



# ***LEGAL AFFAIRS AND COMMUNITY SAFETY COMMITTEE***

## **Members present:**

Mr PS Russo MP (Chair)  
Mr JP Lister MP (via teleconference)  
Mr SSJ Andrew MP (via teleconference)  
Mr JJ McDonald MP (via teleconference)  
Mrs MF McMahon MP  
Ms CP McMillan MP (via videoconference)

## **Staff present:**

Ms R Easten (Committee Secretary)  
Ms M Westcott (Assistant Committee Secretary)

## **PUBLIC HEARING—INQUIRY INTO THE CO-OPERATIVES NATIONAL LAW BILL 2020**

### **TRANSCRIPT OF PROCEEDINGS**

**WEDNESDAY, 11 MARCH 2020**

**Brisbane**

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**The committee met at 11.10 am.**

**CHAIR:** Good morning. I declare open this public hearing for the committee's inquiry into the Co-operatives National Law Bill 2020. My name is Peter Russo; I am the member for Toohey and chair of the committee. With me here today is Mrs Melissa McMahon, the member for Macalister. The other members of the committee who are joining us by videoconference and teleconference are: Mr James Lister, the deputy chair and member for Southern Downs; Ms Corrine McMillan, the member for Mansfield; Mr Stephen Andrew, the member for Mirani; and Mr Jim McDonald, the member for Lockyer.

On 4 February 2020 the Hon. Yvette D'Ath MP, Attorney-General and Minister for Justice, introduced the Co-operatives National Law Bill 2020 in the Legislative Assembly. The parliament has referred the bill to the committee for examination with a reporting date of 27 March 2020. The purpose of today's hearing is to hear evidence from stakeholders to assist the committee with its examination of the bill. Only the committee and invited witnesses may participate. Witnesses are not required to give evidence under oath, but I remind witnesses that intentionally misleading the committee is a serious offence. These proceedings are similar to parliament and are subject to the standing rules and orders of the parliament. In this regard, I remind members of the public that under the standing orders the public may be excluded from the hearing at my discretion or by order of the committee.

The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to my direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note it is possible that you may be filmed or photographed during the proceedings. These images may be posted on the parliament's website or social media sites.

I ask everyone present to turn mobile phones off or to silent mode. The program for today has been published on the committee's web page and there are hard copies available from committee staff.

### **TAYLOR, Mr Anthony, Policy and Research Adviser, Business Council of Co-operatives and Mutuals (via teleconference)**

**CHAIR:** I now welcome Anthony Taylor. I invite you to make a brief opening statement, after which committee members will have some questions for you.

**Mr Taylor:** Thank you for the opportunity to contribute to this inquiry today. I do apologise that I am not appearing in person: we are taking a conservative approach to health safety at the moment.

The Business Council of Cooperatives and Mutuals, or BCCM, is the national peak body for co-ops in Australia. The BCCM is a member-driven and funded organisation representing 2,000 plus co-ops in all industries and regions. BCCM supports the growth of the co-op sector in Australia by advocating for the operating environment of co-ops. Co-ops are crucial for the Queensland economy and communities as a vehicle for collaboration by producers, consumers, employees and communities seeking to increase their buying power, reduce costs and secure jobs, services and infrastructure in their communities.

As stated in our submission, the BCCM supports the introduction of the Co-operatives National Law Bill 2020 because it would help level the playing field between Queensland co-ops and other businesses. It would open up more opportunities for Queensland entrepreneurs and communities to develop collaborative businesses. As Queensland is the last state to introduce national co-op legislation, it would remove a competitive disadvantage for all Queensland co-operatives. The key benefits we see in this bill are mutual recognition across borders for co-ops, modernisation of directors' duties—particularly in an era where we are seeing more focus on accountability, that is a good thing—and a reduction in compliance costs for small co-ops as defined under the co-operatives national law.

The introduction of co-operative capital units is important. That will give co-ops in Queensland more options than they currently have to access capital. Confirming that—

**CHAIR:** Excuse me a moment. We are having a little bit of trouble—you are dropping out. It has been suggested that you phone in. Do you have access to a phone?

**Mr Taylor:** Yes, I can phone in. I will dial in now.

**CHAIR:** Sorry to interrupt you. Please continue.

**Mr Taylor:** Should I pick up from where I left off?

**CHAIR:** Yes.

**Mr Taylor:** As I was saying, the key benefits of this bill include the introduction of co-operative capital units. That will give co-ops in Queensland more options than they currently have to access capital.

Finally, in relation to the use of technology to facilitate member meetings, it will confirm that co-ops in Queensland can hold meetings over Skype, Zoom or phones as we are doing now, for example. Taken together, these changes will make it easier for Queensland co-ops to grow. It will also make it more attractive to start a co-op in this state. That will benefit customers, producers, employees, communities that own those co-operatives and the local economies in which they operate.

I would like to comment on a couple of points made by the Coochin Creek Fruitgrowers' Co-operative. In their submission they raised the need for co-op education and training. The department's response did note that BCCM provides resources at [getmutual.coop](http://getmutual.coop) and on our website. Just to give you one example, on [getmutual.coop](http://getmutual.coop) we do have a free interactive online co-op builder tool that allows users to prepare the set of legal documents needed to register a co-op. That is a free tool that people can use.

Also in terms of education, late in 2019 the federal government announced \$2.5 million in funding for BCCM to deliver a Starting Farm Co-ops program. Without co-ops national law in Queensland it would be hard to be confident to promote the structure to Queensland primary producers through the education and capacity-building program. Another point the Coochin Creek Fruitgrowers' Co-operative made was that they would like to see more streamlining of processes, including online lodgement. From our perspective, if this bill was passed in Queensland the introduction of harmonised legislation would mean there are more opportunities for the streamlining of regulatory and administrative processes for Australian co-ops, so it is a really positive step in that regard. In conclusion, we do strongly support the introduction of the co-ops national law in Queensland.

**CHAIR:** Member for Southern Downs, do you have a question?

**Mr Lister:** Thank you, Mr Chair. I do not, but I thank you Mr Taylor for your thoughtful submission and for your appearance today. You have answered all my questions.

**Mrs McMAHON:** Thank you for appearing this morning. My question is in relation to—and you did mention it in your opening remarks—the ability to operate nationally and to the previous disadvantage that Queensland co-ops had. Can you talk us through some of those issues that some of the co-operatives that you had worked with had previously in trying to operate interstate? What will this bill mean for those co-ops that do tend to operate over state borders?

**Mr Taylor:** As an example, the Independent Liquor Group is a co-op based in New South Wales, but it has a strong membership base in Queensland as well. Under the current arrangement, it needs a foreign registration in Queensland. It is a business that has warehouses and local members in Queensland. The change would mean that there is less administration costs and imposts for it. That is a good thing. Likewise, for Queensland co-ops that might be considering opening up business elsewhere in Australia, it will be the same thing. Under the current arrangement, there is no mechanism for them to register as a foreign co-op in other states, because that was something under the old set of co-op legislation around Australia. There was not a provision for new co-ops, for example, to register as a foreign co-op in another state under the co-ops national law. Having Queensland in the co-ops national law means that new Queensland based co-ops can look to expand into other states.

**Mrs McMAHON:** In terms of those administrative costs, what would have been those sorts of costs under previous regimes for Queensland co-ops to operate interstate?

**Mr Taylor:** I would need to take it on notice to give you the exact figures but, to give you an example, the Queensland figure to register as a foreign co-op is currently around \$400 to \$500. That is something I could confirm by following up.

**Ms McMILLAN:** Thank you for your time this morning. I have a question in relation to the definition of 'small co-operative' and 'small proprietary company'. I note that one of the other submitters suggested a proposed definition. What are your views on this?

**Mr Taylor:** I did notice that that was raised in the other submissions. In the submission of the Coochin Creek co-op, they talked about the audit costs and about that being a real concern for them, and it is something that we noted. We can see that getting the audit done is a real cost for co-ops. Also, we looked at our research in the annual national mutual economy report that we compiled, which is a Brisbane

research report every year that mainly focuses on the top 100 co-operatives and mutuals across Australia. I looked at that research we have and if the definition of 'small co-op' were to change to be aligned with the Pty Ltd definition of a small proprietary company, there would appear to be 18 co-ops that are above that threshold across Australia. The national working party is best placed to consider that question, particularly because there is an impact on the information that would be received by registries around Australia.

**Ms McMILLAN:** You do not have a particular position?

**Mr Taylor:** No. The national working party does consider these policy issues. I understand from seeing the department response that, having seen these submissions, they will consider the definition that should come under the co-ops national law and regulations.

**Mrs McMAHON:** Earlier, I referred to the costs of Queensland co-ops operating interstate. Some submitters mentioned the cost of the audits in terms of compliance. One figure was an annual figure of \$12,000 to provide the compliance to be submitted to the registrar. In terms of the co-ops that you work with, what would those annual audit compliance costs have been and how many of your member co-ops now would not have to do or be subject to that fee on a regular annual basis?

**Mr Taylor:** We would need to take the first part of that on notice to give you the specific figures or to see from our data what we are able to provide. I do not think I could hazard a guess.

**Mrs McMAHON:** Is \$12,000 for an annual audit about the same ballpark that most co-ops would probably be working in in terms of referring it to a financial service to provide that audit?

**Mr Taylor:** The co-operatives mutual sector is a diverse sector. It is across all different industries and sizes. I could not hazard a guess on if that figure is an outlier or is typical.

**CHAIR:** Did you have any involvement with the consultation conducted by the New South Wales government on the co-operatives national law?

**Mr Taylor:** I was not personally involved in that. I was not working at the business council at that time. The Business Council of Co-operatives and Mutuals was established in 2013. We have been involved in advocating for the rollout of co-ops national law going forward from 2013.

**CHAIR:** Are there any changes to the bill that you recommend the committee consider?

**Mr Taylor:** No.

**CHAIR:** Are there any other aspects of the bill on which you would like to comment while you have the chance?

**Mr Taylor:** No. I just reiterate the benefits I outlined in my opening remarks in that we think it will have a positive impact in Queensland for existing co-ops and for people maybe even considering forming a co-op.

**CHAIR:** Thank you, Anthony. In relation to questions that were taken on notice, I understand there were two. We would appreciate if your responses to the questions taken on notice are provided by close of business on Monday, 16 March so that we can include them in our deliberations. If you need to check the wording of the questions, could you please refer to the secretariat?

**Mr Taylor:** No problem.

**CHAIR:** We thank you for your attendance and for your written submissions. I will now close the hearing. I thank you for appearing here today. I thank the secretariat staff and Hansard. A transcript of these proceedings and an archived broadcast will be available on the committee's parliamentary web page in due course. I declare this public hearing of the committee's inquiry into the Co-operatives National Law Bill 2020 closed.

**The committee adjourned at 11.30 am.**