



The Manager  
Corporations and Schemes Unit  
The Treasury  
Langton Crescent  
PARKES ACT 2600

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### Employee Share Schemes Consultation Paper

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to provide feedback on the Employee Share Schemes Consultation Paper.

As the peak body for co-operative and mutual enterprises (CMEs) in Australia the BCCM supports amendments to the Corporations Act that will facilitate employee ownership. CMEs, characterised by member ownership and member benefit, are testament to the tangible economic and social benefits that can come with giving people a real stake in enterprise. CMEs are a significant contributor to the Australian economy: 8 in 10 Australians are a member of at least one CME and annual turnover of the top 100 CMEs (excluding member-owned superannuation funds) reached \$30.5 billion in FY2014/2015.<sup>1</sup>

The BCCM generally endorses the submission of Employee Ownership Australia and New Zealand (EOA), however, we have briefly set out our position in response to specific consultation questions below.

#### Questions 1, 2 and 8

The BCCM does not support changing OIS financial reporting and auditing requirements.

Instead, the scope of section 708(1) of the Corporations Act should be extended so that unlisted companies can make larger offerings without disclosure. In particular, small scale offerings should be extended to offers involving 50 investors over 12 months with a cap of \$4 million. At the same time, the Class Order for unlisted companies<sup>2</sup> should be updated to require inclusion and annual updates of financial information and share price. This would provide adequate protection to participating employees.

#### Question 4

Any amendment of the OIS regime should apply generally to unlisted companies, not only to start ups.

ASIC should not make public the OIS of any unlisted company that is required to undertake OIS.

This approach will make the regime more user-friendly, and put all unlisted companies raising less than \$4 million on a level playing field with listed companies, in terms of disclosure costs and protection of commercial information when fundraising.

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<sup>1</sup> Business Council of Co-operatives and Mutuals, *2016 National Mutual Economy Report*, 17.  
<http://bccm.coop/wp/wp-content/uploads/2016/11/BCCM-NME-Report-2016.pdf>

<sup>2</sup> ASIC Class Order 14/1001



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**Question 5**

The BCCM does not support excluding employees from being counted as investors for the purposes of the small scale offering exemption in section 708 of the Corporations Act.

Instead, as outlined above in response to questions 1, 2 and 8, the limit under section 708(1) of the Corporations Act should be extended to 50 investors over 12 months and a cap of \$4 million. This amendment is more user-friendly.

The BCCM is happy to provide further information in relation to any aspect of its submission.

Yours faithfully,

Business Council of Co-operatives and Mutuals