

PROTECTING YOUR COOPERATIVE

A One Day Seminar

Conducted by the New Zealand Cooperatives Association

Tuesday 7th August 2007

9:30am–4:30pm

Wellington Airport Conference Centre

for cooperative directors

plus cooperative executives

& co-op members (future directors!)

Cost \$425 inc GST

For more info and to reserve a place

phone 04 384 4595

email nzca@nz.coop

Final date to register

Thursday 2nd August

Numbers are limited

Preference given to people from member co-ops
Programme is subject to alteration

THE PROGRAMME

- 08:30–09:30 coffee, tea, muffins on arrival
- 09:30–10:20 ● **Alastair Hercus** (Partner, Buddle Findlay)
Legal ways to protect your cooperative
- 10:20–10:35 coffee, biscuits
- 10:35–11:25 ● **James Morrison** (Morrison Consulting)
Strategies for sustainable cooperatives
- 11:25–11:40 coffee, tea, biscuits
- 11:40–12:30 ● **Don McFarlane** (Chairman, CRT Cooperative)
A fictional case study for small groups
- 12:30–13:30 lunch, networking time
- 13:30–14:20 ● **Brent Esler** (CEO, CRT Cooperative)
Ways for executives to protect your cooperative
- 14:20–14:40 coffee, tea, biscuits
- 14:40–15:30 ● **Alan Robb** (Cooperative Consultant)
How members can protect your cooperative
- 15:30–15:45 coffee, tea, scones
- 15:45–16:30 ● **Panel** question and answer session
review of seminar, evaluation completion

REGISTRATION — Participant information

Name

Phone Email

Name

Phone Email

Name of cooperative

Special food or other requirements

Payment is to be made at the time of registration directly into the New Zealand Cooperatives Association bank account at the National Bank – 06 0501 0288559 00 – identifying the source of payment.

Date deposited

Either fax this form to 04 801 6966 or send the information by email to nzca@nz.coop



Cooperatives NEWS

a two-monthly newsletter
with a focus on New Zealand
cooperative enterprise

www.nz.coop

AUGUST/SEPTEMBER 2007

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INTERNATIONAL ACCOUNTING STANDARDS

Resolution may be in sight

by Ramsey Margolis

Executive Director, New Zealand Cooperatives Association

Following a meeting on Friday 10th August, it seems likely that with some more work by the Association, cooperatives in New Zealand will be able to obviate the effects of the new International Accounting Standards (IAS 32) which turns cooperative equity into debt, at least in the short term.

At the meeting in Wellington were representatives of the New Zealand Cooperatives Association (NZCA)'s IAS working group along with John Spencer, Deputy Chairperson of the Accounting Standards Review Board and consultant to the Board, Keith Rushbrook.

To achieve this outcome, we intend to convene a meeting with technical experts from the top four accounting firms to discuss a new interpretation of IAS 32 that will solve all problems.

Following this, NZCA primary member contacts will get a simple questionnaire and are asked to complete it and return it as soon as possible.

In the long run, though, we believe that only an accounting standard which is written specifically for cooperatives, produced by the International Accounting Standards Board with input from the International Cooperative Alliance's IAS working group, will produce a long term solution.

This newsletter was delayed to be able to report progress on this issue. Primary member contacts will be kept informed as to further progress as and when it happens, with a *Cooperatives NEWSFlash*.

COOPERATIVE EDUCATION SEMINAR

Protecting your cooperative

This year's cooperative education seminar was held at Wellington Airport Conference Centre on Tuesday 7th August.

Attracting directors and senior executives from a broad spectrum of the Association's members, almost 40 people attended the one-day event from as far apart as Whangarei and Dunedin.

Member co-ops represented were:

- Ashburton Trading Society
- Ballance Agri-Nutrients
- CRT Cooperative
- Delta Produce Cooperative
- Farmlands Trading Society
- Fonterra Shareholders Council
- Foodstuffs South Island
- Independent Timber Merchants Cooperative
- Interflora
- Kerikeri Irrigation

continued on next page



Association office shifts

After 34 years in Agriculture House, the New Zealand Cooperatives Association has a new home in Wellington's Cuba Quarter.

We are now at:

75 Ghuznee Street
Te Aro
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New Zealand

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Encouraging, promoting and
advancing cooperative business

nz.coop
NEW ZEALAND COOPERATIVES ASSOCIATION

- Motor Trade Finance
- New Zealand Blackcurrants Cooperative
- Ngati Kahu ki Whangaroa Cooperative Society
- Orb Communications
- Ravensdown Fertiliser Cooperative
- Tatua Cooperative Dairy Company

as well as a director from Wellington's Harbour City Credit Union, whose report for the NZACU newsletter *Credit Union Newz* can be read below.

Feedback from participants was good with a very high proportion interested in coming to future education seminars, as well as recommending that their fellow directors and executives attend them also. ●

The co-op education seminar – from the view of a non-member

by David Strutton

Director, Harbour City Credit Union

On Tuesday, 7th August, I attended a seminar conducted by the New Zealand Cooperatives Association on "Protecting Your Cooperative".

Their members are a diverse group, including Fonterra Cooperative Group, PSIS and Ngati Kahu Ki Whangaroa Cooperative Society, to name just a few.

Alistair Hercus (Partner, Buddle Findlay) opened the discussion with thoughts on legal ways to protect your cooperative.

He observed that trading with non-members is at odds with the main objective of trading with members only, but the higher margins obtained in this fashion are seen as outweighing the risk.

Allowing non-trading shareholders (e.g. investors) to vote is a risk in that their ability to bloc vote could derail the process of major rule changes where a 75% majority is required.

You could mount a defence around capping voting rights, identifying shareholders and enforcement of the share register, but the best defence is in promoting your cooperative to your members, he suggested, and serving their interests.

Strategies for sustainable cooperatives was the next topic, and this was presented by Dr James Morrison, who said that cooperatives exist to provide an amenity to their members and failure to remain relevant could lead to demutualisation.

Change is inevitable for cooperative businesses and any diversity in members' interests can also

create incentives for certain groups to "capture" the cooperative.

The best defence, in his opinion, is to be the most efficient entity by being efficient and focussed. However, while the duty of care is to the members and not to investors, directors have an even greater responsibility to the cooperative as they are appointed to a position of trust and have a duty of care.

Brent Esler (Chief Executive Officer, CRT Cooperative) gave a presentation detailing how the cooperative has gone from revenues of \$100 million to \$487 million in a reasonably short period by merging, forming or acquiring seventeen different companies and cooperatives.

His message was very basic: in business, standing still was not an option as rivals and events would overtake your cooperative and render it redundant.

In order to merge businesses, however, there needs to be a shared vision showing a joint future free of politics, and that being a merger and not a takeover was the best means of obtaining approval of both Boards and members.

Following on from this Don McFarlane (Chairman, CRT Cooperative) offered a fictional case study for small group consideration.

Alan Robb, Cooperative Consultant and Adjunct Professor (Cooperatives and Credit Unions Programme), St. Mary's University, Canada, presented three case studies of cooperatives that had faced problems at some time in their life and had been turned around and made successful.

The case study that resonated most with participants was that of the PSIS. Alan made a number of cogent points. Some of them were:

- what can we provide for our members that we do not already provide, for the benefit of future members;
- the future lies in enhancing members' experiences;
- protection = stagnation.

There followed an entertaining panel discussion, and then the meeting closed.

One feature that stood out for me was the brand recognition of many of the cooperatives present, such as Ravensdown, Foodstuffs, Motor Trade Finance and ITM – these names are recognised New Zealand wide.

What the day showed me most of all was that new products and services that meet members' needs provide the best protection for your cooperative, whatever the line of business. ●

PHOTOS FROM THE 2007 NZCA EDUCATION SEMINAR



Above left: Don McFarlane, CRT Cooperative & New Zealand Blackcurrants Cooperative

Above right: Alastair Hercus, Buddle Findlay

Right: James Morrison, Morrison Consulting

Below left: Seminar attendees

Below right: Alan Robb, Cooperative Consultant and Adjunct Professor (Cooperatives and Credit Union Programme), St. Mary's University, Canada

Bottom left: Brent Esler, CRT Cooperative

Bottom right: Small groups working hard on Don McFarlane's fictional case study



THE NEW ZEALAND COOPERATIVE ASSOCIATION AIMS TO:

- encourage, promote and advance New Zealand cooperatives;
- act as a representative association for those engaged as cooperatives;
- promote discussion and cooperation with decision-makers at all levels of government, designed to further the interests of the cooperative movement;
- provide services and expertise to those engaged in the cooperative movement and to carry out research into all aspects of the movement;
- collect, verify and publish information relating to the cooperative movement.