



1 October 2024

# Revitalising National Competition Policy

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Submission to the Treasury

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## Introduction

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The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make this submission to the Treasury consultation on revitalisation of national competition policy.

The BCCM is the national peak body representing the co-operative and mutual enterprise movement across all sectors. There are 1,800 co-ops and mutuals in Australia with a combined turnover of more than \$43bn (National Mutual Economy Report 2024).

Co-operatives and mutuals are businesses that are owned and democratically controlled by consumers, workers, producers (SMEs), a community of interest or a combination of these stakeholders. Their corporate purpose is to provide economic, social and cultural benefits to their members and communities, rather than maximisation of profits to shareholders.

Co-ops and mutuals contribute to a diverse, competitive and resilient economy, including through:

- Consumer-owned co-ops and mutuals provide business model competition to investor-owned businesses that benefits all consumers in sectors like health insurance.
- SME-owned co-ops allow SMEs to compete with larger players in domestic and international markets in sectors like agriculture and the automotive aftermarket.
- Co-ops and mutuals operate sustainably and effectively in so-called thin markets such as the operation of retail, health and social care service businesses in regional Australia.

## Comments on the Consultation Paper

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### **1. Is the Legislation Review Principle and its implementation effectively ensuring regulation does not restrict competition unless it is in the public interest? If so, how? If not, why not?**

Legislative review or regulatory impact review processes across all levels of government rarely consider whether an instrument will present an unfair barrier to entry to co-operatives and mutuals. Therefore, from our perspective the Legislation Review Principle has not been implemented effectively.

A current example of this issues is the current Commonwealth Aged Care Act, which has prohibited worker co-operatives providing aged care services without seeking a determination from the regulator.

### **2. Are changes required to the Legislation Review Principle or its implementation to make it more effective and/or to address new challenges. If yes, what changes could be made?**

The Legislative Review Principle should be expanded to cover government policies and to emphasise targeted reviews of legislation.

This would be of benefit to co-operatives that are regularly excluded from government programs. A current example is the Seafood Innovation Fund in New South Wales, which does not list co-operatives as an eligible entity type to access the Fund (even if all other criteria were met). Co-operative were ineligible for some streams of the Commonwealth Entrepreneurs' Program (the predecessor to the Industry Growth Program).

**27. In your experience, are there any issues related to market design and stewardship that have not been identified and should be considered?**

Co-operatives and mutuals often have a corporate purpose that aligns with what governments are trying to achieve in market design and should be actively considered, in place of a 'laissez-faire' or 'agnostic' approach to market design. This was acknowledged in the Harper Review, which stated that in respect of human services: 'mutuals could play a greater role in meeting individual and community needs, possibly in conjunction with other significant government initiatives.'<sup>1</sup>

We note that the BCCM is currently delivering the [Care Together Program](#) on behalf of the Commonwealth Department of Health and Aged Care to promote the development of innovative co-operative and mutual social care models in regional, rural and remote Australia.

**33. What specific reform actions could governments pursue in the National Competition Reform Agenda? What are the potential benefits and costs?**

Review and reform the national framework for regulation of co-operatives per recommendation 10 of the [Better Competition, Better Prices inquiry report](#). This could include:

- Addressing the backlog of national legislative barriers for co-operatives
- Setting up a formal regulatory co-ordination mechanism between the Treasury, states and territories to proactively identify potential competitive barriers in new regulation and policy for co-operatives as they arise.

This would ensure that all Australians can benefit from the availability of a modern, efficient and fit-for-purpose structure for member-based enterprise that can contribute to a diverse, dynamic and inclusive economy. There are no costs other than the co-ordination costs.

The BCCM is concluding a one year industry consultation on co-operatives regulation and would be pleased to brief the Treasury in more detail on the national regulatory context and issues once final industry feedback has been analysed.

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<sup>1</sup> See [Competition Policy Review Final Report, March 2015 \(treasury.gov.au\)](#), pg. 248.

## 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 60,000 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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