



The Hon. Scott Morrison MP
Treasurer

MEDIA STATEMENT

Tuesday, 7 November 2017

**BACKING COOPS, MUTUALS AND CUSTOMER OWNED BANKS TO INCREASE
COMPETITION**

The Turnbull Government has decided to further increase competition in our banking system by backing all eleven recommendations of the inquiry into Reforms for Cooperatives, Mutuals and Member-owned Firms, conducted by Greg Hammond OAM.

Cooperatives, mutuals and member-owned firms make a significant contribution to GDP in Australia. They represent a real alternative model for delivering important customer and community focussed services, especially banking and financial services.

Until now our mutuals and coops have been under appreciated and ignored by our federal laws, placing them at a disadvantage to their much bigger competitors.

In March, I commissioned respected industry adviser, Greg Hammond OAM, to see how we could better support the sector in the important work they do.

The Hammond Review highlighted again that mutuals, coops and member owned firms, are an important part of our economy and could be making an even bigger contribution.

As Treasurer, I want to see more competition and more options for customers, especially in banking and financial services. I want to see more competitive markets by putting customers at the centre.

Mutuals, coops and member owned firms, including customer owned banks, can deliver on these outcomes. These organisations are all about the customer, because they are owned by them.

The Turnbull Government is committed to ensuring the regulatory and legislative settings that govern the sector are up to date.

Unleashing a stronger cooperatives and mutuals sector through implementation of the Hammond Review recommendations will provide Australian consumers with better choices and more cost effective options.

The Hammond Review recommends legislative changes to improve Commonwealth regulated cooperative and mutual enterprises' access to capital and also recommends inserting a definition of 'mutual company' (or other appropriate term) into the Corporations Act 2001 to deliver greater certainty for mutuals. Additionally, changes to the income tax legislation have been recommended in order to assist mutual enterprises to raise capital. Further consultation will be undertaken with the sector on the detail and implementation of the amendments recommended.

The Hammond Report also contains a number of recommendations for the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA).

I have written to ASIC and APRA encouraging them to support these recommendations.

The Government's response to the Hammond Review will also serve as the Turnbull Government response to the recommendations of the Senate Economics References Committee (Cooperative, mutual and member-owned firms), tabled today and available at <https://treasury.gov.au/publication/p2017-t235692/>

The Hammond Report is available at <https://treasury.gov.au/publication/p2017-t235692/>.

Contacts: Andrew Carswell 0418 505 376, Kate Williams 0429 584 675, Sonia Gentile 0455 050 007