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NSW Treasury

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21 October 2020

Dear Commissioner,

Thank you again for your briefing on the Productivity Green Paper at the NSW Business virtual meeting last week.

BCCM is highly supportive of the emphasis in the Green Paper on regulatory reform to drive innovation and competitiveness of NSW-based business.

Co-operatives are the only incorporated businesses registered and regulated by New South Wales. There are more than 600 co-ops in the State. These co-ops bring together more than 20,000 small businesses for group buying, for processing and for marketing. When it is easier for co-ops to form and operate, it is easier for small businesses to boost their productivity.

In line with the priorities identified in the NSW 2040 Economic Blueprint, co-ops have a particularly strong impact in regional economies, by supporting farm business sustainability, creating manufacturing jobs and providing essential services. For example, Cobargo Co-op is a longstanding retail co-op that has served farmers and town residents well by providing affordable hardware and farm supplies. Following the recent bushfires, the co-op has been the focal point for recovery efforts.

Co-ops are also an innovative and resilient business model for start-ups; a [recent study](#) found Australian co-operatives have an average lifespan of 25 years. Haystacks Solar Garden Co-op is a newly formed co-op that will allow renters to buy a share in a solar power plant in the Riverina and have their portion of its electricity generation offset against their power bill. The co-op will have the backing of hundreds of members during its start-up phase and will offer a replicable business model solution for social inclusion for New South Wales residents in the renewable energy transition.

The adoption of harmonised legislation in all States and Territories, the Co-operatives National Law, is an important improvement in the regulatory environment for New South Wales co-ops. It provides mutual recognition for operation and capital raising across Australia for co-ops without additional red tape. However, more work is needed to back up this legislative harmony with consistent regulation and modern administrative practices.

Under the Green Paper Draft Recommendations there are actions that can be taken by New South Wales to boost business productivity by improving co-operatives regulation. The actions required are clear, low cost and are likely to have a positive social impact (since the productivity gains in co-operatives are distributed to their members and communities across New South Wales):

4.2 Retain the temporary adjustments to regulatory and legal formalities, including digital solutions to replaced paper-based reporting

Many co-operative processes remain basically paper-based. Digital processes are urgently needed for [reporting](#), [applications](#) and for access to [public registers](#). As the Commonwealth proceeds with the Modernising Business Registers component of its Digital Business plan, NSW co-operatives are at risk of being left in an uncompetitive paper-based ghetto.

New South Wales can address this unilaterally, or in partnership with the Commonwealth, by seeking participation of its co-ops in Modernising Business Registers. If the latter path is taken, some negotiation may be required but cost will substantially be borne by the Commonwealth.

4.19 Create a best-practice regulatory policy framework

The Co-operatives National Law, championed by New South Wales, has a regulatory framework to improve access to capital for co-operatives. Improved capitalisation allows co-ops to provide better services to the many small businesses that rely on them to reduce costs and increase productivity. Concerningly, there is no guidance or regulatory policy that supports the capital raising features of the Co-operatives National Law.

Regulatory guidance is most urgently needed in respect of capital raising to bring down cost and uncertainty in preparing the disclosure documentation required for offers of securities by co-operatives.

I would be pleased to provide further information on regulatory reform that can boost the growth and productivity of New South Wales co-operatives and their members.

Yours sincerely,

