



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

10 July 2015

Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Chair and Committee Members

Re: Senate Inquiry into co-operative, mutual and member-owned firms.

In addition to the Business Council of Co-operatives and Mutuals' formal submission to the Committee's inquiry in which we call for parity of treatment for co-operative and mutual businesses, we would like to draw the Committee's attention to a publicly available report on the inclusion of information about co-operatives by Australian governments in business development support. The report specifically addresses TOR (b)(ii), being current barriers to innovation, growth, and free competition.

The report shows that:

- While the Queensland and South Australian government sites provide information about co-operatives, the New South Wales, Tasmanian, Northern Territory and Federal government websites do not include information about co-operatives as a business model;
- There is no consistent description of co-operatives across the websites; and
- Some Federal and State government business start-up programs do not extend to co-operatives.

The report is attached.

Yours sincerely

Melina Morrison
Chief Executive Officer.



Business Council of Co-operatives and Mutuals (BCCM)

Report

The inclusion of co-operatives
by Australian governments in
business development support



Summary of findings

This report primarily investigates the inclusion or otherwise, of information about co-operatives on government websites relating to business development, and the inclusion of co-operatives in the criteria for funding programs for business development.

The Business Council of Co-operatives and Mutuals *Blueprint for an enterprising nations* states: 3.2 Business support that is funded by Federal or State Government should be equally available to provide support to mutuals:

- Government should ensure that private sector business advisors have appropriate mutual sector experience
- Co-operatives and mutuals need geographically based business support provided at a State level
- There should be equal recognition of co-operatives and mutuals by the various small business development bodies.

Victoria and Western Australia included co-operatives as a potential business model in their advice to people interested in starting a business, and included a link to comprehensive information about co-operatives.

South Australia and Queensland did not include co-operatives as a potential business model in the first instance; however in following the links further they did provide information about co-operatives. In the case of Queensland, it was only for not-for-profits, so it was omitted in the for-profit business section.

Recommendation 1: The Queensland and South Australian sites improve their information about co-operatives to include naming co-operatives in the first instance, and the Queensland site add co-operative information to their for-profit section.

The NSW, Tasmanian, Northern Territory and Australian government business development sites did not refer to co-operatives and included no links to any information about co-operatives. There should be equal recognition of co-operatives and mutuals by the various small business development bodies.

Recommendation 2: The NSW, Tasmanian, Northern Territory and Australian government business development sites be amended to include co-operatives as a business model, including links to relevant information about co-operatives, comparable to other business models.



The sites of all State and Territory government jurisdictions would be improved by linking to the relevant regulatory body for co-ops, on whose sites there is universally very comprehensive information about co-operatives.

A further improvement to all sites would be linking to the Business Council of Co-operatives and Mutuals (BCCM) [website](#) for further information about co-operatives.

Recommendation 3: That all State and Territory sites include a link to relevant regulatory body's site, and all sites to include a link to BCCM.

A range of Australian government sites, for example the ATO, the Australian Business Register, and the Australian Charities and Not-for-profit Commission, varied in the approach they took to describing or including co-operatives.

Recommendation 4: That a consistent description of co-operatives be adopted and utilised on all Australian government sites.

Each jurisdiction had examples of funding programs that variously included, partially included or did not include co-operatives as eligible to apply for funding.

Recommendation 5: That relevant government programs that do not currently extend to co-operatives be reviewed in order to become inclusive of co-operatives

Each state/territory has a network of business advisory services. Some are funded by the state/territory government and some by the Australian government. It is unlikely that these business advisors currently have sufficient expertise to provide consistent and accurate information about the co-operative model to clients.

Recommendation 6: Federal and State government should ensure that business support funded by government is equally available to provide support to co-operatives and mutuals. This includes ensuring that contracted private sector business advisers have appropriate mutual sector expertise.

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Context

Each government jurisdiction has a website to provide information regarding the establishment of a new business.

Australian Capital Territory	Innovation, Trade and Investment	www.business.act.gov.au
Australian Government	Ausindustry	www.business.gov.au
New South Wales	Small Business Commissioner	www.smallbusiness.nsw.gov.au/
Northern Territory	Department of Business	www.dob.nt.gov.au
Queensland	Business and industry portal	www.business.qld.gov.au
South Australia	Department of State Development	www.statedevelopment.sa.gov.au
Tasmania	Business Tasmania	www.business.tas.gov.au
Victoria	Business Victoria	www.business.vic.gov.au
Western Australia	Small Business Development Corporation	www.smallbusiness.wa.gov.au

There is also a range of websites providing information about recognition of business entities for the purpose of support for businesses.

Both these types of sites vary in their recognition of co-operatives as a business model. Some sites fully include co-operatives, giving equivalent information as they do about other business models.

Some sites give partial information about the co-operative business model, by for example, identifying it but not providing equivalent further information, as is done for other business models.

Some sites do not include any information about co-operatives as a business model, at all.

Each jurisdiction also registers co-operatives.



Australian Capital Territory	Access Canberra	https://www.accesscanberra.act.gov.au/app/answers/detail/a_id/2102
New South Wales	Fair Trading NSW	http://www.fairtrading.nsw.gov.au/ftw/Cooperatives_and_associations.page
Northern Territory	Department of Business	http://www.dob.nt.gov.au/gambling-licensing/business/Pages/co-operatives.aspx
Queensland	Office of Fair Trading	http://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits/cooperatives/
South Australia	Consumer and Business Services	http://www.cbs.sa.gov.au/wcm/licensing-and-registration/co-operatives/
Tasmania	Consumer Affairs	http://www.consumer.tas.gov.au/registrations/co-operatives
Victoria	Consumer Affairs Victoria	http://www.consumer.vic.gov.au/businesses/registered-businesses/co-operatives
Western Australia	Department of Commerce	http://www.commerce.wa.gov.au/consumer-protection/co-operatives

Each of these sites contains comprehensive information about what a co-operative is, the types of co-operatives; how to form, run, register and close a co-operative, and has the relevant forms and information about fees. NSW, Victoria and Queensland have extensive further information.

These sites are a very useful resource for anyone wanting to establish a co-operative and are an underutilised resource by the business development sector.

The information provided in the Northern Territory, South Australia, Victoria and NSW is under the new National Co-operative Legislation. The other States and the ACT refer to the new legislation, but the information provided relates to the older state/territory legislation still in force.

None of the sites currently provide a link to the BCCM.



Governments' primary business sites where co-operatives were fully included:

Business Victoria

Choose the right business structure - options: Sole trader, Partnership, Company, Trust, Incorporated association, Incorporated Aboriginal corporation, Cooperative. A link, <http://www.business.vic.gov.au/setting-up-a-business/business-structure/cooperative> provides information on: What a cooperative is; Advantages and disadvantages; Key factors for choosing this structure; Register as a cooperative.

WA Small Business Development Corporation

Business structures – options: Sole trader, Partnership, Company, Trust, Cooperative and Association. A link provides information on: Advantages and disadvantages of a cooperative and includes a link to <http://www.cooperativeswa.org.au/>

Governments' primary business sites where co-operatives were partially included:

Queensland Government Business and Industry Portal

Business legal structures – “This guide gives you general information about the advantages and disadvantages of the 4 most common business structures - sole trader, partnership, company and trust.” However the Not-for-profits section also lists Incorporated Associations, Cooperatives, and Charities. A link provides information on: What is a cooperative? Cooperative forms and fees; Search the cooperatives register; Registering a cooperative; Run a cooperative; Close down a cooperative; Cooperatives laws.

SA Department of State Development

Structuring your business – options: Sole trader, partnership, company, trust. However, this page links to a guide: Choosing an ownership structure for your business, and page 13 of the guide, under Legal forms of ownership, is a section on Co-operatives. This section provides information on: Types of co-operatives; What are the advantages of co-operation? How do co-operatives differ from other business structures?



Governments' primary business sites where co-operatives were not included:

NSW Small Business Toolkit

- Business models **addressed**: Sole trader, Partnership, Proprietary Limited Company, Trust, Franchise, Independent contractor

Business Tasmania

- Starting a business, choosing a business structure – **options**: sole trader, partnership, company, trust

NT Department of Business

- Starting a business, guide to business structures – **options**: Sole trader, Partnership, Company

Ausindustry

- Business structures and types – **options**: sole trader, partnership, trust, company

Australian Government sites where co-operatives were partially included:

ABN Lookup

Information provided about co-operatives is inconsistent with other definitions of a co-operative.

"A Cooperative is an organisation with rules:

- limiting the number of shares held by one shareholder
- prohibiting the quotation of its shares to the public, and
- establishing it primarily for the purpose of marketing, processing or storing commodities for disposal or distribution among its shareholders, or rendering other services to its shareholders."

Australian Charities and Not-for-profits Commission

- Lists **co-operatives**, but does not include a link to further information as it does for associations, companies, indigenous corporations, and trusts.



National Regulatory System for Community Housing

- **Eligibility** for Tier 1 registration requires the entity to be incorporated as either a company limited by shares or a company limited by guarantee under the *Corporations Act 2001*. However eligibility for Tier 2 and Tier 3 includes cooperatives or incorporated associations under state/territory legislation.

Australian Government sites where co-operatives were not included:

Australian Taxation Office

- Choosing your business structure – **options**: sole trader, partnership, company, trust

Australian Business Register

- Applying for an ABN - **options**: Individual Sole trader, Partnership, Company, Trust, Superannuation entities, Deceased estate.

Australian Securities and Investment Commission

- Your business structure – **options**: company, individual (sole trader), partnership, and trust
- Starting a small business – **options**: company, sole trader, partnership, and trust

Examples of programs where co-operatives were fully included:

ACT Pilot SME Growth Program

- Does not appear to exclude co-ops. Relevant **criteria**: be registered and trading in ACT

ACT Innovation Connect funding

- Does not appear to exclude co-ops. Relevant **criteria**: an Australian Business Number (ABN)

ACT Trade Connect

- Does not appear to exclude co-ops. Relevant **criteria**: Be a registered business for tax purposes.



Austrade Export Grants

- **Eligible** bodies: Any Australian individual, partnership, company, association, co-operative, statutory corporation or trust that has carried on export promotion activities during the year for which they wish to apply for an export grant.

Tasmanian Government Small Business Jobs Bonus

- **Eligibility criteria:** operate a Tasmanian small business and have an Australian Business Number (ABN).

Australian Government Tasmanian Jobs Programme

- **Eligibility criteria:** have a physical business location in Tasmania with an Australian Business Number

SA Unlocking Capital for Jobs Program

- **Eligibility** criteria: is an organisation, comprised of one or more legal entities (not a person) that are incorporated or established in Australia.

SA Microfinance fund

- **Eligibility** criteria: the ability to enter into a legally binding funding agreement with the South Australian Government.

Examples of programs where co-operatives were not included:

Industry Skills Fund

- **Eligible** businesses are Corporations or Trusts, not Co-operatives

Entrepreneur's Infrastructure Program

- Applicants **must be** a business incorporated in Australia under the Corporations Act 2001

WA Farm Finance Concessional Loans Scheme

- **Eligibility criteria:** operates as a sole trader, trust, partnership or private company

WA Drought Concessional Loan Scheme

- **Eligibility criteria:** operates as a sole trader, trust, partnership or private company



Recommendations

1. The Queensland and South Australian sites improve their information about co-operatives to include naming co-operatives in the first instance, and the Queensland site add co-operative information to their for-profit section.
2. The NSW, Tasmanian, Northern Territory and Australian government business development sites be amended to include co-operatives as a business model, including links to relevant information about co-operatives, comparable to other business models.
3. That all State and Territory sites include a link to relevant regulatory body's site, and all sites to include a link to BCCM.
4. That a consistent description of co-operatives be adopted and utilised on all Australian government sites.
5. That relevant government programs that do not currently extend to co-operatives be reviewed in order to become inclusive of co-operatives
6. Federal and State government should ensure that business support funded by government is equally available to provide support to co-operatives and mutuals. This includes ensuring that contracted private sector business advisers have appropriate mutual sector expertise.

Produced by Linda Seaborn for the Business Council of Co-operatives and Mutuals (BCCM)
June 2015



Disclaimer

The BCCM and the author, Linda Seaborn, stress that this report is a comprehensive representation of the range of government sites and programs that could apply to co-operatives, but is not exhaustive of all the possibilities. All information is correct as at 8 June 2015.

