

# A strong economy: It's every Australian's business Blueprint for an enterprising nation 2023

## The opportunity for growth

The last few years have presented a series of unprecedented challenges to Australia, some natural and local, with others global or geo-political. Droughts, bushfires, the global pandemic and volatile trade with China have each highlighted the importance of building greater self-reliance and resilience into the Australian economy.

Most recently, the pandemic has provided the opportunity to reset Australian business and to rebalance the economy towards the interests of the Australian people.

**We have learned three things from this experience:**

**Australia needs more self-reliance**

**Australian business needs more resilience**

**Australians expect more fairness**

## Australia needs more self-reliance

The recent experience of droughts, the pandemic and a volatile trading relationship with China have shone a light on the importance of achieving greater Australian national self-reliance. This can be achieved through more Australian ownership and control in the national interest, across a range of sectors.

The interruption to global supply chains caused by the pandemic points to a need for greater Australian manufacturing. The importance of control over domestic production is just as relevant in the value-adding of manufacturing as with primary industries.

**We need to grow existing manufacturing businesses and re-establish a larger mid-sized business sector to produce more finished goods onshore.**

The twin objectives of more Australian owned and operated value-added manufacturing and the growth of a medium-sized business sector can both be delivered through co-operatives. The co-operative cluster of independent engineering services firms, working through Hunternet in NSW, is a great example of how SMEs can collaborate to strengthen their supply chains, increase production and boost exports.

**Australian-owned food producers and processors are the key to local food security.**

Agricultural co-operatives are here to stay – owned exclusively by Australian independent family farms they work together to add value to primary produce, export and return the value to regional communities.

*Investing in a strong economy is in every Australian's interest and all Australians deserve a stake in it.*

## Australian business needs more resilience

Co-operatives and mutuals have a number of characteristics that are derived directly from their business purpose which drive their natural resilience. Driven to provide services to their members, they are not driven by the need to maximise short term profitability in the way that listed firms must. Co-operatives and mutuals build longer-term growth.

## Australian people expect more fairness

The pandemic brought out the best and the worst in business. Many firms adapted to the new situation, making sure that they continued on their mission as before. Some needed help and the Government stepped up to provide assistance. Unfortunately, some businesses decided to lay off staff, engaged in price gouging, and leveraged Government assistance whilst continuing to reward shareholders with dividends, and executives with bonuses.

Co-operatives and mutuals are owned by the members they serve and, even in crisis, work in their interests, whether it be keeping prices low, providing new services or finding new markets.

During COVID-19 our sector has bailed-in from its own reserves – member's money that had been accumulated against the potential of difficult times.

## An achievable vision for Co-operatives and Mutuals

Implementing the few steps outlined below will mark enormous progress for Australia towards creating a truly world class business environment for co-operatives and mutuals. It is an achievable vision that with political support is within our hands.

Co-operatives and mutuals are already proven as the resilient backbone of Australian business, lasting longer than their proprietary counterparts, building patiently across many different business areas.

**A new wave of co-operative ventures can be inspired to deal with Australia's biggest challenges:**



**Energy co-ops providing low-cost renewable power**



**Agricultural co-ops ensuring food security and increasing export earnings**



**High-tech manufacturing co-ops providing skilled work and self sufficiency**



**Aged care and disability co-ops to provide consumer-centric care**

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## A world leading business environment for co-operatives and mutuals

Australia should be a world leading business environment for co-operatives and mutuals that reflects the best of the history and culture of Australian co-operative business. The policy, legislative, regulatory and business services environment play important role in deciding the success or otherwise of businesses. If we look around the world, it is these factors that have the biggest influence on the size and scope of the co-operative and mutual sectors in each country.

### Australian Co-operatives and Mutuals need:

**A facilitating business environment which enables them to reach their full potential**

**Practical support that helps to grow existing successful co-operative businesses**

**Support for new co-operative ventures that directly address some of our nation's most pressing issues**

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## A positive policy environment

### Appoint a Federal Minister for co-operatives and mutuals

A Minister should be formally responsible for policy affecting co-operatives and mutuals across Australia. As Minister for CMEs, this would be an important cross-cutting responsibility and signal the significance that the Commonwealth places on the contribution of the CME sector and the fair treatment of collaborative enterprise.

### The Australian Centre for Co-operative Business Growth

A national centre for co-operative business growth would deliver consistent, world leading business services to support co-operative education and business development nationwide. A partnership between Government and industry, its purpose is to facilitate collaboration between independent SME businesses in order to increase their productivity, profitability, their capacity to add-value and export.

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## Legislation

### Maintain legacy assets for the purpose they were intended

**Over generations, people have invested and built assets for the benefit of their communities.**

Voluntary legislation can ensure that these legacy assets are preserved for the purpose they were intended and not the subject of asset raids.

It would empower members to decide what should happen to assets on a solvent dissolution and prohibit capital distribution beyond what members have contributed.

*"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."*

Recommendation 2, Government Response to the Senate Economics References Committee Report: Co-operative, mutual and member-owned firms.

## Regulation

### Co-operatives facilitate small business competition

Competition policy should understand and support co-operatives, as they are often the mechanism relied on by small businesses to compete with larger operations. The Australian Competition and Consumer Commission (ACCC) should formally recognise the benefits that co-operatives bring to markets and how they facilitate the economic participation of small businesses.

### ASIC and APRA should have a statutory duty to promote corporate diversity

The history of Australian business shows that co-operatives and mutuals have been the true 'challenger' institutions to the largest corporate businesses. By delivering their purpose to provide affordable goods and services to consumers in insurance and banking and commodities markets, co-operatives and mutuals provide real price competition. Regulators should be responsible for ensuring that a wide range of corporate providers are available to consumers: Legislation should introduce a statutory obligation on regulators to measure and promote corporate diversity in financial services and other industry sectors.

### Single National Regulator for Co-operatives

Now that Co-operatives National Law has been consistently adopted across all states and territories, a single national regulator for co-operatives should be instituted to ensure national consistency and access to full information about co-operatives. Because of under-resourcing at State registrar offices, co-operative businesses face a range of barriers including slow registration times and a lack of responsiveness from the registry offices. This process should be managed under a principle of no disadvantage – adopting best practice from different jurisdictions and ensuring all types of co-ops are treated equally and fairly.

### About the BCCM



The Business Council of Co-operatives and Mutuals (BCCM) is Australia's peak body for co-operatives and mutuals across all industries. BCCM is the representative body for Australian co-ops and mutuals, working with governments, regulators and policy makers to ensure the Australian economic landscape is able to fully benefit from a competitive co-op and mutuals sector. The BCCM is funded by our co-operative and mutual members.

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