



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

Business Council of Co-operatives and Mutuals (BCCM)

Member information & key messages document

Senate inquiry

19 March 2015



Inquiry terms of reference

On 2 March 2015, the Senate referred the following matters to the Economics Reference Committee for inquiry and report by **14 May 2015**.

- a) the role, importance, and overall performance of cooperative, mutual and member-owned firms in the Australian economy;
- b) the operations of cooperatives and mutuals in the Australian economy, with particular reference to:
 - economic contribution,
 - current barriers to innovation, growth, and free competition,
 - the impact of current regulations, and
 - comparisons between mutual ownership and private sale of publicly held assets and services; and
- c) any related matters.

The Committee is now [accepting submissions](#) from individuals and organisations to this inquiry. A closing date for submissions has not yet been set. Please refer to [this page](#) for updates.

Government and policy makers – what are they saying about us?

“Government should work with the Business Council of Co-operatives and Mutuals to ensure legal, regulatory and economic environments promote the development of mutuals and co-operatives”.

McClure Report: A New System for Better Employment and Social Outcomes, 2015, p182

“The question I’m keen to explore is how we, the Government, can help you, the co-operative and mutual sector, take things to the next level”.

The Hon. Kevin Andrews, Minister for Defence, former Minister for Social Services

“The most successful rural organisations in Australia are co-operatives. It allows people the capacity to reach further down the supply chain”.

“The Australian Government will consider what it can do to foster more co-operatives in the agriculture sector, noting that regulation of co-operatives is in the jurisdiction of the states.”

Barnaby Joyce, Minister for Agriculture



Key messages on the co-operative and mutual model of business

• Economic

- Estimated over 1700 co-operative, mutual and member-owned businesses operating nationally (both large and small entities)
- More than 13.5 million members (representing eight in every ten Australians) generating a turnover of over \$25 billion per annum (excluding the turnover of member-owned superfunds)
- Co-operatives and mutuals including member-owned superfunds contribute around 7% of our country's earnings
- The business model brings economic diversity of enterprise that leads to greater resilience based on broader economic participation and long term commercial outlook
- Generates competition and choice in the market to the benefit of the economy and consumers
- Provides competitive leverage for small to medium enterprises
- The sector invests through the principles of self-help and economic participation, in Australia's future, recycling profits back into the Australian economy for job creation, and local economic development.
- The co-operative and mutual sector practices a prudent and common sense approach to business - the sector does not focus solely on profit, growth and short term gains

• Social

- Co-ops, mutuals and member-owned enterprises (CMEs) are grassroots businesses owned and operated at a local level to contribute to and improve the community and its inhabitants
- CMEs empower people and communities to engage in business and entrepreneurial projects to meet their common needs
- CMEs educate communities in the operation of business and creates a strong democratic governance culture in communities
- CMEs instill the value of financial responsibility in people and businesses
- CMEs re-build and maintain public trust in business



Challenges and opportunities

- **Political**

- Many politicians are not aware of the importance and advantages of a burgeoning co-operative and mutual sector
- The sector has no representation at the cabinet table federally or at state level

- **Legislative**

- Legislation covering the sector is inconsistent between jurisdictions, restricts free trade across states and territories and suffers from duplicative federal and state regulatory requirements
- Numerous regulators oversee the sector nationally without any consistent policy administration statements
- There is no clear and unambiguous definition of mutual business that encompass co-operatives, mutuals and member owned firms, as part of a diverse enterprise sector

- **Brand awareness**

Have you heard of co-operatives or mutually owned businesses (mutuals)?

	18-34	35-55	55+	All
Yes, both	24%	28%	30%	28%
Yes, co-operatives	9%	16%	27%	18%
Yes, mutuals	6%	4%	4%	5%
No, I haven't heard either of these	61%	52%	39%	50%
Total	100%	100%	100%	100%

Source: The Australia Institute Survey

- Although 80% of Australians are a member of a co-operative, only three in ten could name one and only 16% believe they are a member of one

- **Education**

- Co-operative and mutual models do not appear in any business studies or law programmes from junior school through to tertiary level
- Professional education in legal, accounting, finance and management is virtually non-existent making it difficult for the sector to find appropriate professional advice for set up or management at competitive rates
- A uniform national accreditation framework for registered education and training organisations providing services to CMEs is necessary to address the unique features of these businesses.



Important activities – Call to Action!

- **Monitoring**
 - Throughout this time period, it is vital that the sector monitors the Committee's member's comments and statements in relation to this inquiry from now on. Furthermore, news outlets should be searched through daily to gauge the political temperature.
- **Communication**
 - Co-operative and mutual groups in tandem with the BCCM should communicate and continually inform each other of any developments. This sharing of information and resources can only help the sector and the success of this inquiry in the long run.
 - The sector needs to maximise media attention and use let the media tell our story to the public before, during and after the inquiry (interviews, opinion pieces, debates, social media campaigns, infographics etc)
- **Participation**
 - Prepare a submission to the Committee that is relevant and responds specifically to the terms of inquiry. Come forward to the BCCM to nominate yourself as potential witness to the Committee Hearing should it be required.

Key outcomes – Senate Inquiry

- **Political**
 - Shine a light on our sector for the policy makers and governments and generate the political debate around the economy and the positive impact our sector has and can continue to have.
- **Legislative**
 - Push for these stakeholders to take action by encouraging and fostering the sector and its growth through the implementation of a range of progressive legislative changes including the adoption and commencement of the Co-operatives National Law.
 - Modernise existing rules and regulations governing the sector.
- **Brand awareness**
 - Increase awareness of our business models and our contribution to the Australian economy and society among the public and political world.
- **Education**
 - Inform and educate citizens from school age onwards on our business model.



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Useful links

- *Who knew Australians were so co-operative? The size and scope of mutually owned co-ops in Australia*, The Australia Institute, 2012
- *2014 National Mutual Economy Report*, Business Council of Co-operatives and Mutuals, 2014
- *Blueprint for an enterprising nation*, Business Council of Co-operatives and Mutuals, 2014
- *Previous BCCM submissions to government*