



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.



## Table of contents

<b>Summary of Findings</b> .....	<b>2</b>
<b>Context</b> .....	<b>5</b>
<b>Governments primary business sites where Co-operatives were <u>fully</u> included</b> 7	
Business Victoria.....	7
WA Small Business Development Corporation.....	7
<b>Governments primary business sites where Co-operatives were <u>partially</u> included</b> .....	<b>7</b>
Queensland Government Business and Industry Portal.....	7
SA Department of State Development.....	7
<b>Governments primary business sites where Co-operatives were <u>not</u> included</b> . 8	
NSW Small Business Toolkit .....	8
Business Tasmania .....	8
NT Department of Business .....	8
Ausindustry .....	8
<b>Australian Government sites where Co-operatives were <u>partially</u> included</b> .....	<b>8</b>
ABN Lookup.....	8
Australian Charities and Not-for-profits Commission .....	8
National Regulatory System for Community Housing .....	9
<b>Australian Government sites where Co-operatives were <u>not</u> included</b> .....	<b>9</b>
Australian Taxation Office .....	9
Australian Business Register.....	9
Australian Securities and Investment Commission .....	9
<b>Examples of programs where Co-operatives were <u>fully</u> included</b> .....	<b>9</b>
ACT Pilot SME Growth Program .....	9
ACT Innovation Connect funding.....	9
ACT Trade Connect .....	9
Austrade Export Grants.....	10
Tasmanian Government Small Business Jobs Bonus.....	10
Australian Government Tasmanian Jobs Programme .....	10
SA Unlocking Capital for Jobs Program.....	10
SA Microfinance fund .....	10
<b>Examples of programs where Co-operatives were <u>not</u> included</b> .....	<b>10</b>
Industry Skills Fund .....	10
Entrepreneur's Infrastructure Program .....	10
WA Farm Finance Concessional Loans Scheme.....	10
WA Drought Concessional Loan Scheme.....	10
<b>Recommendations</b> .....	<b>11</b>



## Context

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

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

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

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.

