

CHAPTER III.—CO-OPERATIVE SOCIETIES.

1.—**General.**—In previous chapters information is given regarding the development of organization amongst employers and employees, such organization being designed to secure co-operation between the individuals, employers or workers as the case may be, comprising the two classes. Industrial legislation by the State and Federal Governments has encouraged such associations by allowing them to register and to be represented in proceedings before the Arbitration Courts.

In addition there has been an increasing development of co-operative manufacturing and marketing as well as of that older form usually known as Consumers' Co-operation. As the result of a comprehensive inquiry initiated by this Bureau in respect of the year 1922, information is now available regarding the extent of these co-operative associations.

Forms were sent out to all such associations registered under the various State Acts, and to all trading concerns using the term co-operative. When these returns were examined, it was discovered that in some cases the term "co-operative" was used merely as a trade name, and that the bodies concerned were not really co-operative establishments, but private trading companies.

In all such cases the returns have been discarded, and returns referring to actual co-operative associations only have been included.

2.—**Number and Membership.**—The returns received have been divided into two classes (i.) those engaged in the manufacture and marketing of primary products and trade requirements, and (ii.) those engaged in retailing general household requirements. The former of these may be described briefly as Producers' Co-operatives, and the latter as Consumers' Co-operatives.

The following table shows for each State in 1923 the number of societies and branches and their membership under the two heads mentioned :—

Co-operative Societies—Number, Branches and Membership, 1923.*

State.	No. of Societies.	No. of Branches.	Membership.
PRODUCERS' CO-OPERATIVES.			
New South Wales	59	53	38,645
Victoria	58	50	51,986
Queensland	43	40	29,693
South Australia	28	36	40,802
Western Australia	23	5	2,426
Tasmania	11	8	4,437
All States	222	192	167,989
CONSUMERS' CO-OPERATIVES.			
New South Wales	39	29	47,728
Victoria	30	17	15,928
Queensland	10	7	4,839
South Australia	11	58	30,731
Western Australia	57	7	8,660
Tasmania	5	3	1,917
All States	152	121	109,703

* Particulars in respect of the year 1922 will be found in Report No. 13, p. 18.

Co-operative Societies—Number, Branches and Membership, 1923—continued.

State.	No. of Societies.	No. of Branches.	Membership.
ALL SOCIETIES.			
New South Wales	98	82	86,373
Victoria	98	67	67,914
Queensland	53	47	34,532
South Australia	39	94	71,533
Western Australia	80	12	10,986
Tasmania	16	11	6,354
All States	374	313	277,692

Of the 374 Societies, 222 are included under what have been termed "producers' co-operatives," and 152 under "consumers' co-operatives." A considerable number of societies included in the first group, however, own stores and retail commodities to their members, although this is not their chief business. In the second group, some of the societies are engaged in the manufacture of the commodities sold, such as bread. Their primary function, however, is that of retailing commodities to their members. The main distinction between the two classes is shown in the manner in which profits are distributed. In the "producers' co-operative" society profits are usually distributed in the form of interest on capital invested, though in a few cases bonuses are paid according to the quantity contributed by members to the goods available for sale.

The profits in the "consumers' co-operatives," after payment of interest on loan and share capital, are distributed in the form of a dividend on purchases. Members receive interest on the share capital which they contribute, at a fixed rate independent of fluctuations in profits. This is a characteristic of co-operative societies of the Rochdale type, conducted on lines laid down by the originators at Rochdale in Lancashire in 1848. Another important feature of the "Rochdale Societies" relates to voting power. Contrary to the practice in connexion with joint stock companies, in which case voting power corresponds to the amount of capital invested in the company, each member of a Rochdale Society has one vote only, irrespective of the number of shares held.

In a few Australian Societies a departure is made from this principle but in the great majority of cases it is strictly observed.

3. **Capital Invested.**—The following table shows the amount of loan and share capital invested in 1923 :—

Co-operative Societies—Capital Invested, 1923.

State.	Producers' Co-operatives.		Consumers' Co-operatives.		All Societies.	
	Loan Capital.	Share Capital.	Loan Capital.	Share Capital.	Loan Capital.	Share Capital.
	£	£	£	£	£	£
New South Wales	190,720	822,240	46,814	438,784	237,534	1,261,024
Victoria	956,528	1,340,900	157,462	168,232	1,113,990	1,509,141
Queensland	149,830	460,840	15,774	37,322	165,604	498,162
South Australia	100,374	604,352	191,836	542,297	292,210	1,146,649
Western Australia	31,514	43,103	52,313	94,301	83,827	137,404
Tasmania	24,625	61,115	22,528	32,181	47,153	93,296
All States	1,453,501	3,332,550	486,727	1,313,117	1,940,318	4,645,676

The total amount of capital invested in Co-operative Societies is £6,585,994, of which £4,786,150 is invested in Producers' Co-operatives, and £1,799,844 in Consumers' Co-operatives. In the former class the Reserve Funds total £686,185, and in the latter £319,814, or a total for all Societies of £1,005,999.

4.—**Sales, Profits, Interest and Dividends.**—(i.) *Producers' Co-operatives.*—The following table shows the total sales, net profits, interest paid on loan capital, and dividends paid on share capital in 1923 :—

Producers' Co-operatives—Sales, Profits, Interest and Dividends, 1923.

State.	Sales.	Net Profits.	Interest on Loan Capital.		Dividend on Share Capital.	
			Amount.	Rate per cent.	Amount.	Rate per cent.
	£	£	£		£	
New South Wales	15,462,677	153,636	9,631	5.0	50,006	6.1
Victoria ..	11,836,478	75,855	57,788	6.0	23,011	1.7
Queensland ..	6,522,995	35,746	5,462	3.6	17,732	3.8
South Australia	5,406,148	54,057	4,388	4.4	1,709	3.0
Western Australia	275,020	11,727	1,461	4.6	952	2.2
Tasmania ..	186,216	6,115	1,208	4.9	2,527	4.1
All States ..	30,689,534	337,136	79,938	5.5	95,937	2.9

The amounts in the column "net profits" represent excess of profits over losses, the figures including returns from all Societies whether a profit was made or otherwise.

The average rate of interest paid on loan capital is 5.5 per cent., and dividends on share capital 2.9 per cent. The low average rate of interest paid on loan capital is due to two factors (a) the bulk of such capital is in the form of bank overdraft, the amount of which fluctuates considerably and (b) the inclusion in the figures of a large amount of loan capital (more particularly in South Australia) for which no corresponding amount for interest has been shown, principally in new societies whose existence has not been sufficiently lengthy for interest payments to operate. The low average dividend paid on share capital in Victoria, Western Australia, and South Australia is due to the fact that several large Societies either made no profit or made profits which did not warrant the payment of dividends on share capital.

In addition to the interest and dividends paid as shown in the table, 16 Societies paid bonuses amounting in the aggregate to £50,487. These bonuses were deferred payments for milk supplied to Co-operative Butter Factories, and represent the difference between the payments made in advance for the milk supplied on estimates of the probable value as measured by the butter fat contents, and the actual value as disclosed when accounts were finally balanced.

(ii.) *Consumers' Co-operatives.*—As already explained, the profits made by Consumers' Co-operatives, after payment of interest on loan and share capital, are distributed as dividends on the amount of purchases made by members. Provision is sometimes made for dividends at a lower rate on purchases made by non-members, and in the case of Societies for which particulars are given in the following table, such dividends amounted to only £528.

The following table shows the total sales, net profits, interest on loan and share capital and dividends in purchases to members for 1923 :—

Consumers' Co-operatives—Sales, Profits, Interest and Dividends, 1923.

State.	Total Sales.	Net Profits.	Interest on Loan Capital.		Interest on Share Capital.		Dividends on Purchases.	
			Amount.	Rate per cent.	Amount.	Rate per cent.	Amount.	Rate in the £.
	£	£	£		£		£	s. d.
New South Wales	2,649,627	203,184	2,009	4.3	17,457	4.0	155,238	1 2
Victoria ..	1,047,197	28,403	6,953	4.4	6,789	4.0	12,365	0 2.8
Queensland ..	252,269	18,364	941	6.0	803	2.2	4,688	0 4.5
South Australia	1,474,682	76,227	9,945	5.2	21,794	4.0	46,710	0 8
Western Australia	692,041	27,073	2,926	5.6	2,379	2.5	7,750	0 2.7
Tasmania ..	130,585	3,926	904	4.0	566	1.8	2,199	0 4
All States ..	6,246,401	357,177	23,678	4.9	49,788	3.8	229,000	0 8.8

The remarks made in connexion with the preceding table relative to interest rates apply also to the above table.

In New South Wales there is a Wholesale Co-operative Society which supplies goods to Retail Co-operative Societies affiliated with it. The particulars of sales, net profits, interest and dividends in connexion therewith are included in the totals for New South Wales, which are therefore to a certain extent duplicated, inasmuch as sales to the retail societies will be also part of the sales of the retail societies to their members. The total turnover of the Wholesale Society is less than £500,000 per annum.

The dividends paid to members on purchases vary from 2½d. in the £ in Western Australia to 1s. 2d. in New South Wales. The table shows that the trade and also the dividends on purchases is greatest in New South Wales. Relatively to population, however, the position is considerably stronger in South Australia than in any other State.

The high rate of dividends on purchases in New South Wales is due to the fact that there are several large and well-established Societies which pay dividends in the vicinity of 2s. in the £.

5.—**Registration.**—In all the States except Tasmania, Co-operative Companies may register either under the Companies Act or under another Act, variously described in the different States, but designed to give greater facilities for co-operative activities. The advantages of registration under alternative Acts are availed of to a considerable extent. In order to further facilitate the extension of co-operation, the New South Wales Parliament recently passed an Act entitled *The Co-operation, Community Settlement and Credit Act 1923*, which came into operation on 31st December, 1923. It is claimed that this Act establishes an adequate statutory basis for the formation of co-operative societies upon genuine principles. The Government has appointed an Advisory Council whose functions include the advising of the Minister as to the means to be adopted to promote co-operation.

The Act provides for the formation and registration of rural societies, trading societies, rural credit societies, urban credit societies, community settlement societies, community advancement societies, building societies, and investment societies. Sample constitutions for each of these types are given in detail in the Act, and they cover all forms of economic activity except banking and insurance.

6.—**Co-operative Unions.**—In the United Kingdom and other countries where the Consumers' Co-operative movement is well established, organizations are in existence for the promulgation of co-operative principles, and for general educational purposes. In Australia there were until recently,

two Co-operative Unions, one in New South Wales and the other in South Australia. The former has ceased to exist, but the duties for which it was organized are now carried out by the Propaganda Committee of the New South Wales Wholesale Society. The work of these organizations has been largely confined to the arrangements for holding Conferences of Co-operative Societies. Two such Conferences for Australia have been held—the last in 1922. State Conferences have also been held in South Australia.

7.—**Other Co-operative Societies.**—In some of the largest industrial undertakings in Australia the employers have established co-operative stores at which their employees may purchase commodities at practically wholesale prices. These Societies are included in the preceding tables. In many smaller establishments, however, the practice of buying in bulk by a Committee of the employees, and retailing to the employees at practically wholesale prices, is being largely adopted. It has been found impossible to secure information as to the extent to which this practice has developed. In some cases it is confined to one or two articles such as butter, in others the list of commodities dealt in is extensive.

8.—**International Statistics of Co-operative Societies.**—In the People's Year Book for the year 1922 (the Official publication of the Co-operative Movement of the United Kingdom), statistics are given of the collective membership and trade of the Consumers' Co-operative Societies of the representative Co-operative Unions in the year 1920.

It is there shown that for 18 countries the number of distributing societies is nearly 18,000, with a membership of approximately 12,000,000, and an annual trade of about £750,000,000 in British equivalent values at par. The figures do not include Belgium and Russia, where the movement is firmly established, as the necessary information is not available. In the United Kingdom there are 1,397 Societies with a membership of 4,504,852 and an annual trade of £254,158,144.

For the year 1922 the number of Societies in the United Kingdom was 1,321 with a membership of 4,519,162 and an annual trade of £169,582,357. The decrease in the annual trade is due almost entirely to the decline in prices, and not to any falling off in trade.

CHAPTER IV.—FLUCTUATIONS IN EMPLOYMENT AND UNEMPLOYMENT.

1. **General.**—In Chapter X. variations in rates of wage in Australia since 1891 are indicated by index-numbers, while in Chapters V. to VIII. variations in retail prices and in wholesale prices are shown by a similar method.

Employment index-numbers form a useful complement to figures showing the course of wages, prices, and purchasing-power of money, since they indicate the relative loss of time through lack of employment, and furnish a useful measure of the fluctuations of industrial activity regarded as a whole. While export statistics, for example, relate only to the margin of national production sent overseas, statistics of employment measure the relative activity or depression of the whole of the industries to which they relate.

The particulars in the following tables are based upon information furnished by the secretaries of trade unions in the several States, and the membership of unions regularly reporting has now reached nearly 400,000. Unemployment returns are not collected from unions whose members are in permanent employment, such as railway and tramway employees, and public servants, or from unions whose members are casually employed (wharf labourers, etc.) Very few unions pay unemployment benefit, but the majority of the larger organizations have permanent secretaries and organizers who are in close touch with the members and with the state of trade within their