

Members' Review

Issue 1 Volume 1

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Past, present, future: next steps for CMEs

On 29 July this year the Business Council of Co-operatives and Mutuals will be three years old. It is a good time frame to review progress, being long enough to provide some perspective and hindsight.

Thus far we have been reporting the progress of our short and eventful journey via periodic 'Report Cards'. We have found it is excellent discipline to hold the Council accountable to its members on delivery of key objectives and to recap the major milestones. So, I am delighted to launch Issue One of the BCCM Members' Review, our chance for a deeper dive into the Council's major activities over the last few months and a look forward at some key events on the horizon.

There is no getting away from the fact that this has been a time of huge activity and giant steps for the

co-operative and mutual business sector. From the landmark Senate inquiry into co-operative and mutual enterprises (CMEs) to our launch last week of the first cross-sector Election Policy for CMEs, the interest in and awareness of our businesses and business model is cutting across the national dialogue on many fronts.

To paraphrase the current Prime Minister, it is a great time to be a co-operative or mutual. That is not to say that CMEs are without their challenges. They compete in the same global economic environment as all businesses which makes the call for CMEs ever more urgent.

Overleaf we have provided updates on a number of the Council's main activities. Given our big agenda it's not exhaustive and we have designed this review to complement our regular member communiqués, newsletters, the daily news we host on the BCCM website, and the

newsfeed via our social media platforms, Twitter and LinkedIn. Let us know if you are missing any of this regular communication. Sharing information and staying in touch with each other is arguably the single most important thing we can do to leverage the impact of our individual business activities.

The BCCM is proud of all that we have achieved together and we are looking forward to a new era of growth and influence. Our progress to date shows that working co-operatively we can ensure that we maximise our impact to progress a broad and cohesive agenda for CMEs over the next few years.

Stay in touch

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Chief Executive Officer

Federal Senate inquiry: Where to next?

Senate victory for co-ops and mutuals

On March 17, the Senate's Economics References Committee handed-down its report into the role and overall performance of co-operatives, mutuals and member-owned firms in the Australian economy.

The inquiry was the result of a concerted advocacy campaign by the BCCM aimed at getting political representatives to understand the regulatory and legislative impediments facing many CMEs. The BCCM's landmark 2014 publication, *Blueprint for an Enterprising Nation* was a critical factor in successfully making the case for an in-depth review of the sector.



The resulting bipartisan report has received strong industry endorsement as a roadmap for growth for the sector in the coming years.

The Committee produced a set of wide-ranging recommendations highlighting various barriers to innovation, growth and free competition faced by CMEs. The report hands government a complete reform agenda to address the roadblocks which are holding the sector back, including the red tape involved in setting up and running a co-operative, constraints to raising capital ring-fencing growth, and lack of education and training on the business models leading to the poor provision of professional expertise to the sector.

Specifically, the Committee recommended that a mutual is explicitly defined in the Corporations Act 2001 and that the Commonwealth Government examine proposals to amend the Act to provide co-operative and mutual enterprises with access to a broader range of capital raising and investment opportunities. Throughout the Federal election campaign the BCCM will advocate for all 17 recommendations to be implemented in full.

Raising New Capital in Mutuals: Taking action in Australia

In many parts of the world co-operatives and mutuals face the same legislative impediments to capital raising as is the case in Australia. In the UK the parliament recently approved the Mutuals' Deferred Shares Act to give mutuals more flexible access to capital. This change came about because of an effective cross-sector collaboration building the case for legislative change.

The BCCM is taking action on new capital instruments for mutuals in Australia. Working with a collaboration of eight mutuals representing more than five million Australian members, with industry peaks including COBA, and with the assistance of Mutuo, the UK based mutual advocacy peak, BCCM is working to see the implementation of the Senate's recommendations on capital raising. The BCCM's election campaign has highlighted the benefit of freeing up capital investment in mutuals to unlock billions of dollars of fresh investment in the economy.

Find out more about the New Capital Instruments project by contacting BCCM General Manager, Alexandra Hordern: 02 9239 5931 or alexandra.hordern@bccm.coop.



NSW Treasurer, Gladys Berejiklian speaking at the BCCM Trade and Investment Dinner

Political advocacy and CME Charter

The BCCM has a clear campaign message and a simple 'ask' in the Federal Election. Co-operatives and mutuals are important to the prosperity of Australia. They help to create an economy and society that works in the interests of the widest number of people by sharing power in, and the rewards of, business.

The BCCM calls on parties and candidates to support the co-operative and mutual sector. Specifically, the BCCM calls on all candidates standing to demonstrate their support for a CME Charter that sets out the principles for how government should work with the mutual business sector:

Co-operatives and Mutuals Charter

- Co-operatives, mutuals and member owned businesses should be able to compete freely and on fair terms with all types of business.
- Government should champion these business forms on an equal basis alongside other types of corporate ownership.
- Government policy should recognise the value of these businesses and provide appropriate incentives for their creation and development.
- Fiscal measures should promote co-operatives, mutuals and member owned businesses as much as share ownership of publically listed companies.
- Legislation and regulation for these firms should match the best standards for any business.
- It should be as cost effective and straight forward to set up and run a co-operative, mutual or member based business as any other type of business.



Senator Nick Xenophon (IND, SA) speaking at the CME 100 Chairs' Forum



Senator Bridget McKenzie (NAT, VIC) speaking at the CME 100 Chairs' Forum



Senator Chris Ketter (ALP, QLD) speaking at the CME 100 Chairs' Forum



The Hon. Hon Keith Pitt MP, (NAT, QLD), Assistant Minister to the Deputy Prime Minister speaking at the CME 100 Chairs' Forum

Call to action

The BCCM has developed an election campaign toolkit for members to add their voice to a collective call for parties to support the implementation of the Senate's recommendations to level the playing field for CMEs in Australia. The toolkit includes a template letter, election policy and press release.

For enquiries about the campaign and a copy of the toolkit materials, contact the BCCM's General Manager, Alexandra Hordern, 02 9239 5931 or alexandra.hordern@bccm.coop.

Pre-Budget submission highlights co-operative opportunities

In its pre-budget submission the BCCM asked Government to consider committing funding for a co-operatively structured primary healthcare services pilot across the country. Proposed by the National Health Co-operative, the health hub network would reach into poorly serviced regional areas and is based on the success of the NHC's hub and spoke model in the ACT.

On Budget night, the BCCM was on hand at the Canberra lockup for a first look at the Budget papers and the chance to review the areas for CMEs to play a greater role. The innovation agenda, small business, youth employment, and agricultural white paper provide many opportunities to engage with government.

The BCCM makes submissions to relevant government inquiries to ensure the voice of the sector is heard in all areas of policy and political debate. The BCCM has recently made submissions on the subject of disability housing, affordable housing more generally, poverty reduction and agricultural development in the Indo-Pacific region, crowd sourced equity funding and the future of Australia's aged care sector workforce. Last year it made submissions to the Agricultural Competitiveness Green Paper that led to a \$14 million funding commitment for education and training on co-operatives.

The role of co-operatives and mutuals in the delivery of services has been championed by the BCCM in its 2014 White Paper and in submissions to the Senate inquiry. Recommendation 2 of the inquiry supports an expanded role for CMEs in service delivery and a closer dialogue with government in policy making.

All submissions made by the Council are available on the BCCM's website.

Game-changing program boosts agricultural co-operation

In April, the Deputy Prime Minister and Minister for Agriculture and Water Resources Barnaby Joyce and the Member for Page, Kevin Hogan launched the \$14 million Farm Co-operatives and Collaboration Pilot Program outside the offices of the iconic Northern NSW dairy co-operative, Norco. Southern Cross University will deliver a two-year education program for up to 2000 farmers and 100 farmer groups across the country.

The BCCM has advocated for federal funding for education aimed at improving farmers' access to information on setting up and running co-operative businesses since

2014. The program was one of the measures announced

in the Agricultural Competitiveness White Paper last year and was launched in the co-operative stronghold of Northern NSW.

The program will run until June 2018 and the BCCM will continue to work with Southern

Cross University and other stakeholders to ensure the successful roll out and implementation of the pilot.

Engaging people and organisations with expertise in co-operative development, and producer, supply and marketing co-operatives in agriculture, will be critical to the success of the program. For more information on the initiative, contact the BCCM's General Manager, Alexandra Hordern



Senate inquiry into co-operative, mutual and member-owned firms

Recommendation 2

The committee recommends that (sic) co-operative and mutuals sector be better represented in government policy discussions, and is actively promoted as a possible option for service delivery particularly where community based initiatives are being considered.

ICA Board welcomed to Australia

Trade and investment dinner held in Sydney

The board of the global peak body for co-operatives, the International Co-operative Alliance, met in Australia in March for the first time in its 120 year history.

The 20 nation board of the ICA includes Australia represented by Greg Wall, Group CEO, Capricorn Society and a founding director of the BCCM. Speaking at a trade and investment dinner hosted by the BCCM and Capricorn Society at the Sydney Opera House, ICA President and CEO of Desjardins Group, Monique Leroux, said co-operatives are an economic model for our times bringing commerce and people together.

Also speaking was NSW Treasurer, Gladys Berejiklian, who acknowledged the economic benefit that the co-operative and mutual sector brings to the NSW economy and signalled the NSW Government's strong support for the sector into the future.

The dinner was hailed as a trade and investment platform bringing Australian CME leaders into contact with the CME sector overseas. The BCCM has been invited to Western China in November this year for the international trade fair in Chengdu. All-China Federation of Supply and Marketing Cooperatives, China's largest co-operative, also on the board of the ICA, has issued the invitation to Australian co-operatives and mutuals. ACFSMC has 160 million household members. It is the world's largest buyer of Australian cotton.

For information on attending the Western China International Fair with the BCCM contact BCCM GM Alexandra Hordern on 02 9239 5931 or alexandra.hordern@bccm.coop.



Second CME 100 Chairmans' Forum

The BCCM is proud of its association with the Australian Institute of Company Directors having signed a Memorandum of Understanding with the AICD in 2015. The MOU recognises the sector's commitment to governance best practice and the two bodies will work collaboratively on a framework and ideas to improve governance standards across the sector.

The AICD and BCCM have partnered on a groundbreaking forum for CME chairs. Modelled on the AICD's ASX 200 chairs' forums, the CME 100 Chairmans' Forum brings the chairs of Australia's leading CMEs together to debate and discuss governance and related issues.

The inaugural forum was held last year in Melbourne coinciding with the BCCM Leaders' Summit. The second forum brought the chairs of 20 leading CMEs together in Canberra for the hand down of the Senate inquiry into the sector.

Dr John Hewson addressed the chairs at a breakfast held at the Commonwealth Club on March 17, on leveraging the impact of the Senate inquiry. AICD Managing Director and CEO, John Brogden, issued a call to action to the sector to adapt and adopt the ASX governance principles as standard in the sector.

Joining the chairs at breakfast was the chair of the Senate inquiry into co-operatives and mutuals, Senator Chris Ketter (Labor) and the two proposers of the inquiry, Senator Nick Xenophon (Ind.) and Senator Bridget McKenzie (Nationals).

The Minister Assisting the Deputy Prime Minister, Keith Pitt MP opened the forum acknowledging the impact of CMEs in the Australian economy.



Monique Leroux being interviewed by ABC The Business

Community transport co-operative launched in Sydney

Three leading Greater Western Sydney community transport organisations have formed a single shared services co-operative in response to the NSW Government's plan to shift away from the traditional block funding model and move to an open market.

The organisations decided the co-operative business model would give the three providers the scale and efficiency to compete in the new consumer driven market environment. At the same time, the providers retain their local profile and identity.

The groups behind the Community Care and Transport Co-operative Ltd, which launched in December last year provide services to 10,000 clients in the region. The short term goal is to join new members to the co-op to grow its reach.

The BCCM was successful in gaining \$200,000 in NSW Government funding for the co-operative merger assisted by the Council and EY.

The BCCM is committed to promoting the role of co-operatives and mutuals in delivering human services. The Harper Competition Review and the McClure Welfare Review both concluded there was a role of CMEs in these markets and their participation should be encouraged. The BCCM will make a submission to the Government's Productivity Commission review of human services delivery to highlight the comparative advantage of CMEs in some markets. The BCCM has held workshops with Queensland and South Australian government representatives interested to know more about the role that CMEs can play at the state level.

Education update

Three years ago there were no tertiary institutions in Australia offering bespoke courses on CMEs either in their law courses or in accounting, commerce or business degrees.

Fast forward to 2016 and the University of Newcastle is the latest provider to announce a course specifically designed to study co-operative and mutual businesses.

Co-operatives Management and Organisation will be offered at Masters or Graduate Certificate level.

The University of Western Australia has offered its Executive Leadership intensive for CME managers and executives since 2014. The University of Sydney was the first Australian university to offer a stand alone module in CME studies in its masters of Commerce program commencing in the 2015.

Expansion of the provision of education and training opportunities is a milestone for the sector and aligns with the recommendations of the Senate inquiry which called for curriculum reform to included CME subjects and for professional accreditation bodies to modernise credentialing to reflect the need for knowledge of all business structures including CMEs.

The BCCM provides guest lecturers for business courses and with Southern Cross University gaining carriage of the \$14m Farm Co-ops Pilot, centres of co-operative research excellence continue to expand across the country.



Co-operative leaders join with Dr John Hewson and Senators Chris Ketter, Bridget McKenzie, Nick Xenophon to celebrate the day of the Federal Senate inquiry report hand-down.



Melina Morrison, CEO, BCCM pictured with Rod Sims, Chairman, Australian Competition and Consumer Commission (ACCC) and Kyle Loades, President, NRMA

Awards, research & events

The BCCM works with a number of research centres of excellence to support academic interest and projects focused on the CME sector.

The BCCM has started work with Professor Tim Mazzarol, Associate Professor Elena Limnios and the team at the University of Western Australia on the Third edition of the National Mutual Economy report which measures the impact and performance of the nation's top CMEs. The report is launched each year at the BCCM Leaders' Summit.

The BCCM was successful in gaining funding from the EU Centre for Global Affairs at the University of Adelaide to study social care and worker co-operatives in Europe this year. This research will feed into our submission to the Productivity Commission review of human services.

2016 BCCM Leaders' Summit and Industry Dinner

On 8-9 November, the BCCM will host its third annual Leaders' Summit and Taste of Australia Industry Dinner.

The Leaders' Summit has twice sold out. This year BCCM hosts the Summit in Canberra at Old Parliament House

to celebrate and leverage the opportunity to be close to political power and debate.

The theme of this year's Summit, Opportunity Knocks - The competitive advantage of co-operatives and mutuals, examines the relevance of CMEs in the wider economy and the unique opportunities for our businesses at this time.

Keynotes, panels and CEO roundtables will explore how we can apply the competitive characteristics of CMEs to emerging markets in food production, health and aged care, fintech, infrastructure development and even sport.

Infrastructure investment and asset management is a topic under the spotlight this year. Mutuals are long-term partners, patient investors and successful stewards of infrastructure around the globe. Martin Lowery, one of the international speakers confirmed for the Summit, is the Executive Vice-President for Member and Association Relations at the National Rural Electric Cooperative Association (NRECA) in the US, the trade association representing 1000 electric co-operatives serving over 42 million people. Martin will tell the story of how electricity co-operatives came to serve 12 per cent of the US population and own 42 per cent of America's distribution lines.

We look forward to welcoming 100 leaders to Canberra in November.



Co-operative Trade and Investment Dinner



\$13.8 million agricultural pilot

Images from
our events



Co-operative book launch with Senator Jenny McAllister



About the Business Council of Co-operatives and Mutuals

The BCCM is the peak cross-sector body for co-operatives, mutuals and member-owned businesses. Its purpose is to promote recognition of the important role of co-operative and mutual businesses in the economy and community development of Australia.