



19 February 2020

Committee Secretary
Legal Affairs and Community Safety Committee
Parliament House
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Brisbane QLD 4000

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To Whom it May Concern

Re: Submission to the Co-operatives National Law Bill 2020

We write to request inclusion of the following submissions on the Bill in regards to the regulatory framework for formation, registration and management of Co-operatives in Queensland.

Simplification of financial reporting and auditing requirements for small and medium sized Co-operatives

Our Co-operative has approximately 400 shareholders. We service the regional farming community across the Sunshine Coast, Queensland and have had to make substantial changes to the business model to survive against competitors who are not governed by the same requirements as our Co-operative.

Each year we hold an AGM and usually have attendance of a quorum only (10 shareholders) and usually this includes attendance by proxy from several shareholders. As such, the cost and effort of complying with an annual audit is large given the relative lack of interest by shareholders who are more concerned with products and services offered to assist them in running their businesses, than with the actual financial results of the co-operative.



The cost of complying with current audit requirements is significant to our Co-operative. We pay \$12,000 per annum for the audit in financial terms and the process takes a large amount of time from the finance and admin team. Our profit last year was \$11,000 and the year prior the co-operative generated a loss of \$10,000.

Our suggestion would be to allow audits to be undertaken with less regularity, based on obtaining unqualified audits in prior periods. A full compliance audit every second or third year would reduce the financial burden and still provide assurance to shareholders.

Updating of director's and officers' duties to modern standards of corporate governance, integrated with co-operative principles

Our Co-operative Board consists of primary producers who have largely sat on the Board due to intergenerational tradition. Whilst they run enterprises of varying levels of complexity, the requirements and level of governance is often far removed from that required to run a Co-operative.

Access to online education programs on corporate governance and compliance with modern standards around employment law, work health and safety, environmental responsibilities and meeting member protocols would greatly benefit the Board of Directors within Co-operative structures.

Further, it would be useful to have an educational tool to test Directors understanding of their responsibilities as Directors of a Co-operative, particularly given the onerous nature of the Co-operatives Act and of the rules of the Co-operative they oversee. This would ensure they are well versed in their obligations.



Our final suggestion would be to have an online portal for lodgement of Co-operative forms, and to register and update the details of Directors. Currently each time a director changes, a cessation form (Form 14) has to be completed, signed off and mailed to the Co-operatives Registrar. There is not way of knowing whether the form has been received and processed.

Both Form 56 and Form 9 are required to provide a copy of the Annual Audited Financial Statements, and to update shareholder movements for the year. Form 9 requires the information for all Directors to be listed (names, date of birth, place of birth and current address) and must also be completed, signed and posted to the Registrar. Once again, there is no process by which the Co-operative can receive confirmation of the receipt and processing of the form.

The forms, whilst available in PDF cannot be pre-filled and cannot be saved and edited in the next year, so all forms must be completely re-done each year, even if the details of some of the Directors have not changed.

An online portal would have the capability to update the Director's details when they change, then use those details (including appointment and cessation dates) to pre-fill the Annual Form 9. It would also provide a record of historical information for the Co-operative.

We thank you for you for the opportunity to lodge this submission, and hope our contribution, along with others received may assist with the implementation of some improvements and efficiencies in the area.

Yours faithfully

Annette Walker
Financial Controller
