

Unshackle co-ops and mutuals to help deliver Budget measures

10 May 2017, Canberra: The Business Council of Co-operatives and Mutuals (BCCM) welcomes a number of the Coalition's initiatives in this Budget, but urges the Federal Government to consider the role co-operatives and mutuals can play in delivering services more efficiently.

"For the last 35 years, the co-operative business model has been sidelined by bureaucracies and policies designed to entrench the company business model as the "mature" option.

"Yet co-operatives and mutuals are still a fundamental part of the Australian economy," said BCCM CEO Melina Morrison.

"79 per cent of the Australian population are member shareholders compared with 36 per cent of Australians that own listed investments on the Australian Stock Exchange.

"With some minor changes in Government thinking, the inherent stability and customer-focused nature of the co-operative/mutual model can continue to deliver services cost effectively and with tremendous community benefits."

Regulatory Reform & Red-Tape Reduction

"There are several measures in this budget which should make it easier to register a co-operative or mutual in Australia.

"We're heartened by almost \$400 million to simplify business registrations and remove regulatory restrictions on small businesses and competition.

"Most Government business websites around Australia fail to even mention co-ops as a business model. This is clearly unacceptable and we look forward to working with the States and Commonwealth in improving the information available," said Ms Morrison.

The BCCM also looks forward to COAG agreements being measured for their efficiency, such as 2012's Co-operatives National Law, which aimed to harmonise the various State-based regulatory frameworks for co-ops.

Banking Competition

The Government continues to miss a major point on banking competition.

While it's heartening to see mention of competition opportunities, the Australian financial market already has around 80 challenger ADIs. Making it easier for new entrants doesn't help the existing competition which already holds around 10% of the country's mortgage market.

The devil may be in the detail – the Productivity Commission inquiry; funding for better Departmental drafting; funding for the ACCC to consider competition; the already announced

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Hammond inquiry into capital raising by member owned ADIs. These all point to the Government moving in the right direction.

“However, the Government needs to come out and say that it supports the competition which already exists in the market place,” said Ms Morrison.

Regional Infrastructure

The announcement of the Regional Growth Fund and the ongoing funding for a number of existing regional development policies provide exciting opportunities for regionally-based co-operatives and community-owned infrastructure projects.

Due consideration of community ownership and control in funding allocation will ensure Government funds contribute to sustainable, independent social and economic development in regional Australia.

Housing Affordability

“In other countries, co-operative housing initiatives have seen many people move into home ownership who previously only had a hope of renting,” said Ms Morrison.

The BCCM believes the formation of the National Housing Finance and Investment Corporation to facilitate community housing expansion presents a great opportunity for the development of co-operative housing.

The BCCM is cautiously optimistic that the announcement of tax incentives for Managed Investment Trusts that invest in affordable housing can also contribute to an expansion in co-operative housing stock.

“We look forward to working with States and the Commonwealth in the creation of a more diverse housing market.”

Small Business

Many Australian small businesses are members of co-operatives – for example, the 17,000 mechanics and crash repairer members of the buying co-operative, Capricorn Group.

Any assistance which is given to small businesses, such as the continued \$20,000 capital write-off, and small business company tax cuts, will be welcomed by BCCM members.

NDIS

The announcement of full funding for the crucial initiatives contained in the NDIS is welcomed.

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The new national NDIS Quality and Safeguards Commission can achieve its goals of promoting participant choice and control by ensuring an enabling environment for consumer-owned and employee-owned service providers.

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The Business Council of Co-operatives and Mutuals (BCCM) is the national peak body representing Australian member-owned businesses. Formed in 2013, the BCCM is led by the chief executives of Australia's co-operative and mutual businesses in all sectors including agriculture, financial services, health insurance, retail, housing, motoring services and human services. The BCCM works to promote the role of member-owned enterprises in the national economy. With over 2000 co-operative and mutual organisations operating nationally representing a total of 29 million memberships, the BCCM highlights the contribution co-operatives and mutuals make to economic and social development in Australia. www.bccm.coop