




Speech By
Hon. Yvette D'Ath

MEMBER FOR REDCLIFFE

Record of Proceedings, 4 February 2020

CO-OPERATIVES NATIONAL LAW BILL

Introduction

 **Hon. YM D'ATH** (Redcliffe—ALP) (Attorney-General and Minister for Justice) (11.38 am): I present a bill for an act to apply a national law that regulates co-operatives, to amend this act, the Associations Incorporation Act 1981 and the acts mentioned in schedule 1 for particular purposes, and to repeal the Cooperatives Act 1997. I table the bill, the explanatory notes and a statement of compatibility with human rights. I nominate the Legal Affairs and Community Safety Committee to consider the bill.

Tabled paper: Co-operatives National Law Bill 2020 [153](#).

Tabled paper: Co-operatives National Law Bill 2020, explanatory notes [154](#).

Tabled paper: Co-operatives National Law Bill 2020, statement of compatibility with human rights [155](#).

Cooperatives are democratically controlled, jointly owned enterprises created for common economic, social and cultural needs and goals. Cooperatives, when compared to corporations, have a distinct governance structure because their ownership, democratic structure and use of funds is for mutual benefit, rather than for the benefit of individuals. In Queensland, cooperatives operate in a diverse range of industries and endeavours, including agriculture and fishing, dairy, water supply, child care, health services, grocery and hardware supplies, community housing, recycling, and Aboriginal and Torres Strait Islander arts.

The Palaszczuk government recognises the substantial contribution Queensland cooperatives make to our economy and communities. The Palaszczuk government also appreciates the importance of ensuring that the structure of a cooperative continues to be a viable, alternative business and enterprise model which offers a number of unique features compared to other types of corporate structures. To this end, the bill aims to modernise and improve the regulatory framework for cooperatives in Queensland through nationally harmonised cooperatives legislation. The bill supports Queensland's cooperative sector, particularly in regional Queensland, by reducing regulatory costs and better ensuring the ongoing viability of an alternative, yet important, business model.

The main objective of the bill is to repeal Queensland's current Cooperatives Act 1997 and in its place apply the CNL and its regulations as a law of Queensland. The CNL is template legislation developed by the states and territories to modernise and harmonise the regulatory framework governing the formation, registration and operation of cooperatives. The CNL is broadly based on the Queensland Cooperatives Act 1997. It is consistent with the principles underpinning cooperatives and is intended to protect the interests of cooperatives, their members and the public in the operation and activities of cooperatives.

More specifically, the bill simplifies the financial reporting and auditing requirements for small cooperatives, reduces costs for small cooperatives, modernises directors' and officers' duties, provides a new way for cooperatives to raise funds, allows for automatic mutual recognition and updates references to the Commonwealth Corporations Act 2001.

Before further outlining these specific amendments, I would like to briefly outline the administrative framework governing the CNL: the Australian Uniform Cooperative Laws Agreement. The aim of the agreement is to preserve the uniformity of the CNL. The agreement provides that future amendments may be made with the approval of the national ministerial Legislative and Governance Forum on Consumer Affairs of which I am a member. Under the agreement, New South Wales is the host jurisdiction of the CNL and its regulations. All other states and territories have signed the agreement and have applied the CNL as a law of their own, respective jurisdiction.

In the case of Western Australia, their legislation has been updated to substantially correspond to the CNL. As the registration of cooperatives is a matter for the states and territories, the Commonwealth is not a party to the agreement. I am pleased to announce that Queensland has also become a party to the agreement. This allows the Queensland parliament to consider this bill which implements key reforms that are strongly supported by Queensland cooperatives.

A significant reform contained in the CNL, which will assist the majority of cooperatives in Queensland, is to simplify the financial reporting and auditing requirements for 'small cooperatives'. The CNL includes a tiered system of financial reporting whereby most 'small cooperatives' will no longer need to submit an audit or financial report to the registrar. Under the cooperative national regulations, hosted by New South Wales, a cooperative is defined as 'small' upon meeting two of the following three criteria in a given financial year: consolidated revenue of less than \$8 million; consolidated gross assets of less than \$4 million; or fewer than 30 employees. These simplified reporting requirements will reduce costs for small cooperatives. The CNL also includes updated directors' and officers' duties and responsibilities more consistent with modern requirements under the Corporations Act 2001.

Another initiative of the CNL is the introduction of raising funds through the issue of cooperative capital units, or CCUs. CCUs are a unique and flexible financial instrument that can provide cooperatives with a means to raise funds to finance their operations without diluting member control and ownership. CCUs can be issued to members or non-members. The introduction of CCU provisions in the CNL greatly increases the capacity of cooperatives to raise funds from external sources.

In terms of mutual recognition, at present any interstate cooperative that wishes to carry on business in Queensland must register in Queensland and pay a fee to trade as a 'foreign' cooperative. Passage of the bill will mean that existing 'foreign' registration provisions that create red tape for cooperatives wanting to trade across borders will be replaced by automatic mutual recognition provisions. The mutual recognition provisions of the CNL make it easier for cooperatives to trade interstate by removing the fees and registration requirements.

The final reform of note in the CNL is the updated referencing of the Commonwealth Corporations Act 2001. Like other states and territories, the Queensland Cooperatives Act 1997 applies sections of the Commonwealth Corporations Act 2001 to cooperatives in circumstances such as insolvency, liquidation and winding up. Over time this created a situation of the Corporations Act 2001 being referenced differently in each jurisdiction and was further compounded by legislative updates, which led to diverging requirements in different states and territories. The bill includes important reforms that support the ongoing viability of Queensland cooperatives, particularly smaller cooperatives, cooperatives in regional Queensland and cooperatives trading across borders. I commend the bill to the House.

First Reading

Hon. YM D'ATH (Redcliffe—ALP) (Attorney-General and Minister for Justice) (11.45 am): I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Referral to Legal Affairs and Community Safety Committee

Mr DEPUTY SPEAKER (Mr Stewart): In accordance with standing order 131, the bill is now referred to the Legal Affairs and Community Safety Committee.