

Quick Reference Recommendation Report Card

The BCCM gives the Senate Economics References Committee (SERC) a 'green tick' on their recommendations in the report of the inquiry into the contribution of co-operative, mutual and member-owned firms to the Australian economy.

The SERC handed down their bipartisan report on Thursday 17 March 2016, making 17 recommendations, taking the large majority of the requests made by the sector and other parties in the 60 submissions received by the SERC.

Having held three public hearings, the SERC responded positively to many of the sector's requests, particularly in relation to the cutting of red tape, ensuring that the co-operative and mutual business sector is not disadvantaged through omission, lack of awareness or otherwise, and ensuring that our business sector is on a level playing field, especially in relation to ability to raise capital or accessing government investment programmes and schemes. Legislative changes have been suggested to define the Mutual structure in the Corporations Act, which is a critical step in ensuring that our business model is understood and appropriately appreciated by regulators, other businesses, and service providers going forward.

The BCCM looks forward to working with our members and politicians from across the political spectrum to ensure that these recommendations are implemented as soon as possible, ushering a new era of recognition and awareness of the co-operative and mutual business sector in Australia.

Recommendation	Score	Comments
1. The committee recommends that the Commonwealth Government ensures that a national collection of statistics and data is undertaken to provide an accurate picture of the scale and extent of the co-operative and mutual sector.	✓	The implementation of this recommendation will significantly assist with scoping and raising awareness of the sector. This is an excellent step for the sector as a whole.
2. The committee recommends that 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	✓	One way for government to implement this recommendation would be to appoint a Minister with portfolio responsibility for the sector. This recommendation ties in to the Harper review recommendation that co-operatives and mutuals be included amongst the organisations that can increase diversity in public sector markets. (http://bccm.coop/major-opportunities-for-mutuals-to-enter-service-markets/)

<p>3. The committee recommends the Commonwealth Government work with states and territories to develop a program of supports to encourage the establishment of new co-operatives and mutual enterprises</p>		<p>The BCCM recommended supports including: ensuring that all government websites and portals reference the business structure and provide advice in developing these businesses; a technology platform like the UK's microgenius.org.uk could help communities harvest crowdfunding.</p>
<p>4. The committee recommends that a mutual enterprise is explicitly defined in the Corporations Act 2001, and its associated regulations</p>		<p>The implementation of this recommendation is a first step in ensuring adequate knowledge of our business structure, and should be adopted immediately.</p>
<p>5. The committee recommends that the role of directors in mutual enterprises is defined in the Corporations Regulations to align with the proposed definition of a mutual enterprise in the Corporations Act.</p>		<p>This is an important recommendation as a bulwark against demutualization.</p>
<p>6. The committee recommends the Commonwealth Government work with states and territories to ensure the continual improvement to advice, guidance and information provided at all stages in the establishment, governance and regulation of co-operatives</p>		<p>Uniformity and best practice guidance on forming co-operatives.</p>
<p>7. The committee recommends that the Commonwealth Government to work with all relevant stakeholders to undertake a program of education and training to inform them about the role of co-operatives and mutuals</p>		<p>This is particularly important for front-line public servants, who regularly deal with business issues and grant funding.</p>
<p>8. The committee recommends that the Commonwealth Government examine ways in which it can improve the recognition and understanding of the co-</p>		<p>Education is a major barrier for our business sector. Ensuring that secondary and tertiary students have an understanding of our business structure will go a long way to breaking down these barriers.</p>

operative and mutual sector in the national secondary school curriculum and that tertiary institutions consider the inclusion of co-operative and mutuals in accounting, business, commerce, economics and law degrees

9. The Committee recommends that professional accreditation bodies, such as the Law Society and Institute of Chartered Accountants, require a demonstrated knowledge of the co-operatives and mutual structure before it will licence its members to practice accounting or law



This knowledge of our business structure amongst professionals who service the sector will provide the long-overdue expertise required to support our sector's growth.

10. The committee recommends that the Commonwealth Government amend the Indigenous Advancement Strategy to allow registered co-operatives the same access to allow levels of grant funding as other entities



This is an excellent recommendation, as implementation of it will bring co-operatives and mutuals back onto a level playing field in this sector, and encourage community ownership.

11. The committee recommends that the Commonwealth Government review, and where necessary amend the eligibility criteria for grants and funds across all of government grants and program guidelines to ensure that co-operatives and mutual enterprises are not excluded on the basis of their business structure



The implementation of this recommendation will ensure that co-operative and mutual businesses are not disadvantaged purely by virtue of their business structure. This is a critical step in ensuring a level playing field for our sector. This will enable co-operatives currently excluded from investing in their communities to play a more active role.

12. The committee recommends that the co-operative and mutual sector be considered when the government is preparing a Regulatory Impact Statement that accompanies new regulatory policies



Ensuring that co-operative and mutual businesses are not adversely affected through regulatory change is vital for the continued success of our sector.

<p>13. The committee recommends that the Commonwealth Government liaise with its state and territory counterparts to ensure that the regulatory burden for small and medium sized co-operative and mutual enterprise aligns with the needs of these organisations and ensures they are not disadvantaged relative to companies of a similar size</p>		<p>Reducing red tape and making the registration of new co-operatives as streamlined as possible.</p>
<p>14. The committee recommends that the Commonwealth Government closely monitor the progress of the International Accounting Standards Board in developing solutions to bring co-operative shares under the definition of capital under AASB 132, and, where possible, facilitate equivalent amendments as expeditiously as possible</p>		<p>Engaging with international bodies and advocating for the equitable treatment of co-operatives in the accounting standards is vital for their continued growth and prosperity.</p>
<p>15. The committee recommends that Commonwealth and State Governments support the formalisation of some of innovative market-based approaches to raising capital for small and medium sized co-operative and mutual enterprises, in the form of advice and information, as they become available</p>		<p>The BCCM's assessment of the currently-proposed crowd funding regime did not serve the capital needs of small or start-up enterprises, particularly co-operatives. Community share offers are more closely aligned with the co-operative enterprise model and can be supported through technology platforms like the UK's microgenius.org.uk.</p>
<p>16. The committee recommends that APRA set a target date for the outcome of discussions with the co-operative and mutuals sector on issues of capital raising and bring those discussions to a timely conclusion</p>		<p>Regulatory change in this area has been long overdue. We welcome the implementation of a timeline in this regard.</p>
<p>17. The committee recommends that the Commonwealth Government</p>		<p>Giving mutuals a way to raise equity without demutualizing is a way to achieve parity with other businesses</p>

examine proposals to amend the Corporations Act 2001 to provide co-operative and mutual enterprises with a mechanism to enable them access to a broader range of capital raising and investment opportunities

and potentially unlock billions of dollars in investment. It will also assist these businesses in achieving their full potential.