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‘Big four’ or credit unions? The \$76,000 question

Despite eight in every ten Australians belonging to a co-op or mutual such as the NRMA or AustralianSuper, only 16 per cent realise it, according to a new paper by The Australia Institute being launched today.

In the first analysis of its kind, The Australia Institute has mapped the size and scope of mutually owned co-ops in Australia. *Who knew Australians were so co-operative?* reveals 13.5 million Australians are members of these organisations across sectors such as finance, health, insurance and agriculture.

The Australia Institute's Executive Director Dr Richard Denniss said there are enormous benefits for customers switching to a co-operatively owned or mutually owned organisation. These include the ability to save more than \$1,000 per year on an average mortgage, increase retirement savings by tens of thousands of dollars by switching to an industry super fund or guaranteed access to doctors who bulk bill.

“Millions of Australians could spend less on their mortgages, spend more in retirement and save a small fortune when they need to go to the doctor, buy a book or buy some wine. At a time when many people are talking about the rising of cost of living it is surprising that more Australians don't switch to a member-owned alternative,” said Dr Denniss.

The report finds that people would save \$76, 417 over the life of an average mortgage and reduce their repayment period by three years if they switched from a 'big four' bank to a mutually owned bank, credit union or building society. Treasurer Wayne Swan has referred to these institutions as the ‘fifth pillar’ of Australian banking.

The report also finds that while millions of Australians clearly understand the financial benefits of being a member of a co-op or mutually owned organisation such as the NRMA, the Co-op Bookshop, a credit union or industry super fund, the vast majority of these people do not realise they are not just customers, but members of these organisations.

“It seems ironic that while many Australians have expressed a desire for 'an alternative' to the high profits and high salaries associated with bad behaviour of big business, most of those doing so are likely to have been members of such an alternative,” said Dr Denniss.

“While co-ops and mutuals have clearly been effective in delivering high quality products at low prices our report suggests they have not done a great job of explaining to their members how they do it and why it matters,” concluded Dr Denniss.

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A copy of *Who knew Australians were so co-operative?* can be downloaded from www.tai.org.au under 'Publications'.

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