



# Pre-Budget Submission

January 2024

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## 1. Summary – Co-operatives and mutuals deliver competition and choice in Australia.

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- Australian consumers deserve markets that offer choice and competitive prices.
- Australian small and family-owned businesses deserve the opportunity to compete with multinationals.
- Australian primary producers deserve fair farm gate prices and the opportunity to run sustainable and successful agricultural businesses.
- Co-operatives and mutuals are integral to delivering this.

Evidence shows that economies with diverse corporate ownership and a diversity of business models which include co-operatives and mutuals, are more competitive, economically dynamic, and productive<sup>1</sup>.

Co-operatives and mutuals are domestically owned and help to build resilience into supply chains. They focus on pricing, service quality and long-term resilience, ahead of short-term profit maximisation, which means they are structured to benefit markets, producers and consumers alike.<sup>2</sup>

The Australian Government should adopt positive policy, legislative and regulatory measures to ensure this proven business model is available to deliver these opportunities for the Australian economy and people.

### **We propose a partnership between co-operatives, mutuals and the Federal Government**

Co-operatives, mutuals and government each have a part to play in growing a diversely owned, strong and growing business sector that can enhance competition and choice for Australians.

Across multiple industries, co-operatives and mutuals are committed to growing and sharing the benefits of their business in an equitable way. They generate employment and build sustainably whilst increasing export earnings and supporting urban and regional economies across Australia.

Government sets the business environment for the sector. Its policies, laws and regulations are critical to the success of co-operative and mutual business. In brief:

**Policy:** Government should positively promote the value of corporate diversity, including by supporting a business growth programme for the co-operative and mutual sector.

**Legislation:** Government should ensure that the Corporations Act and Co-operatives National Law are updated in line with international best practice.

**Regulation:** Government should create a positive regulatory environment for co-operatives and mutuals, including extending the ACCC's remit to include responsibility for developing and maintaining corporate diversity.

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<sup>1</sup> [Resilience of the Cooperative Business Model in Times of Crisis \(ilo.org\)](https://ilo.org/publications/new/series/100/1/2014/01/01/eng)

<sup>2</sup> [Worker Cooperatives Are More Productive Than Normal Companies | The Nation](https://www.abc.net.au/news/2014-06-11/worker-cooperatives-more-productive-than-normal-companies/5611110)

## 2. How corporate diversity delivers competition and choice

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Competition and choice for consumers is maintained when there is a diverse range of business types available.

- Such corporate diversity improves service and pricing because it facilitates a range of business strategies each pursuing varied business purposes, e.g., to serve customer needs as an alternative to prioritising shareholder value.
- This diversity requires a level playing field in policy, legislation and regulation so that no corporate form is disadvantaged.
- Australian governments have recommended sweeping reforms in 2016<sup>3</sup> and 2017<sup>4</sup> to improve the understanding, recognition and access to investment capital of Australian co-operatives and mutuals. In 2019<sup>5</sup> with the support of the opposition Labor Government, Government passed the first enabling laws for mutuals in 18 years.



Great Southern Bank

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<sup>3</sup> [Senate Inquiry into Co-operatives, Mutuals and Member-owned Firms, March 2016](#)

<sup>4</sup> Independent Facilitator Review Report on Reforms for Cooperatives, Mutuals and Member-owned Firms ([Hammond Review](#)), November 2017

<sup>5</sup> [Treasury Laws Amendment \(Mutual Reforms\) Act 2019](#)

Since the mid 1980s, economic and business policies around the world have assumed that the interests of capital investors are paramount and that this drives efficiency and productivity.

Legislation and regulation that facilitates investor-owned business, often at the expense of other forms of enterprise, has led to the growth of a corporate monoculture.

Investor-owned corporations have driven economic growth through profits and employment, yet too often, they have also behaved against the interests of wider society by prioritising the capital holders above all other interests.

Moreover, they pursue business plans that carry unequal risk for society, as experienced during the global financial crisis and the banking and insurance scandals that followed. Regulation alone could not contain the inherent imperative to maximise investor and executive rewards ahead of other interests.

Some legislation has attempted to mitigate this risk, e.g. by redefining directors' responsibilities to protect other stakeholder and environmental interests. Yet this has not altered the risk society faces from businesses with unbalanced objectives.

Co-operatives and mutuals pursue different business plans from their investor-owned competitors. Their purpose is to serve their members who may be their customers, through higher service standards and lower prices. Or they may be producers, such as farmers or fishers, who join a co-operative to enable their small businesses to compete against larger investor-owned enterprises. Their presence in markets ensures corporate diversity which in turn delivers diverse and beneficial outcomes for those markets.

A positive policy, legislative and regulatory environment for differently motivated corporate forms, such as co-operatives and mutuals will help to mitigate risk across the economy and society. It will also ensure that competition is increased, corporate diversity including domestic ownership is maintained, and consumers are able to choose from a wider range of differently motivated business types.

### 3. What co-operatives and mutuals already deliver for Australia

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Co-operatives and mutuals are active in many industries that impact the lives of ordinary Australians. From farming to finance, health to housing, motoring to manufacturing, they deliver trusted products and services in some of the most competitive domestic and international markets.

- Co-ops and mutuals are businesses formed to benefit their members, drawn from the stakeholders of the business such as customers, suppliers, employees or people in the local community.
- The purpose is different from an investor-owned firm; co-ops and mutuals exist to deliver benefits back to members, rather than profit maximisation to investors.
- With good management it is an efficient model of business, with no leakage of value from the business and all returns reinvested locally and equitably.
- 8 in 10 Australians are members of at least one co-operatively owned business.
- Including member-owned super funds, co-ops and mutuals contribute around 7–8% of GDP.
- In 2023 there were a total of 1,848 active co-operative and mutual enterprises operating throughout Australia.
- These firms had a combined active membership base of more than 33.3 million memberships, managed over \$1.46 trillion in assets, and directly employed at least 76,000 people. The Top 100 co-ops and mutuals (CMEs) alone generated \$37.76 billion in gross revenues.<sup>6</sup>
- In a regional study of the Northern Rivers New South Wales, co-operatives and mutuals were found to have a combined turnover of \$1.5 billion and generated 2,893 full time local jobs.<sup>7</sup>

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<sup>6</sup> [2023 National Mutual Economy Report - BCCM](#)

<sup>7</sup> [Impact: Co-operatives in Northern Rivers - BCCM](#)



There are more than

**1,848**  
active CMEs  
in Australia



CMEs have a combined  
active membership of  
more than

**33.3M**

Australia's CMEs have a  
combined turnover of  
more than

**\$40.4B**

(excluding superannuation funds)

Australia's **largest**  
co-operative by  
**turnover** is an

*Agribusiness*





Australia's **largest**  
mutual by  
membership is an

*Industry  
super fund*

Australia's **largest**  
member-owned business  
by **assets** is a

*Bank*



Australia's CMEs combined have more than

**\$1.46 trillion**

in gross assets

(including superannuation funds)

CMEs directly employ at least

**76,000 people**

in Australia



Total gross revenue of the Top 100 CMEs is

**\$37.76 billion**

(excluding superannuation funds)





## **Co-operatives and mutuals can deliver what Australia needs.**

**Co-operatives and mutuals strengthen competitiveness and diversity in markets and improve social and economic well-being by generating decent employment and contributing to sustainable development. They spread wealth by focusing on delivering value to customers and staff rather than capital accumulation. They are always domestically owned, employ local people in high quality jobs and pay Australian taxes.**

The experience of the pandemic, of droughts 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 domestic manufacturing. The importance of control over domestic production is just as relevant in the value-adding of manufacturing as with primary industries.

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.

### **More onshore manufacturing and domestically owned food processing**

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. Co-operatives and mutuals are always domestically owned and controlled.

It isn't easy to build sizeable businesses, particularly where smaller enterprises dominate. Yet co-operative business clusters can help small business to grow and create medium sized enterprises that Australia needs.

The co-operative cluster of independent tech, consulting, engineering and manufacturing 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.

[HunterNet<sup>8</sup>](#) provides shared services that enable firms to grow by working together more effectively to access a range of expertise unavailable to single businesses. Such services include:

- Introductions & Collaborations
- Opportunity Identification
- Bid/Tender Support
- Consulting Services
- Export advice

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<sup>8</sup> [HunterNet Co-operative: The power of many; case study](#)





*HunterNet Co-Op, Norco Co-operative*



## 4. How Government can help to expand the sector

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**The policy, legislative, regulatory and business services environment play an 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.**

There should be more co-operation between the Australian people, its government and the co-operative and mutual business sector. Working towards the common goal of strengthening the business environment will help to release the full potential of these people-centred businesses to do good for Australia and its people.

Australia should have a world leading business environment that enables co-operatives and mutuals to play their full role in the future Australian economy, in a way that reflects the best of the history and culture of Australian co-operative business.

Federal government business policies are fundamental to securing the potential of co-operatives and mutuals to create growth and spread prosperity.

**Policy:** Government should positively promote the value of corporate diversity by supporting a business growth programme for the co-operative and mutual sector through the creation of a national **Centre for Co-operative Business Growth**. (See below)

Policies should support capital access and retention in co-operatives and mutuals, with a **named responsible Minister and support staff**.

By **adopting recognised international best practice (United Nations International Labour Organisation Statement No. 193: Promotion of co-operatives<sup>9</sup>)**, co-operatives and mutuals should be considered as one of the pillars of national economic and social development.

**Legislation:** Government should ensure that the **Corporations Act** and **Co-operatives National Law** **are updated** in line with international best practice.

For example, **demutualisation should be disincentivised** as was [recently enacted in the UK](#).

**Regulation:** Government should create a positive regulatory environment for co-operatives and mutuals, including **extending the ACCC's remit to include responsibility for developing and maintaining corporate diversity**.

The **registration of co-operatives should be as rapid, simple and affordable** as possible.

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<sup>9</sup> [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_code:R193](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_code:R193)



*Manufacturing and tech business benefits from co-operatives*

#### **4.1 A national Centre for Co-operative Business Growth**

**Co-operative and mutual businesses are the epitome of collaborative partnerships. They are equitable businesses. They share the benefits of business fairly with all stakeholders – employees, customers and other participants. This ensures that wealth remains in Australia and is spread among the communities served by co-operatives and mutuals, either through lower prices, access to otherwise inaccessible services, or sharing of profits.**

**One striking feature of co-operative and mutual businesses is their natural willingness to work together towards a shared objective. It is second nature for these firms to put aside commercial rivalry in place of coordinated, peer group action.**

##### **Australian co-operatives can be mobilised to grow medium and larger-sized business**

Co-operative business should be a key contributor to the effort to grow a successful, sustainable and domestically owned manufacturing sector. This can be achieved by assisting small co-operative and other businesses to work together to grow existing medium and larger-sized firms and create new ones in key industrial sectors.

Co-operatives and mutuals protect Australian assets and a way of life associated with family business ownership. They vertically integrate the domestic supply chain from inputs to energy infrastructure, labour, plant and equipment and logistics.

Appropriately enabled they can grow to global scale manufacturing businesses. Ocean Spray, Fonterra, Arla and Mondragon are examples of global scale co-operative manufacturers that operate without



diluting domestic ownership. Foreign currency earned stays local. They provide ethical, traceability for food provenance, guaranteed through the ownership.

Co-operative producer-owned manufacturers are successful at:

- Employing locally through quality long term employment.
- Helping to maintain the domestic ownership of strategic food assets, thus increasing food security for Australians.
- Enabling the production of high-quality Australian food produce.
- Generating significant export earnings.
- Facilitating independent Australian businesses to compete by providing access to domestic and international markets.
- Facilitating economies of scale by enabling individual businesses to jointly own and control their supply chain.
- Enabling smaller owners to stay in business and remain independent.
- Spread wealth back to owners through produce rebates and profit sharing.
- Maintaining a traditional way of life whilst providing economic growth to strengthen Australia's regions.

Co-operative business can make a significant contribution to enterprise growth, once the right development conditions are in place. Every country with a thriving co-operative and mutual sector has some sort of development body. In some cases, it is statutory, and in others it is built out of the sector.

**By working towards the creation of a number of regional co-operative business clusters, Australia can benefit from a significant boost to economic growth, harnessing the innate self-help entrepreneurialism of co-operatives and mutuals.**

**BCCM has 'oven ready' plans for establishing place-base partnerships that will deliver long-term, high-quality employment and prosperity. The proposal is to facilitate a boost to economic growth by supporting the development of regional business clusters around strong co-operatives and mutuals through a national Centre for Co-operative Business Growth.**

It is a 24-month industry-led program to commence immediately and can facilitate co-operatives and mutuals to deliver this program and increase their impact on the Australian economy.

Federal support of \$10 million will allow the sector to create the infrastructure required to deliver a return multiplier estimated at up to six times the value of investments.

### **Growing employment and prosperity: Australia's 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 business development and education nationwide. A partnership between Government and industry, its purpose is to facilitate collaboration between independent SME businesses in order to increase employment, business productivity, profitability, their capacity to add-value and export.

It would be located with and administered by the Business Council of Co-operatives and Mutuals.

## **What the national centre will deliver**

The BCCM will work with co-operative and mutual businesses across a range of industry sectors in all parts of Australia, with a particular focus on regional development. The plan will focus on:

- Building regional clusters for economic development around groups of strong co-operatives and mutuals.
- Growing medium and larger-sized co-operative firms, particularly in manufacturing and finance.
- Assisting SMEs to be more profitable and competitive through existing and new co-operatives.





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## 5. United Nations International Year of Co-operatives 2025: A year of opportunity

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The United Nations General Assembly has adopted a resolution calling for 2025 to be an International Year of Co-operatives.<sup>10</sup>

The resolution calls on member states to promote co-operatives during the year as an enterprise model that can contribute to sustainable social and economic development, including through:

- Generation of decent employment
- Financial inclusion
- Affordable housing
- Eradication of poverty and hunger

Further, states are called on to strengthen the policy environment for formation and growth of co-operatives and review relevant legislation and regulation to ensure it is fit for purpose.

The BCCM was formed as the industry secretariat to co-ordinate the celebrations for the previous United Nations International Year of Co-operatives in 2012. Alongside the important legacy of a national cross-sectoral peak body, that year led to industry and government collaboration to raise awareness of co-operatives in the Australian community through events, [publications](#) and a commemorative \$1 coin. This extended beyond the national arena with DFAT and co-operative movement representatives participating in the United Nations-organised events during the year.

The 2025 International Year of Co-operatives is a unique opportunity for the Australian Government to promote the role co-operatives play in economic and social development in Australia, enhance the policy, legislative and regulatory environment for co-operative growth, and build constructive relationships with other UN member states by and through their co-operative movements and the shared commitment to co-operatives as a pillar of sustainable development.

The BCCM calls on the Australian Government to collaborate with the BCCM and the co-operative movement in 2025 through national events and publications, international engagement and dialogue on policy reform to encourage co-operative growth.

**The BCCM recommends the Australian Government commit \$950,000 towards a secretariat for the United Nations International Year of Co-operatives in 2025. Cash and in-kind contributions from industry will be sought to match Government investment.**

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<sup>10</sup> [UN Resolution calls for a second International Year of Cooperatives in 2025 - BCCM](#)



## 6. About the BCCM

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The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-op and mutual movement.

Through its member co-ops and mutuals, the BCCM represents 11 million individuals and 160,000 businesses.

The BCCM has supported new co-operatives and mutuals to form in a range of sectors and is a member of the International Co-operative Alliance (ICA) with access to world-wide networks.

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