Chapter 4

Regulation and access to capital

4.1 This final chapter discusses the regulation of the sector, and whether it provides competitive neutrality, and issues raised by the sector around access to capital.

Regulation

4.2 The Australian Uniform Co-operative Laws Agreement (AUCLA) committed jurisdictions to uniformity of regulation. While most states and territories have adopted the legislation, or committed to introducing consistent legislation, full uniformity has not yet come to fruition.

4.3 The sector is governed by a plethora of regulations and bodies, depending on what type of co-operative or mutual it is. Dual regulation and registration across federal and state jurisdictions also remains in some cases. Ernst and Young described the current regulatory environment:

> Cooperative organisations have been registered and regulated by State and Territory governments, with the exception of financial cooperatives. Credit unions, mutual building societies and friendly societies are not covered by the Cooperatives National Law [CNL]. These organisations are Authorised Deposit-taking Institutions and are federally regulated as Australian banks. [Co-operative and Mutual Enterprises] CMEs which are non-distributing including those that are Public Benefit Institutions (PBIs) are regulated by the Australian Charities and Not-for-Profit Commission (ACNC). [1]

4.4 Many submitters expressed concern that the current regulatory burden was not flexible enough to cater for all sizes and types of CME. While one of the goals of the CNL is to reduce reporting requirements for small cooperatives[2], this is apparently not being felt by organisations at that level. The Voluntary Parents Association suggested that the regulatory environment is over-burdensome for small co-operatives, and should be flexible enough to allow all sizes of CMEs to operate:

> To be clear, we do not challenge the need for an authority like the ACNC, or the objectives of NSW Fair Trading, but we do ask that there be some recognition that small not-for-profit self-help groups do not have the resources to fulfil obligations that seem small to others, and that some leeway be granted or streamlining created. It is surely not impossible for standard information on co-operatives, such as names, registration details,

1 Ernst and Young, *Submission 44*, pp 21–22.

2 These are defined as cooperatives which do not raise funds through the public issue of securities and meet several criteria on size of entities, assets, and number of employees. (EY, *Submission 44*, p. 22.

> ABN's, to be shared and allowed to populate the forms that each government department requires.[3]

Dual registration

4.5 Ms Robyn Donnelly expressed concern about the lack of consistency across different jurisdictions, which resulted in duplicity across many regulatory requirements. According to Ms Donnelly, this is not only an issue in the application of the CNL, but also in the policies in relation to registration across state lines and interstate fundraising:

> There is no uniform administrative policy across those jurisdictions that have commenced the law. There has been no progress in removing dual regulatory requirements for cooperatives that are imposed as a result of the operation of the Corporations Act on interstate transactions by cooperatives. Those are in the areas of issuing securities across state and territory borders and also the requirement for registration under part 5B.2 of the Corporations Act.[4]

4.6 ASIC confirmed that if a registrable Australian body wishes to carry on business in one or more states or territories other than its home jurisdiction, it must be registered under Part 5B.2 of the Corporations Act. An association which is registered under a state law not recognised in other states will generally be a registrable Australian body. A foreign company wishing to carry on business in Australia must be registered under Part 5B.2 of the Corporations Act.[5]

4.7 Many co-operatives are registered under both state laws, and under Part 5B.2 of the Corporations Act which prohibits the carrying on of business by a state registered body (a co-operative) outside its state of origin unless it registers under Part 5B.2. The Business Council of Co-operatives and Mutuals (BCCM) propose that co-operatives should be exempt from this dual-regulatory requirement.[6]

4.8 The Australian Securities and Investments Commission (ASIC) further explained that dual registration may be a requirement of both the *Corporations Act 2001* and the CNL. While there are aspects of the Corporations Act that exclude participating co-operatives under the CNL, the decision not to exclude them from registration requirements under both Acts seems to be a deliberate policy decision:

> Under section 12(1) of the Appendix to the Co-operatives (Adoption of National Law) Act 2012, a co-operative and a participating co-operative are each declared to be an excluded matter for the purposes of section 5F of the Corporations Act 2001 (Cth) in relation to the whole of the Corporations legislation. However section 12(2), subsection 12(2)(1)(c) does not exclude the application of the Corporations legislations to co-operatives or participating co-operatives to the extent that the provisions relate to the

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3 Voluntary Parents Association, *Submission 37*, pp 6–7.

4 Ms Robyn Donnelly, *Committee Hansard,* 29 October 2015, p. 7.

5 ASIC, Answer to question on notice, received 10 March 2016.

6 Business Council of Co-operatives and Mutuals, *Submission 3, Attachment 2,* p. 24.

> registration of a co-operative as a company under Chapter 5B of the Corporations Act. In other words it appears there was a deliberate policy decision made to apply both regimes.[7]

Dual fundraising regulation

4.9 Under s708 (20) and s66A of the Corporations Act, a security – share or debt security – issued by a co-operative is an exempt security if it is offered or issued within its state of origin. As an exempt security, these offers are not subject to the disclosure requirements. However they are subject to the disclosure requirements of the state legislation (CNL or Co-operatives Acts). The disclosure requirements for debt securities issued by a co-operative match the disclosure requirements for similar securities under the Corporations Act.

4.10 However, if a co-operative offers any security to persons in another state or territory, then it must comply with the disclosure requirements under the Corporations Act. This will require the lodgement of a disclosure document or an application for exemption from ASIC. This exposes a co-operative to double lodgement fees and potentially double preparation costs. BCCM outlined the lack of a coherent system between jurisdictions, as well as between regulatory bodies:

> There are instances of dual and inappropriate regulatory compliance obligations for co-operatives. As a result of the division of regulatory authority for corporations and financial markets, co-operatives that wish to issue shares or other securities where a potential subscriber resides in another state or territory must comply with disclosure requirements under both state co-operatives legislation and disclosure regulations developed for investor-owned companies under the Corporations Act.[8]

4.11 Ms Robyn Donnelly discussed the potential risk of dual regulation in terms of the disclosure requirements for co-operative shares:

> The CNL provides for disclosure in respect of the issue of shares in a co-operative based on the nature of these securities. The disclosure requirements for shares in a company are different and are not appropriate for the issue of shares in a cooperative. However, a co-operative wishing to issue shares as part of a membership offer across a state border is subject to the disclosure requirements for the issue of shares by a company under the Corporations Act.
>
> The disclosure requirements for company shares are both unsuitable for cooperative shares and constitute dual and potentially costly regulation.[9]

4.12 While ordinarily a non-distributive co-operative is not required to lodge a disclosure statement, the Registrar does have discretion to require one be prepared. There appears to be no policy or guidance about whether such a document will be required, and as such, proposed co-operators do not know whether to prepare for this

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7 ASIC, Answer to question on notice, received 10 March 2016, pp 2–3.

8 Business Council of Co-operatives and Mutuals, *Submission 3,* p. 22.

9 Ms Robyn Donnelly, *Committee Hansard,* 29 October 2015, p.7.

as they may be required to prepare such a document at a later date. This adds to the time it takes to form a co-operative and the cost.

4.13 The Voluntary Parents Association were concerned that the disclosure requirements were out of sync with the overall registration process, and were too onerous for small co-operatives more generally:

> For us in forming the co-operative we felt it was strange that we had to write a disclosure statement that identified who the directors were before we had an election for the board and to declare who the General Manager was before we had raised funds to look for someone to fill the position.
>
> We ask that regulatory bodies scale the level of regulation to the size of the co-operative. Whilst there would be argument that this would increase the cost for the regulator, what we are doing currently is to pass on that cost to the co-operative, which is not in an easy situation to cover such costs.[10]

4.14 ASIC responded to a number of questions on notice generally about the regulatory burden on co-operatives. With regard to the claims of duplication around the disclosure requirements for interstate offerings of securities under Chapter 6D of the Corporations Act, ASIC stated that if the shares being offered were member shares, and were not to raise capital, then they wouldn't be subject to these requirements:

> If the shares being offered are to members, and it is not an issue to raise capital, to raise money, then chapter 6D would not apply. Chapter 6D of the Corporations Act applies when someone is issuing shares to receive money in as capital formation, whether it is shares, other securities, debt instruments or otherwise.[11]

Committee view

4.15 There is duplication in both registration and disclosure regulation across state and regulatory lines. The regulatory framework that governs fundraising, disclosure, registration and compliance for CMEs can be burdensome, particularly for small and medium sized CMEs. These CMEs operate very differently from companies and the committee is keen to ensure that they are appropriately regulated relative to their size and operation.

4.16 The committee also heard calls for the burden of regulatory policy proposals on co-operatives and mutuals to be specifically considered. While this is a complex area, the committee is supportive of calls by the sector to be treated in the same way as other types of business.

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.**

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10 Voluntary Parents Association, *Submission 37*, p. 9.

11 ASIC, *Proof Committee Hansard*, 26 February 2016, p. 23.

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.**

4.19 With respect to the issue of disclosure of interstate offerings of securities, the committee is of the view that if an organisation is behaving ostensibly in the same way as a company then they should be similarly regulated.

4.20 On the issue of dual registration of CMEs who are operating interstate and as such are required to register under both the CNL and the Corporations Act, this appears to be a deliberate decision taken and agreed by all the states and territories that have so far enacted the legislation. While all aspects of the Act should be reviewed periodically to ensure they are achieving their respective outcomes, the committee is of the view that it is appropriate to wait until all jurisdictions have legislation in place before this review takes place.

Accessing capital

Accounting standards - measuring the true value of a co-operative

4.21 The committee heard that one of the barriers for a co-operative or a mutual to access capital is how their balance sheets are represented. A member of a co-operative has voluntarily contributed their shares in the enterprise, and is entitled to a full refund of their contribution should they leave. Current accounting standards therefore treat their shares on the balance sheet as a liability rather than equity. BCCM highlighted the unintended consequences of this accounting treatment:

> Australian Accounting Standards have incorporated International Financial Reporting Standards developed to provide consistent information for investor-owned firms. These financial reporting standards were applied in 2005 to all reporting entities regardless of whether they are investor-owned or member-owned. The result of the application of these standards to CMEs was dramatic. The different nature of a share in a co-operative or a mutual meant that it was classed as a liability whereas in a company it was classed as equity. Virtually overnight, many CMEs with a share capital were rendered undercapitalised.

4.22 Furthermore, BCCM suggested the financial standards and practice are not adequate to measure the true economic benefit to the economy, with the community impact of the work of co-operatives being ignored, and not adequately measured by current accounting methods:

> International developments for Integrated Reporting to include greater emphasis on intangible assets of an enterprise such as human, social and natural capital dictates the need to focus on broader value measurements. Standard financial and accounting metrics are inadequate to capture their full value. Research by Ernst & Young in 2014 shows that for every $1

> spent in a co-operative enterprise 76% of value was added to its community.[12]

4.23 This is a view shared by Ms Ann Apps, a law academic from Newcastle Law School, who says the problem is compounded by the Co-operatives National Law itself because does not present the true value of CMEs because the accountancy treatment they receive is based on the reporting requirements of the Corporations Act which are not appropriate for the co-operative model:

> The CNL adopts financial auditing and reporting requirements that are largely based on the reporting requirements found in the Corporations Act.15 It has been acknowledged that 'fair value' accounting fails to provide an accurate or holistic representation of how organisational value is created over time…The inability of financial metrics to capture the social value of CMEs and the operation of Financial Reporting Standards results in inadequate recognition of the value and importance of the CME sector.[13]

4.24 In response to questions on notice about whether there is any way that accounting standards could be amended to avoid co-operatives recording their shares as liabilities, Chartered Accountants Australia and New Zealand informed the committee that possible solutions to the problem were being mooted by the International Accounting Standards Board (IASB):

> The International Accounting Standards Board (IASB) is currently undertaking a project on *Financial instruments with the characteristics of equity*. The final outcomes of this project may include possible solutions to bring co-operative shares within the definition of capital under AASB 132.
>
> The IASB's current investigations include potential improvements to (1) the classification of liabilities and equity in IAS 32 *Financial Instruments: Presentation*, including investigating potential amendments to the definitions of liabilities and equities in the *Conceptual Framework;* and to (2) the presentation and disclosure requirements for financial instruments with characteristics of equity, irrespective of whether they are classified as liabilities or equity.[14]

Committee view

4.25 The ability for a co-operative to compete on an equitable basis with other business structures, and meet its established objectives, is contingent on the appropriate application of financial instruments such as Accounting Standard IAS 32. The committee therefore welcomes the developments at the IASB which may provide solutions to the consequences of the application of current accounting standards.

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12 BCCM, *Submission 3*, p. 15.

13 Ms Ann Apps, *Submission 28*, p. 6.

14 Chartered Accountants Australia and New Zealand, answer to question on notice, received on 9 March 2016.

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.**

Access to capital

4.27 Access to capital was cited as a significant problem for CMEs. The issue is that all mutuals are established for a purpose and are owned by their members, and no one can take away their share of the assets unless the entity is demutualised. Mutuals therefore have no shares they can sell or trade and have no access to the equity markets.[15]

4.28 Organisations from the agricultural sector argued that their sector in particular has problems investing in essential infrastructure:

> A major issue that Norco faces is the availability of capital for infrastructure projects. Other than traditional bank debt, there is little opportunity to seek large amounts of capital to upgrade infrastructure from our members given the economic conditions they face as primary producers. Even though Norco can shield our members from the supply and demand issues they would face if trying to market their produce individually, there is still very little margin left due to ever-increasing production costs and so any compulsory contribution schemes approved under the Co-operative National Law are for modest amounts at the most.[16]

4.29 Professor Cotter from Southern Queensland University informed the committee of research currently being undertaken to examine how agribusiness co-operatives can access further amounts of capital:

> To address the issue of access to capital for expansion of the sector, we have commenced research into capital raising for agribusiness including available and emerging co-investment models, including investors are looking for and governance considerations. There is a lack of knowledge amongst agribusiness enterprises about access to equity capital. Further, lack of sufficient scale and compelling business cases limits the number of investable farming and agribusiness enterprises. Investors include managed funds, private equity, high net worth individuals and family offices.[17]

4.30 Ms Ann Apps proposed the legal recognition of an alternative, or 'hybrid' CME that could have greater access to capital. According to Ms Apps, a ‘pure’ co-operative that allocates control rights to active members under the principle of one

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15 Employee Ownership Australia Ltd, *Submission 23, Attachment 1,* The Ownership Commission 2012, p. 78.

16 Norco, *Submission 9,* p. 2.

17 Professor Julie Cotter, *University of Southern Queensland, a*nswer to question on notice, received 1 March 2016.

member, one vote, was sacrificing the ability to access external capital for democracy.[18]

4.31 Ms Apps suggested that this model could be supported by changes throughout the regulatory framework to enable the diversity of business models beyond the traditional definitions that exist in state and federal legislation:

> There is a general lack of understanding of the key legal features of the co-operative model and the importance of protecting the legal distinction between the co- operative and the company models. However there is a case for diversity of business models including the separate legal recognition of a 'hybrid' co-operative company under the *Corporations Act* 2001 (Cth).[19]

4.32 The Australasian Mutuals Institute submitted that the implementation of more stringent regulation following the Global Financial Crisis (GFC) has benefited larger banks, but inhibited access to capital for smaller banks and customer owned banks:

> In summary there has been a continual flow of outcomes post the GFC that has advantaged the major banks and disadvantaged regional banks and customer owned banking institutions competitive position in the market thereby reducing important choice for the Australian consumer. This has been further exacerbated for the customer owned banking institutions by the prudential regulator's approach to Basel III implementation which has served to severely limit their access to capital instruments that align to mutuality.[20]

4.33 Ernst and Young provided the committee with specific suggestions for ways in which CME's could improve their access to capital, primarily within the sector itself:

- There needs to be greater awareness of the alternative methods for CMEs to access capital amongst CMEs themselves, financial institutions and rating agencies.
- Templates need to be developed based on the Cooperative National Law and successful capital raising mechanisms to reduce the costs of capital raising and speed-up the process.
- Mature CMEs have the potential to explore opportunities for research and development and the investment in other CMEs.
- Establish a Cooperative and Mutual Development Investment Fund controlled by CMEs may increase the access to capital for new and growing CMEs.[21]

4.34 Submitters cited other jurisdictions like the UK, Canada and the Netherlands as having recognised the value for the economy of diverse corporate structures. The

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18 Ms Ann Apps, Newcastle Law School, *Submission 28,* p. 4.

19 Ms Ann Apps, Newcastle Law School, *Submission 28,* p. 4.

20 Australasian Mutuals Institute, *Submission 20,* p. 5.

21 Ernst and Young, *Submission 44,* p. 3.

Mutuals Deferred Shares Act in the UK was highlighted as a possible model to allow investment for growth by mutual organisations. Australian Unity recommended that Australian law and regulation be amended to allow similar opportunities:

> In jurisdictions such as these, corporate regulation exists which defines and permits (and importantly, does not preclude) the issue of financial securities by mutuals, for example by the Mutuals Deferred Shares Act in the UK.
>
> Australian Unity submits that Australian law and regulation be amended to enable the issue of such securities by mutual organisations. Consideration should also be given to the opportunity to permit franking for the returns on such instruments in the Australian context. This would allow tax-paying mutuals to utilise currently unusable franking credits and would also remove yet another competitive disadvantage for these types of mutual companies versus typical shareholding companies.[22]

4.35 The National Health Co-operative also cited the UK's legislative changes as a model that Australia could look at further:

> There is a precedent in the United Kingdom which you may be aware of. They passed a new act of parliament—about a year ago, I understand—that enables cooperatives to issue capital-raising rounds. It is treated in much the same way as any other capital-raising round would be treated. The dividend paid to those investors is considered equivalent to interest paid on a loan—it does not change the risk profile, if it is managed appropriately. It is something that this government could look at.[23]

4.36 Australian Unity further submitted examples of novel capital instruments in the Australian context, and argued that these are examples of mutuals raising long term capital with a fixed return, and all that has been missing in Australia is 'a clearly legislated invitation to mutuals to follow that path':

> Currently in Australia, APRA regulations (APS 111) envisage the conversion of Additional Tier 1 (AT1) and Tier 2 (T2) debt capital instruments held by Authorised Deposit-Taking Institutions (ADIs) into Mutual Equity Interests (MEIs) upon a loss absorption or non-viability event. The MEIs are not envisaged to be shares under the Corporations Act, although that has not yet been tested in court, and they would be able to be redeemed on a winding up but at no more than the face value of the original instrument. While this kind of capital cannot be deliberately created—it only arises on a negative trigger event—it is a contemporary Australian example of a regulator considering a new capital instrument that did not previously exist for mutual organisations.[24]

4.37 In response to specific questions on notice about the status of Mutual Equity Interests (MEIs) under the Corporations Act, ASIC responded:

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22 Australian Unity, *Submission 45,* p. 12.

23 National Health Co-operative, *Committee Hansard*, 26 February 2016, p. 4.

24 Australian Unity, *Submission 45,* p. 12.

> Mutual ADI's do not issue MEIs directly as a form of capital, but may end up with MEIs in their capital structure if they are required to convert their hybrid instruments. MEIs may result from a hybrid regulatory capital instrument issued by a mutual ADI that is required to convert – with MEIs issued on conversion rather than ordinary shares.
>
> The aim of MEIs is to provide the Mutual ADIs with access to convertible regulatory capital in the same way that other ADI's have used convertible hybrids. MEIs were contemplated by APRA in Attachment K to Prudential Standard APS 111. It is anticipated the specific terms of the particular MEIs are to be included in the constitution of the mutual proposing to issue them.
>
> It is not possible to answer specifically how MEIs would be treated under the Corporations Act as no instruments that have the possibility of converting to MEIs have been issued to date. Like hybrids there are no standard terms for the instruments that may give rise to MEIs or for the MEI's themselves. The determination will depend on the specific structure and form of the instrument (pre conversion) and the form of the MEI post conversion.
>
> If the pre-conversion instrument and/or the MEIs into which they may convert are considered preference shares, then member approval requirements of Part 2H.1 of the Corps Act would apply. If both the pre-conversion instrument and subsequent MEI are legal form debt – then the instrument may not require member approval. Given that mutuals are likely to want to take advantage under APRAs prudential requirements of the post conversion equity like features of the MEI, then it is likely these instruments would need to meet the same requirements under the Corporations Act as a preference share. (i.e. Part 2H.1 of the Corporations Act.)[25]

4.38 In another example of innovative options for raising capital evolving in the sector, Professor Cotter from Southern Queensland University provided the example of Murray Goulburn issuing units last year:

> In terms of capital raising, I think the issue last year of units by Murray Goulburn showed that we do have sufficient flexibility in our legislation for different types of innovative capital raising. However, that is extremely costly, and only the very large co-ops, like Murray Goulburn, could access that. So I think more work needs to be done to make that less costly.[26]

4.39 From the co-operative perspective the Voluntary Parents Services Co-operative expressed their wish for some kind of instrument that would attract capital into co-operatives on the basis of their social-type benefit rather than a financial return:

> The situation at the moment is that capital usually comes from a risk basis and people put money into capital on the basis that they might be able to

25 ASIC, answer to question on Notice, 10 March 2016, p. 4.

26 Professor Julie Cotter, University of Southern Queensland, *Proof Committee Hansard,* 26 February 2016, p. 10.

> sell that company for a lot more money than they put into it. The cooperative situation does not have that same benefit because we are not going to sell the company for a whole lot of money. We need to have something like a social bond to provide the facility where it is not based on benefit from risk but benefit for social purpose and that risk matrix is something we have really struggled to find a way to solve to raise capital for social type benefits.[27]

4.40 There are currently limited options for co-operatives and mutuals to raise capital that avoid the debt to equity ratio problem. Ernst and Young explained some of the options available, including the new Cooperative Capital Units developed by CMEs:

> CMEs have developed a range of mechanisms to raise capital including Cooperative Capital Units (CCUs) which are flexible instruments determined by members that can include attributes of both debt and equity to attract capital from outside the membership. CCUs can be structured ranging from ordinary debentures to redeemable preference shares. Methods such as proportional voting may be used to raise additional capital from members, but this creates a problem whereby a minority of members may gain control of the cooperative via disproportionate voting rights (28). Alternatively CMEs may look to innovative forms of funding such as crowd sourcing and multi-stakeholder partnerships such as London Ventures.[28]

Committee view

4.41 Central to the committee's concerns is the availability of finance to smaller co-operatives, who cannot raise capital through extensive retained earnings or debt financing. There are a number of innovative practical and policies developing both within the sector and overseas that could assist in providing a suite of options for these organisations. The committee particularly welcomes innovations such as social impact bonds, crowd sourcing and Cooperative Capital Units.

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.**

4.43 In terms of improving access to capital for larger mutuals, the committee is aware of the discussions the sector has been having with APRA in respect of changes to legislation and regulations to facilitate easier access to capital. These discussions should properly include an analysis of the applicability of international developments to Australia, as well as the recognition of possible 'hybrid' entities.

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27 Mr David Jordan, Voluntary Parents Services Co-operative, *Committee Hansard*, 29 October 2015, p. 1.

28 Ernst and Young, *Submission 44*, p. 21.

4.44 The committee was concerned to hear that no target date is set for those discussions to culminate, and that no end date is in sight.

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.**

4.46 Despite the committee's concern around the delays and administrative delays of the discussions in this area, the committee is cognisant of statements by APRA that 'from an industry perspective, mutuals…are well capitalised'…and 'can grow today if they want to.'[29]

4.47 The committee is of the view that government should not be placing regulatory barriers that impede the development of one sector or another. Furthermore, it is not the role of the government to provide special consideration to one industry or sector. There does seem to be innovation throughout the mutuals sector, as supported by Dr Crane from the BCCM, who said that these innovations 'shows you the way that co-ops and mutuals are trying to work their way through the current either impediments or structures we have around us to find ways to do this'.[30]

4.48 The committee supports this innovation and commends the sector in the efforts they are undertaking to ensure that they are treated equitably. The committee is of the view the government should consider ways to remove any barriers that impede the sector expanding. The evidence the committee received of developments overseas are initiatives that should be examined for applicability in Australia.

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 access to a broader range of capital raising and investment opportunities.**

Senator Chris Ketter

Chair

29 APRA, *Proof Committee Hansard*, 26 February 2016, p. 22.

30 Dr Crane, Business Council of Cooperatives and Mutuals, *Proof Committee Hansard*, 30 October 2016, p. 18.