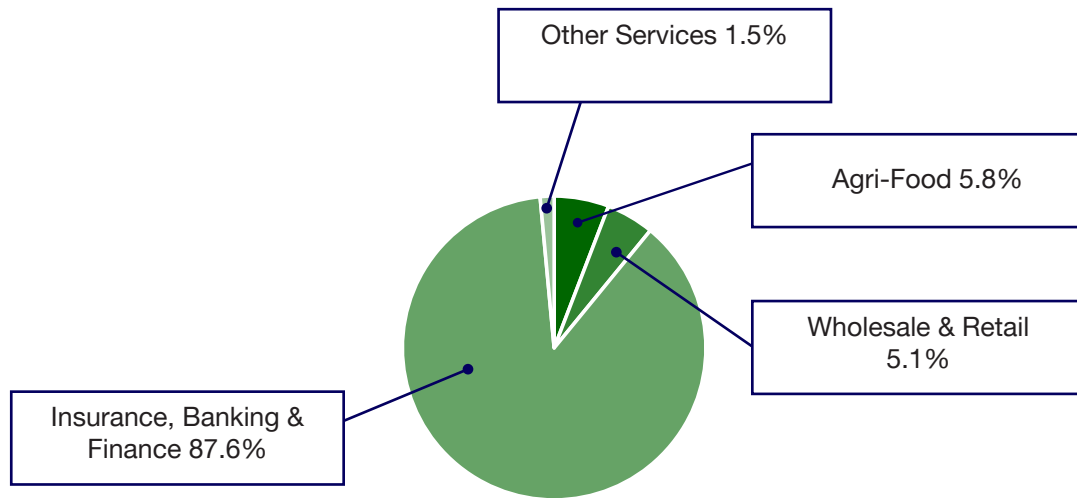
Top 30 by Memberships in 2020

Rank 2020	Co-operative	Members 2015	Members 2020 ¹	Change	Rank by Members 2015
1	Southern Cross Medical Care Society	811,462	879,198	▲ 8.3%	1
2	The Co-operative Bank	120,000	167,000	▲ 39.2%	3
3	Union Medical Benefits Society	N/A	91,909	N/A	N/A
4	Southland Building Society (SBS Bank)	40,000	78,928	▲ 97.3%	6
5	FMG (FMG Insurance Limited)	52,000	75,000	▲ 44.2%	5
6	Farmlands Co-operative Society	62,500	72,000	▲ 15.2%	4
7	Medical Assurance Society	28,000	37,165	▲ 32.7%	7
8	Ravensdown Fertiliser Co-operative	26,000	23,000	▼ (11.5)%	8
9	Silver Fern Farms	6,000	21,016	▲ 250.3%	13
10	EA Networks (Previously known as Electricity Ashburton)	12,782	18,000	▲ 40.8%	10
11	Ballance Agri-Nutrients	19,250	17,950	▼ (6.8)%	9
12	Livestock Improvement Corporation	10,537	9,829	▼ (6.7)%	12
13	Fonterra Co-operative Group	10,753	9,461	▼ (12.0)%	11
14	Capricorn Society	3,660	4,405	▲ 20.4%	15
15	Alliance Group	5,000	4,300	▼ (14.0)%	14
16	Rural Co (Previously known as Ashburton Trading Society)	2,701	2,845	▲ 5.3%	17
17	Zespri	3,000	1,879	▼ (37.4)%	16
18	NZPM Group	1,000	895	▼ (10.5)%	18
19	Eastpack	500	686	▲ 37.2%	20
20	Foodstuffs - South Island	500	429	▼ (14.2)%	19
21	MG Marketing (Previously known as Market Gardeners)	240	417	▲ 73.8%	24
22	Foodstuffs - North Island	433	334	▼ (22.9)%	21
23	CDC Pharmaceuticals	270	328	▲ 21.5%	23
24	Pharmacy Wholesalers (Bay of Plenty)	170	194	▲ 14.1%	25
25	Independent Timber Merchants Co-operative	94	97	▲ 3.2%	27
26	Tatua Co-operative Dairy Co	118	86	▼ (27.1)%	26
27	Dairy Goat Co-operative (NZ)	72	69	▼ (4.2)%	28
28	Mitre 10 (New Zealand)	65	68	▲ 4.6%	29
29	Seasonal Solutions Cooperative Limited	N/A	65	N/A	N/A
30	Foodfirst	N/A	17	N/A	N/A
	Total Members	1,217,107	1,517,570	▲ 24.7%	

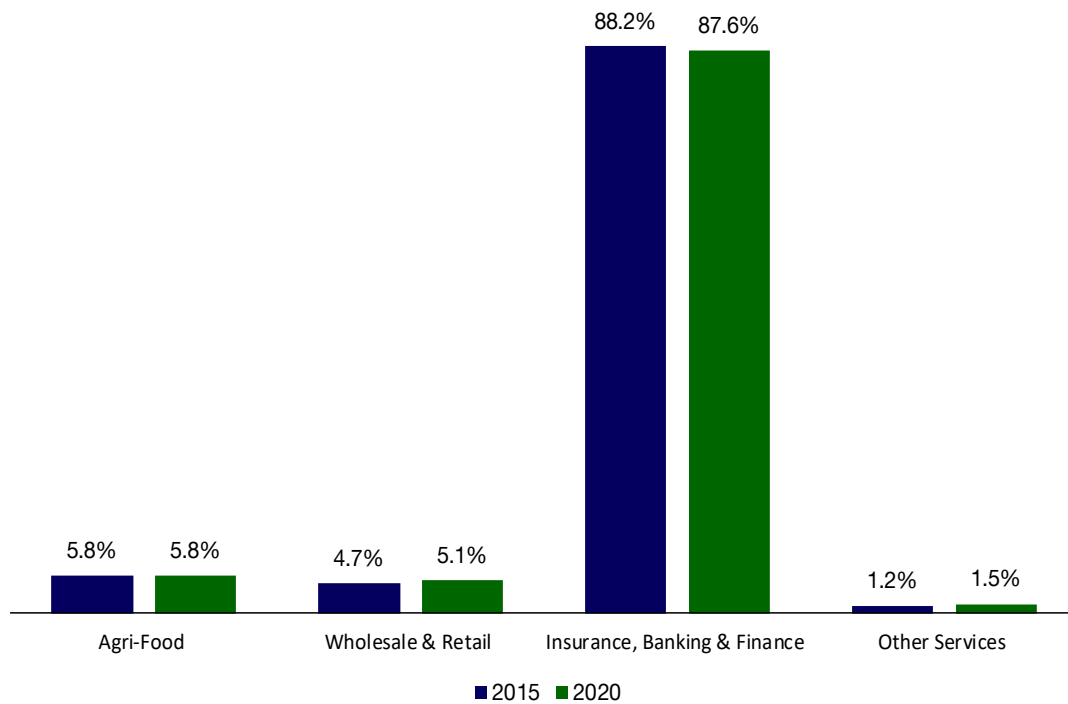
1: Members data was provided by the co-operatives and mutuals listed in this report directly, or, from publicly available information.

These are the numbers of total memberships, whether active or inactive. We recognise that some members will belong to more than one co-operative or mutual that is listed. Data on individual members is not publicly available to report the number of individual members.

Top 30 Total Memberships by Category 2020



Total Memberships by Category 2015 vs 2020







ANALYSIS BY INDUSTRY

Analysis By Industry

Top 5 Agrifood

A number of co-operatives have been significantly impacted by both the introduction of Accounting standards and wider M&A activity. Looking at agri-food industry performance disregarding new reporting standards, these co-operatives have been performing well with strong growth in revenue and assets indicating a resistance and strong response to the economic impacts of Covid-19.

Revenue	2015 (Millions)	2020 (Millions)	Change
1. Fonterra	18,845	20,282	7.6%
2. Zespri	1,459	3,341	129.0%
3. Alliance	1,502	1,834	22.2%
4. Silver Fern Farms	2,434	1,249	(48.7)%
5. Balance Agri-Nutrients	893	891	(0.2)%
Total	25,132	27,597	9.8%

Total Assets	2015 (Millions)	2020 (Millions)	Change
1. Fonterra	18,315	17,916	(2.2)%
2. Zespri	461	1,070	131.9%
3. Ballance	542	696	28.5%
4. Ravensdown	533	644	20.8%
5. Alliance	536	610	13.8%
TOTAL	20,387	20,936	2.7%

Employees	2015	2020	Change
1. Fonterra	22,000	19,593	(10.9)%
2. Alliance	4,700	5,000	6.4%
3. Eastpack	2,700	3,600	33.3%
4. Ballance	760	819	7.8%
5. LIC	710	806	13.5%
TOTAL	30,870	29,818	(3.4)%

Memberships	2015	2020	Change
1. Ravensdown	26,000	23,000	(11.5)%
2. Silver Fern Farms	6,000	21,016	250.3%
3. Ballance	19,250	17,950	(6.8)%
4. LIC	10,537	9,829	(6.7)%
5. Fonterra	10,753	9,461	(12.4)%
TOTAL	72,540	81,256	12.0%

Analysis By Industry

Top 5 Insurance, Banking And Finance

Considerable strengthening of Balance Sheets for these co-operatives (as a result of the new Lease Accounting Standard), backed up by growth in both revenue and membership levels.

Revenue	2015 (Millions)	2020 (Millions)	Change
1. Southern Cross	818	1,138	39.2%
2. FMG	209	366	75.0%
3. Southland Building Society	183	242	32.1%
4. Medical Assurance Society	121	149	23.2%
5. The Co-operative Bank	66	81	22.0%
TOTAL	1,397	1,976	41.4%

Total Assets	2015 (Millions)	2020 (Millions)	Change
1. Southland Building Society	2,863	4,9412	72.6%
2. The Co-operative Bank	1,806	2,980	65.0%
3. Southern Cross	602	725	20.5%
4. FMG	419	528	26.2%
5. Medical Assurance Society	512	363	(29.1)%
TOTAL	6,202	9,538	53.8%

Employees	2015	2020	Change
1. FMG	468	750	60.3%
2. Southern Cross	750	629	(16.1)%
3. The Co-operative Bank	310	331	6.8%
4. Southland Building Society	350	290	(17.1)%
5. Medical Assurance Society	175	222	26.9%
TOTAL	2,053	2,222	8.2%

Memberships	2015	2020	Change
1. Southern Cross	811,462	879,198	8.3%
2. The Co-operative Bank	120,000	167,000	39.2%
3. Union Medical Benefits Society	N/A	91,909	N/A
4. Southland Building Society	40,000	78,928	97.3%
5. FMG	52,000	75,000	44.2%
TOTAL	1,023,462	1,292,035	26.2%

Analysis By Industry

Top 5 Wholesale And Retail

Several key co-operatives have been materially impacted by the introduction of new Accounting Standards effecting revenue for larger players in this category. Asset base continues to strengthen also as an effect of the adoption of new standards.

Revenue	2015 (Millions)	2015 (Millions)	Change
1. Foodstuffs - North Island	6,239	3,543	(43.2)%
2. Foodstuffs - South Island	2,721	3,188	17.1%
3. Farmlands	2,210	1,105	(50.0)%
4. CDC Pharmaceuticals	293	465	58.7%
5. NZPM Group	175	246	40.8%
Total	11,638	8,547	(26.6)%

Total Assets	2015 (Millions)	2015 (Millions)	Change
1. Foodstuffs North Island	2,646	3,135	18.5%
2. Foodstuffs South Island	1,011	1,403	38.8%
3. Mitre 10	175	870	397.7%
4. Farmlands	412	592	43.8%
5. NZPM Group	111	146.	31.4%
Total	4,354	6,146	41.2%

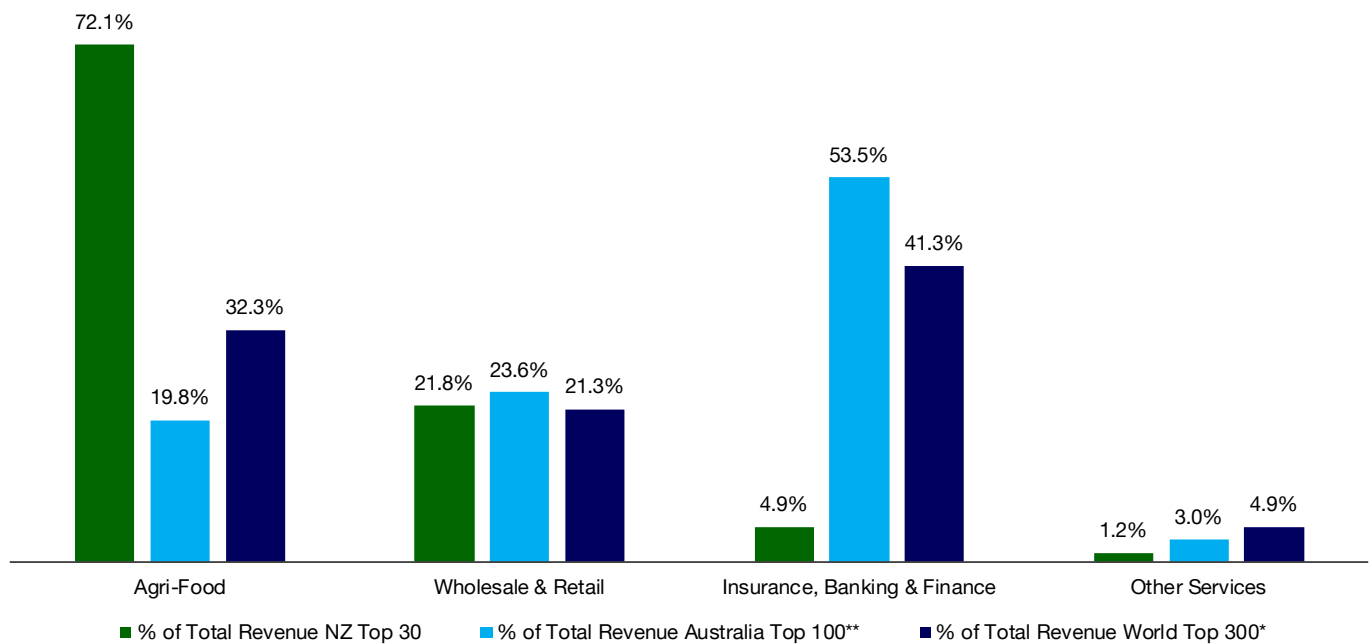
Employee	2015	2020	Change
1. Foodstuffs - North Island	1,800	1,970	9.4%
2. Foodstuffs - South Island	1,350	1,624	20.3%
3. Farmlands	1,000	1,400	40.0%
4. NZPM Group	603	525	(12.9)%
5. Mitre 10	250	364	45.6%
Total	5,003	5,883	17.6%

Memberships	2015	2020	Change
1. Farmlands	62,500	72,000	15.2%
2. Rural Co	2,701	2,845	5.3%
3. NZPM Group	1,000	895	(10.5)%
3. Foodstuffs - South Island	500	429	(14.2)%
4. Foodstuffs - North Island	433	334	(22.9)%
Total	67,134	76,503	14.0%



Fonterra, Foodstuffs North Island, Foodstuffs South Island, Zespri, Farmlands, Silver Fern Farms, and Alliance Group appear in the World Co-operative Monitor's Top 300 Global Co-operative Bi-annual Report. (Rankings respectively 34, 183, 190, 221, 224, 225, 287)

How do New Zealand's Top 30 Co-operatives and Mutuals Compare Globally?



* The data is sourced from the World Top 300 Co-operatives (ICA, 2020). This report was published in January 2021 however is based on Revenue and Revenue from 2018. Utilities, Fishing and Education/Health and Social Work have been included as Other Services (<https://monitor.coop/>).

** The data is sourced from the Australia Top 100 Co-operatives in The 2020 National Mutual Economy Report published by the Business Council of Co-operatives and Mutuals. ('BCCM, 2020'). Sport and Recreation, Medical/ Health Services, Education, Accommodation and Utilities are included in Other Services. (<https://bccm.coop/>) (<https://www.coopdevelopment.org.au/>).

Top 30 Co-operative summary:

	2015*	2020	Change
Revenue (NZD millions)	\$41,373	\$41,652	0.7%
Total Assets (NZD millions)	\$33,250	\$39,522	18.9%
Employees	47,319	41,159	(13.0)%
Members	1,217,107	1,517,570	24.7%

* 2015 data has been updated to reflect restatements made following the release of the New Zealand Co-operative Economy report published by Massey University and The University of Auckland in 2017 (<https://nz.coop/>).

Top 30 Co-operatives by revenue as a % of GDP:

	Top 30 Revenue 2015/GDP	Top 30 Revenue 2020/GDP	Change
New Zealand	17.0%	12.9%	(4.1)%
Australia	1.4%	1.3%	(0.1)%

In 2020, Top 30 Co-operative revenue represented 12.9% of New Zealand's GDP, a decrease from 17.0% in 2015.¹ It is likely the 2020 revenue data significantly understates total sales throughout a co-operative's supply chain as a result of the adoption of IFRS-15 by several co-operatives included in the Top 30.¹

In 2020, Top 30 Co-operative revenue in Australia represented 1.3% of Australian GDP, a decrease from 1.4% in 2015.² Importantly, when compared to Australia, New Zealand Co-operative revenues continues to represent a significant proportion of New Zealand's GDP. In addition, this metric does not consider the overall contribution made by New Zealand co-operatives to New Zealand's economy, which would likely be greater than the metrics illustrated above.

A publication written by the International Co-operative Alliance (ICA), published by the European Union, states that all New Zealand co-operatives contribute to approximately 19% of New Zealand's GDP (based on 2018 data).³

This metrics above measure revenue of the Top 30 co-operatives over GDP of an economy. It does not compute the contribution of the Top 30 co-operatives (or all co-operatives) to the GDP of an economy, rather it measures size in a national context. This approach is consistent with the approach in the World Cooperative Monitor reports.

¹New Zealand GDP data was provided by the Reserve Bank of New Zealand (<https://www.rbnz.govt.nz/>). The expenditure based nominal GDP approach was adopted for this Report. This approach is consistent with the approach adopted in the New Zealand Co-operative Economy report published by Massey University and The University of Auckland in 2017 (<https://nz.coop/>).

²Australian GDP data was provided by the Australian Bureau of Statistics (<https://www.abs.gov.au/>). Australian co-operative revenue data was provided by the 2015 and 2020 BCCM economy reports.

³ICA attempted to capture the contribution of the active co-operative economy in New Zealand. This is an estimate based on all New Zealand co-operatives (including mutual, Friendly Society's, Credit Unions, Building Society's and Industrial and Provident Societies) contribution to New Zealand's GDP. The estimate was published by ICA (co-funded by the European Union) in a report. The estimate was based on 2018 New Zealand economic data (<http://icaap.coop/sites/ica-ap.coop/>).





MACRO TRENDS / IMPACTS

Key Challenges and Opportunities:

During the update of this report, several key challenges and opportunities were highlighted by participants, these are highlighted below

Key Challenges

1. Access to capital

A number of co-operatives are struggling to gain access to capital to facilitate growth within a mature market.

2. Changing consumer trends

Consumers are ordering / purchasing smaller quantities of goods more frequently - Co-operatives now need to ensure they implement the right pricing and incentive models. This purchasing trend is impacting distribution efficiencies as overall customer demand increases.

3. Supporting and managing member relationships

Attracting new members is becoming difficult as consumers / members now have several options.

4. Labour shortage

With borders predominantly “closed” to additional labour, co-operatives are facing significant labour shortages during key seasons. Labour shortages are impacting a wide range of co-operative industries including retail and wholesale, horticulture (seasonal pickers) and agriculture (farm workers).

5. Reduced demand

Some sectors are experiencing softening demand due to a slowing economy.

6. Supply chain and channel disruptions

Port congestion is impacting imports and exports creating significant supply chain delays.

7. Business profitability

Periodic lockdowns continue to impact business profitability, particularly in Auckland.

8. Increased costs

Co-operatives are facing increasing costs with little to no expectations of being able to pass increasing costs on to members often due to long standing relationships with members. Increasing costs include meeting sustainability targets, reducing emissions and supply chain inefficiencies.

Opportunities

1. Increased focus on Corporate Social Responsibility (CSR)

With shifting consumer values accompanied by new regulations, co-operatives have incorporated a focus on CSR in their everyday operations.

2. Accelerate online strategy

In the current economic environment, co-operatives are being forced to increase online business streams which has resulted in a significant lift in online services. Change in skill sets required in these businesses to reach customers.

3. Environment Social and Governance (ESG) targets

Co-operatives and mutuals have the opportunity to gain certification (for example B Corp certification) through achieving ESG targets as a result of various sustainability initiatives and programmes. The model is aligned enabling improving the lives and livelihoods of its members with supports ESG targets.

4. Supporting local

Post Covid-19, New Zealand has witnessed an increased trend in consumers supporting locally owned businesses and locally produced products. Profits are retained and reinvested within the New Zealand economy.

5. Funding sources

Co-operatives are continuing to develop a strong capital strategy whilst staying faithful to the traditional co-operative model.

Key Themes:

The size of words reflect the frequency of the key theme responses from the questionnaire sent to each co-operative. It is clear from this word infographic that the key themes, challenges or opportunities facing several of the Top 30 co-operatives, and likely other co-operatives within New Zealand are:

Key themes

1. Access to capital
2. Labour shortage
3. Changing consumer trends
4. Supply constraints
5. New regulations



Data was collected by a questionnaire sent to co-operatives. We asked for comments on key challenges, opportunities and themes that each co-operative is experiencing (from a co-operative perspective). Responses were from CFOs, CEOs, and key management).

People, Planet, Profit

People

'We celebrated 10 years of providing valuable nutrition to kiwi kids through KickStart Breakfast. In partnership with the Ministry of Social Development and Sanitarium, over 1000 schools are involved and more than 20,000 children attend a kickstart breakfast club every school day.' - Fonterra

'The 2019/20 season showed that with any challenge, the number one priority is to support your people.' - Zespri

'Supporting our customers, shareholders and communities is at the centre of everything we do. We work with and for farmers and growers and take our responsibility as a major player in the primary sector as seriously as we take our role as a good neighbour in our communities.' - Ballance Agri-nutrients

'We have put significant resources into our Grower Development Workshop Programme again this year, working with organisations such as Lincoln University to offer our growers access to some of the latest insights within horticulture'. - MG Marketing

'We continue to align and partner with organisations such as the Ronald McDonald House South Island and Southland Loss and Grief Centre to help them do good things in our communities.' - Southland Building Society

'Purchased 3186 Eat My Lunch lunches last year, donating 3186 lunches to kiwi kids in need. Support from

us and others has enabled eat my lunch to give more than 1.5 million lunches to Kiwi kids since inception.' – Foodstuffs North Island

'As a co-operative we have our Growers at heart. They are an integral part of our business and we are firmly focused on delivering real value to our grower community.' - Eastpack, Neil Te Kani (Maori Relations Manager)

'During the fires in the Nelson area, we offered grazing for affected farmers in Canterbury and other areas. During the drought period, farmers in the region made good use of our free store stock facilitation service.' - Alliance Group

'Our staff are rightfully proud of the exceptional service they provide customers. This is reflected in The Co-operative Bank receiving the 2020 Consumer NZ People's Choice Award for Banking.' - The Co-operative Bank

'8 million meals were provided to local communities via partnerships with food rescue organisations.' - Foodstuffs South Island

'Over the past year, a key focus has been to upskill our employees in sales, customer service, product knowledge, health and safety, leadership and technology.' - NZPM Plumbing World

Seasonal Solutions, raised over US\$21,990 in 2015, for the people affected by Cyclone Pam In Vanuatu.- ICA-AP



Comments on People, Profit, Planet were collected and extracted directly from each of the 2019/2020 publicly available annual reports of the co-operatives stated after each quote. Comments from the ICA-AP from their snapshot of the contribution of Co-operatives in New Zealand, published in February 2020 by the international Co-operative Alliance <http://icaap.coop/>.

All of the people, planet and profit quotations have been collected from publicly available sources, from the co-operative and mutuals websites or from annual reports with individual spokespersons identified where applicable.

People, Planet, Profit

Planet

‘Fonterra produce Farm Environment Plans helping farmers care for land and waterways through good farming practices.’ - Fonterra

‘Zespri was proud to launch its sustainability framework at the Momentum Conference in February 2020, targeting priorities including packaging, water, climate change, labour and healthy lifestyles.’ - Zespri

‘For 18 years, the Ballance Farm Environmental Awards (BFEA) have recognised farmers who are minimising their environmental footprint and working as guardians of the land for the next generation.’ - Ballance Agri-nutrients

‘This year we launched our most significant innovation in a decade and NZ farmers were at the heart of the development SurePhos - an environmentally sustainable phosphate loss by up to 75%.’ - Ballance Agri-nutrients

‘We are working on sustainability initiatives, whether it is through the drive to reduce waste, lower our carbon footprint, lower energy consumption, or enhance staff well-being.’ - MG Marketing

‘By 2025 we will reduce our carbon emissions – join the climate leader coalition, commit to report and set targets by July 2020.’ - Foodstuffs, North Island

‘We have lodged an application with Environment Southland for new resource consents for our Mataura plant. This is to: take water from the hydro race, fed by the Mataura river, for cooling water purposes, for meat processing and truck washing activities.’ - Alliance Group

‘NZPM have upgraded the wider vehicle fleet over the past four years to modern lower emission vehicles. We are progressively replacing all cars with hybrid petrol electric models to reduce our emissions by over 30% per year.’ - NZPM Plumbing World

‘Many sites in the programme have now achieved a 90% landfill diversion rate.’ - Foodstuffs South Island

‘Fonterra’s ‘Sustainability Report 2017’ – a corporate responsibility (CR) report – was shortlisted in the CR Reporting Awards 2019 in the ‘Best Report’ and ‘Openness and Honesty’ categories. It was the only New Zealand organisation at the global annual awards.’ - ICA-AP



People, Planet, Profit

Profit

'Our international scale is one of the Co-op's key strengths. Our people have worked hard to leverage that scale shifting our New Zealand milk into the products and places where we can earn the highest possible value under the circumstances'. - John Monaghan, Fonterra Chair

'We are results driven and we're constantly looking at how we can overcome challenges, to do better and lead the world in the production of high quality, healthy, great tasting fruit, grown in a way that looks after the environment and our people'. - Zespri

'Eastpack is committed to improving its operational performance to minimise the impact of cost pressures, but also reducing fruit loss and providing strong Orchard Gate Returns to its Growers'. - Eastpack

'Prospa, Eastpack's orchard management division continues to grow and now has more than 900 hectares under lease or management, a 10% increase from 2017'. - Eastpack

'The Health Society Group has reported a surplus of \$32.4 million. This outcome is testament not only to our strong foundations but to the successful navigation of a highly unusual set of circumstances as a result of the Covid-19 pandemic'. - Southern Cross Medical Care Society

'Profit before net finance costs, dividends, rebate and taxation increased to \$11.7 million, however comparison to the prior year is less straight forward due to the adoption of the new lease accounting standard'. - NZPM Plumbing World

'When combined with lower costs, reduced inventory and strong cashflows throughout the pandemic response, the year ended solidly from a financial perspective.' - Ravensdown



What are the next steps?

Cooperative Business NZ will be working to ensure this information is disseminated across multiple audiences so that the value of these businesses to the New Zealand economy is better understood.

GOVERNMENT

Ministers and Ministries

Create a regulatory environment that enables a range of business models to thrive, taking into consideration the United Nations international government guidelines (R193 - Promotion of Co-operatives Recommendation, 2002 (no. 193)), created in conjunction with the International Labour Organisation.

Regulators

Consider how policy is being applied in a regulatory setting and how this impacts on co-operative businesses.

Climate Change Response Act 2002

The Climate Change Commission has made recommendations on how to achieve Zero Carbon targets. Given the significant proportion of co-operatives in the primary sector, there is a need to work alongside these businesses to achieve this outcome.

Productivity Commission

New Zealand is not a typical OECD economy. There needs to be recognition of how co-operative businesses support New Zealand's productivity. The government may need to consider if GDP in isolation is the appropriate tool for evaluating New Zealand's productivity given the global change around priorities.

EDUCATION

Tertiary Education

Provide materials to support education institutes to include content on the business model to fill the current void. Co-operative Business NZ has a MOU with Massey University and are looking to embed material across their education programmes as a pilot.

Governance training

Incorporate learnings into governance training delivered both by Co-operative Business NZ, but also by the broader training community, including the Institute of Directors (IOD) and Governance NZ.

Professional bodies (legal / accounting)

Support professional development programmes incorporating content on the business model as part of their annual CPD accreditation.

NEW BUSINESS VENTURES

Māori and Pasifika

Engage with leaders to consider how to apply the business model to support the lives and livelihoods of their people. Commercial and social benefits can be derived by these communities utilising the business model across multiple industries where they have access to people, land and infrastructure, i.e. primary sector, construction, housing.

Lawyers / accountants

Upskilling on the business model to ensure provision of the appropriate advice.

Start-up agencies

Icehouse, Ministry of Awesome, Tech Futures Lab, etc. Incorporate learnings into their programmes.

MEMBER ENGAGEMENT

Share these messages with our New Zealand co-operative and mutual sector members so they too feel a sense of pride in how they contribute to the New Zealand economy.

THE FUTURE

While this study provides a snapshot of the co-operative sector, more detailed research is required to build a rich picture of the New Zealand co-operative economy. Currently there is significant research available on other business models and we need to ensure that this is broadened to include all business models. Ultimately this will support more informed decision making.

In Australia, an inquiry was undertaken to assess the co-operative environment to ensure the regulatory framework was fit for purpose and consider other aspects to ensure these businesses continue to be sustainable. Findings supported having a Minister for Co-operatives, revising the regulatory environment, incorporating education on the model at tertiary / post graduate levels and upskilling of advisory services about the business model. It is likely that the findings of such an enquiry would be similar here in New Zealand.

Cooperative Business NZ will continue to support regularly gathering this data to enable building insights into our members' businesses. Ultimately, we are here to provide a voice for our members on the model and its value to New Zealand.

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Co-operative principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Methodological Notes

The statistics and data presented in this report has largely been derived from reaching out to CFO's, CEO's or Operations Managers of the co-operatives and mutuals. Where we were lacking data, this information was extracted from companies' annual reports where the data is publicly available. Beyond contacting the Top 30 co-operative and mutuals in New Zealand based on revenue, we extended communication out to a larger cohort (an additional ten co-operatives) to gauge a broader picture of the co-operative and mutual economy in New Zealand.

Defining co-operatives and mutuals in New Zealand's economy

Co-operatives and mutuals in New Zealand are defined by the Co-operative Companies Act 1996 - as when 'a company has the principal activity which is stated in its constitution as being, a co-operative activity and in which not less than 60% of the voting rights are held by transacting shareholders'. Co-operative Business NZ defines a co-operative as a member-owned and controlled business from which benefits are derived and distributed equitably on the basis of use.

In addition to being registered under the Co-operative Companies Act (1996), co-operatives in New Zealand may be solely registered under the Companies Act (1993) or other legislation relevant to member owned business activity. These include Building Societies Act (1965), Friendly Societies and Credit Unions Act (1982), Farmers Mutual Act (2007) and Industrial and Provident Societies (1908). These businesses all act under similar principles to that of a co-operative.

Organisations who demonstrate only some of these commitments are excluded from the study (e.g. Rabobank NZ), and organisations who demonstrate all of these principles but the legal entity is not classified as a co-operative are included (e.g. Zespri). Therefore, for the purposes of this report co-operatives and mutuals are defined as organisations where members/users own, control and benefit from dealing with the company.

The definition as stated above is aligned with that of the World Co-operative Monitor published in 2021, by the International Co-operative Alliance (ICA). We have adopted their metrics to measure qualitative and quantitative information to provide an accurate comparison to the globe.

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Quantitative measures

Quantitative data is collected in a consistent methodology to the ICA for the World Co-operative Monitor. Revenue data is collected for entities in the case of co-operative group consolidated data. The rankings presented are based on revenue data, defined as the income generated by the business activities conducted by a company, usually the sales of goods and services to customers. In the case of the insurance sector, this is premium income. For most Financial Service companies, this is the sum of net interest income, net premiums and other operating income, such as deposit and payment service charges, lending fees and credit card service revenues, income from brokerage and investment fund services, management and custodial service fees, foreign exchange income as well as other income. Some financial service companies' revenue is interest income revenue only. We do note that due to the different reporting variations by each co-operative, a direct comparison is not always available as the results of the report are not exhaustive, due to varying economic factors that can impact the

different types of organisations (e.g. financial service reporting against agri- food revenue).

Qualitative measures

The information request sent to co-operatives was provided with the intention to collate key themes with an emphasis on trends that were recurring from different industries and co-operatives. These key themes were collected from spokespersons (CEO's, Chairpersons, CFO's or Accounts Operations and Finance Managers) who were asked to comment on trends, challenges or Covid-19 impacts. Quotes from the latter have not been identified as individual participants but accumulated to enrich a picture of common themes representing trends of the NZ co-operative economy. The people, planet and profit quotations have been collected from publicly available sources, from the co-operative and mutuals websites or from annual reports with individual spokespersons identified where applicable.



This methodology is similar to that used in the 2017 The New Zealand Co-operative Economy report published by Massey University and The University of Auckland <https://nz.coop/> We have taken a very similar methodology approach to the ICA when collecting data for their 2020 World Co-operative Monitor (<https://monitor.coop/>).

Full list of sources:

https://nz.coop/Attachment?Action=Download&Attachment_id=47

<https://www.ica.coop/en/Co-operatives/facts-and-figures>

https://nz.coop/Attachment?Action=Download&Attachment_id=47

<https://monitor.coop/sites/default/files/publication-files/wcm2020web-final-1083463041.pdf> <https://www.ica.coop/en/media/library/cooperatives-and-employment-second-global-report>

ICA (International Co-operative Alliance), as a part of their update of the CICOPA Second Global Report which shows the most recent information about the number of Co-operatives by region. This data is based on 2017/2018, which is the most up to date available information.

<https://nz.coop/understanding-co-operatives>

https://nz.coop/Attachment?Action=Download&Attachment_id=47

<https://sites.google.com/pwc.com/accountinginforensics/accounting-terms/revenue-ifs-15>

<https://sites.google.com/pwc.com/accountinginforensics/accounting-terms/leases-ifs-16>

<https://monitor.coop/sites/default/files/publication-files/wcm2020web-final-1083463041.pdf>

<https://monitor.coop/en/media/library/research-and-reviews/world-cooperative-monitor-2020>

<https://bccm.coop/wp/wp-content/uploads/2020/12/BCCM-NME-Report-2020.pdf>

<https://www.coopdevelopment.org.au/topcoopsau.html>

https://www.rbnz.govt.nz/statistics/m5?_cf_chl_jschl_tk_=84bd03234fa26ae4e3a468319be85ba33923dd6c-1618203570-0-AcfvnxLoPJZX0HAqyfojjRcFmSeSEp2PkRZ60GEn2xSpjVfhiua4ny5AG-Pr7F9HGqzsjpP4tHkZLu5-Gzf8-0Vao6YjJM5hHj_ayzOrSLhwBtgjaZTF2dYG_Q1-Vvrd93H5BXTix4F9bXewn_DOIzfYPhJxiEoKfGCqWR1DOLBZIGvCZm7Llq6eLNPGYbn5GuTCwwzPcdcYPIIEnpXdHXkAflbHI82Lmli45iL4o-CTppIXpWAehTZW3RT-OwFt1T8Z28sviv-vAVpL77afCe_0HUKIxsEtoj-hB1sMLEtWZY2ZuHbsPZIfRTGwzVwYWQYukkOUI3c4xGzxE4WY6NvuHNxW5pGkAleyh2nZuF7mabr7Bd44FHZOuXYrLi1oUEM-coxyjjF8uGC_fs-mWBxgu8hVbXjLuuJTOhvQWm68jeD-5-Tidl4cep483wVu_wlbUPcjCaj5ij9oJp-8

<https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/dec-2020#data-download>

<https://tradingeconomics.com/australia/gdp#:~:text=GDP%20in%20Australia%20is%20expected,according%20to%20our%20econometric%20models>

<https://www.x-rates.com/average/?from=USD&to=AUD&amo>

<http://icaap.coop/sites/ica-ap.coop/files/2020%20New%20Zealand%20Country%20>



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