



MEDIA RELEASE

Federal Budget 2016: Incentives in but impact on co-ops unclear

3 May 2016: Reacting to the 2016 Federal Budget, Melina Morrison, CEO of the Business Council of Co-operatives and Mutuals said the budget had only one expenditure programme that specifically targets the growth of the country's co-operative and mutual enterprises (CMEs).

Agriculture

"The government's recommitment to the \$13.8 million Farm Cooperatives and Collaboration Pilot Programme will help farmers take advantage of the new trade opportunities provided by the export trade agreements in Asia."

"The big question for an economy in transition is how to capture more value from the export opportunities and new markets for Australian producers. The trade agenda requires a concomitant strategy to capture more value to the grassroots, domestic economy."

"A seamless trade and investment environment should be matched with investment in collaborative export platforms that support domestic business ownership and value capture to the Australian economy."

"Agriculture is a vital part of the Australian economy, exporting \$40 billion of goods annually, and co-operatives are a key part. Agricultural co-operatives export 40 per cent of the country's wheat and account for 25 per cent of Western Australia's agricultural economy. Co-ops process 30 per cent of Australia's milk and export 100 per cent of our rock lobster, so the government's modest investment in expanding awareness and take up of the co-operative model is sound."

"In our pre-Budget submission we proposed that the farm co-operatives programme be replicated for other sectors to enable collaborative marketing opportunities in growth areas like manufacturing and service industries. This pilot will test the efficacy of the co-op approach and we hope to see the initiative in future budgets."

"For the co-operative sector to thrive it needs regulators that understand the way that co-operatives capture value for producers. The new Australian Competition and Consumer Commission Agriculture Commissioner will encourage stronger competition and boost the ACCC's engagement with the agriculture sector," said Morrison. The Government is providing a total \$11.4m over four years to this role.

Small Business & jobs

"Reducing the small business tax rate to 27.5 per cent will help 870,000 companies that employ 3.4 million employees. For the tens of thousands of Australian small businesses supported by bulk purchasing and marketing supply co-operatives, tax relief will be welcomed. But the careless legislation and regulatory red tape that CMEs face in Australia make their job of supporting small and medium enterprises harder and more costly."

"The recent Senate inquiry into the co-op and mutual sector recommended a raft of reforms to cut red tape and level the playing field for CMEs."



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“The expansion of the role of the Small Business and Family Enterprise Ombudsman will help CMEs advocate for red tape reduction reforms,” said Morrison.

The government will provide \$16.3 million over four years from 2016-17 to expand the advocacy function of the Ombudsman including working with State and Territories to improve the operating environment for small businesses.

The budget measures to support self-employment and entrepreneurship among youth could also benefit from a stronger engagement with the co-operative and mutual business sector.

The government’s investment of \$840 million in a Youth Employment Package to help 120,000 young people into jobs includes \$88.6 million to support young people who wish to start their own business. Initiatives include “Exploring Being My Own Boss” workshops to connect young job seekers with the business training, finance and networks they need to develop their innovative ideas into successful businesses.

“If the focus is on the ‘hero’ entrepreneur and a narrow range of business models like sole trader young people will miss out on the opportunity to explore proven collaborative models like co-operatives and mutuals to scale their business ideas for success.”

Health

“The cost of delivering healthcare is skyrocketing. The \$21.3 million budget commitment to trial ‘Health Care Homes’ to improve care for Australians with chronic diseases and complex conditions offers an opportunity to test the cost effectiveness of a genuine patient-centred health care model already in operation,” said Morrison.

“National Health Co-operative (NHC) is the patient owned GP clinics business providing holistic, primary health care to more than 30,000 residents in the ACT. If chosen to be in the pilot NHC could demonstrate how the consumer owned primary health care model helps patients with chronic diseases to manage their health care and live healthier lives at home.”

“The additional \$2.9 billion funding between 2017-18 and 2019-20 for State and Territory hospitals that is linked to reforms including reducing avoidable hospital admissions could also benefit from engaging with co-operative and mutual models of service delivery.”

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The Business Council of Co-operatives and Mutuals (BCCM) is the national peak body representing the co-operative and mutual models of enterprise. Formed in 2013, the BCCM is led by the chief executives of Australia’s co-operative and mutual businesses. The BCCM works to promote the role of member-owned enterprises in the national economy. With 2000 co-operative and mutual businesses operating nationally representing a total of 14.8 million memberships, the BCCM highlights the contribution co-operatives and mutuals make to the economy and social development in Australia. www.bccm.coop.