



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

| | |
|--|-----------|
| Summary of Findings..... | 2 |
| Context..... | 5 |
| Governments primary business sites where Co-operatives were <u>fully</u> included | 7 |
| Business Victoria..... | 7 |
| WA Small Business Development Corporation..... | 7 |
| Governments primary business sites where Co-operatives were <u>partially</u> included | 7 |
| Queensland Government Business and Industry Portal..... | 7 |
| SA Department of State Development..... | 7 |
| Governments primary business sites where Co-operatives were <u>not</u> included | 8 |
| NSW Small Business Toolkit..... | 8 |
| Business Tasmania..... | 8 |
| NT Department of Business..... | 8 |
| Ausindustry..... | 8 |
| Australian Government sites where Co-operatives were <u>partially</u> included | 8 |
| ABN Lookup..... | 8 |
| Australian Charities and Not-for-profits Commission..... | 8 |
| National Regulatory System for Community Housing..... | 9 |
| Australian Government sites where Co-operatives were <u>not</u> included | 9 |
| Australian Taxation Office..... | 9 |
| Australian Business Register..... | 9 |
| Australian Securities and Investment Commission..... | 9 |
| Examples of programs where Co-operatives were <u>fully</u> included | 9 |
| 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 |
| Examples of programs where Co-operatives were <u>not</u> included | 10 |
| Industry Skills Fund..... | 10 |
| Entrepreneur's Infrastructure Program..... | 10 |
| WA Farm Finance Concessional Loans Scheme..... | 10 |
| WA Drought Concessional Loan Scheme..... | 10 |
| Recommendations | 11 |



Context

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

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| 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.

