



Manager  
Housing Unit  
Social Policy Division  
The Treasury  
Langton Cres Parkes  
ACT 2600  
Via: [HousingConsultation@treasury.gov.au](mailto:HousingConsultation@treasury.gov.au)

13 March 2018

Dear Mr Crawford

**National Housing Finance and Investment Corporation – draft Investment Mandate**

The Business Council of Co-operatives and Mutuals (BCCM) supports the submission to this consultation made by one of our members from the co-operative housing sector, Common Equity New South Wales (CENSW).

We have included information about the BCCM and about the co-operative and mutual sector in Australia as appendices following this letter.

Yours sincerely

Melina Morrison  
CEO  
Business Council of Co-operatives and Mutuals

## 1. About the BCCM

The BCCM is the peak body for Australian co-operatives, mutuals and member-owned businesses. The BCCM represents a diverse range of businesses operating in sectors including agriculture, finance and banking, insurance, motoring services, health services, aged care, disability employment, education, indigenous services, housing and retail.

The BCCM advocates for recognition of the sector and for measures that create a level playing field between co-operatives and other organisation forms, including implementation of the recommendations of the Senate Economics References Committee report into cooperative, mutual and member-owned firms (recommendations listed below).<sup>1</sup>

## 2. About co-operative and mutual enterprises

Co-operative and mutual enterprises are a significant contributor to the Australian economy: 8 in 10 Australian adults are members of at least one CME. Annual turnover of the top 100 CMEs (excluding member-owned superannuation funds) was over \$30 billion in FY2015/2016.<sup>2</sup> Together with mutual superfunds, it is estimated that the CME sector contributes up to 8 per cent of Australia's GDP.

CMEs are generally incorporated and regulated under one of two legislative regimes:

- State or Territory-based Co-operatives National Law (the CNL)<sup>3</sup>
- The Commonwealth Corporations Act  
A co-operative or mutual which is formed under the Corporations Act must have an appropriate company constitution in order to be considered a CME.

The distinguishing feature of all CMEs, regardless of what legal form they use, is that they are owned by their members and operate for member benefit. Member benefit can mean a wider range of social or non-financial benefits compared with the financial returns enjoyed by a shareholder. Membership is tied to contributing to or making use of the CME; this ensures the CME is made up of people who share its common purpose.

## 3. Recommendations of the Senate Economics References Committee inquiry into cooperative, mutual and member-owned firms report<sup>4</sup>

### Recommendation 1

2.32 The committee recommends that the Commonwealth Government ensures that a national collection of statistics and data is undertaken to provide an accurate picture of the scale and extent of the co-operative and mutual sector.

### Recommendation 2

3.28 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.

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<sup>1</sup>[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Cooperatives/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/Report)

<sup>2</sup> Business Council of Co-operatives and Mutuals, National Mutual Economy Report 2017, 20.  
<http://bccm.coop/wp/wp-content/uploads/2017/11/BCCM-2017-NME-Report.pdf>

<sup>3</sup> The Co-operatives National Law has been adopted in all States and Territories except Queensland. Western Australia has adopted consistent legislation.

<sup>4</sup> See the full report:

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Cooperatives/~/\\_media/Committees/economics\\_ctte/Cooperatives/report.pdf](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/~/_media/Committees/economics_ctte/Cooperatives/report.pdf)

### Recommendation 3

3.29 The committee recommends the Commonwealth Government work with states and territories to develop a program of supports to encourage the establishment of new co-operatives and mutual enterprises.

### Recommendation 4

3.49 The committee recommends that a mutual enterprise is explicitly defined in the Corporations Act 2001, and its associated regulations.

### Recommendation 5

3.51 The committee recommends that the role of directors in mutual enterprises is defined in the Corporations Regulations to align with the proposed definition of a mutual enterprise in the Corporations Act.

### Recommendation 6

3.75 The committee recommends the Commonwealth Government work with states and territories to ensure the continual improvement to advice, guidance and information provided at all stages in the establishment, governance and regulation of co-operatives.

### Recommendation 7

3.80 The committee recommends that the Commonwealth Government to work with all relevant stakeholders to undertake a program of education and training to inform them about the role of co-operatives and mutuals.

### Recommendation 8

3.81 The committee recommends that the Commonwealth Government examine ways in which it can improve the recognition and understanding of the co-operative and mutual sector in the national secondary school curriculum and that tertiary institutions consider the inclusion of co-operative and mutuals in accounting, business, commerce, economics and law degrees.

### Recommendation 9

3.82 The Committee recommends that professional accreditation bodies, such as the Law Society and Institute of Chartered Accountants, require a demonstrated knowledge of the co-operatives and mutual structure before it will licence its members to practice accounting or law.

### Recommendation 10

3.92 The committee recommends that the Commonwealth Government amend the Indigenous Advancement Strategy to allow registered co-operatives the same access to allow levels of grant funding as other entities.

### Recommendation 11

3.93 The committee recommends that the Commonwealth Government review, and where necessary amend the eligibility criteria for grants and funds across all of government grants and program guidelines to ensure that co-operatives and mutual enterprises are not excluded on the basis of their business structure.

### Recommendation 12

4.17 The committee recommends that the co-operative and mutual sector be considered when the government is preparing a Regulatory Impact Statement that accompanies new regulatory policies.

#### Recommendation 13

4.18 The committee recommends that the Commonwealth Government liaise with its state and territory counterparts to ensure that the regulatory burden for small and medium sized co-operative and mutual enterprise aligns with the needs of these organisations and ensures they are not disadvantaged relative to companies of a similar size.

#### Recommendation 14

4.26 The committee recommends that the Commonwealth Government closely monitor the progress of the International Accounting Standards Board in developing solutions to bring co-operative shares under the definition of capital under AASB 132, and, where possible, facilitate equivalent amendments as expeditiously as possible.

#### Recommendation 15

4.42 The committee recommends that Commonwealth and State Governments support the formalisation of some of innovative market-based approaches to raising capital for small and medium sized co-operative and mutual enterprises, in the form of advice and information, as they become available.

#### Recommendation 16

4.45 The committee recommends that APRA set a target date for the outcome of discussions with the co-operative and mutuals sector on issues of capital raising and bring those discussions to a timely conclusion.

#### Recommendation 17

4.49 The committee recommends that the Commonwealth Government examine proposals to amend the Corporations Act 2001 to provide co-operative and mutual enterprises with a mechanism to enable them access to a broader range of capital raising and investment opportunities.