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Mr Greg Hammond OAM  
The Treasury  
Langton Crescent  
Parkes ACT 2600

### **Reforms for Co-operatives, Mutuals and Member-owned firms**

Co-operative Bulk Handling Limited ("CBH") notes the Treasury's consultation on member-owned firm legislation and regulation, facilitated by Mr Greg Hammond OAM. Specifically, CBH understands the review will further investigate the findings of the Senate Economic References Committee report on Cooperative, Mutual and Member-owned Firms (Senate Report) and the associated Draft Government Response, specifically examining the recommendations that pertain to:

- The regulatory and legislative barriers that currently exist which impede Commonwealth-registered cooperatives and mutuals from accessing capital and how significant those barriers are; and
- The pros and cons of inserting a definition of "mutual enterprise" into the Corporations Act 2001.

As Australia's largest co-operative, CBH is pleased to provide a submission in support of the value that co-operatives and mutuals offer the Australian economy and community, and how the removal of barriers which constrain these organisations' access to capital would better allow them to fund their growth and development, to further increase their contribution.

#### ***Background - the CBH Group***

CBH is a unique organisation with a history almost as long as the grain industry it serves. The co-operative's commitment to maintaining a partnership with its Western Australian grain grower members has helped build an industry that has been the backbone of the State's rural economy since the beginning of the bulk handling system 80 years ago. This partnership has also been the basis of CBH's strength and success.

CBH has constantly innovated and grown with operations extending along the value chain from grain storage, handling and transport to marketing, shipping and processing. Now Australia's biggest co-operative and a leader of the nation's grain industry, CBH is controlled by 4,200 grain growers.

CBH currently employs around 2,700 permanent and casual personnel. These employees are located across the co-operative's 10 regional offices, 195 receival site locations, 4 ports, representative offices in Adelaide, Hong Kong, Tokyo, Krasnodar and a head office located in West Perth.

As a co-operative, rather than being motivated by profit and shareholder dividends, CBH seeks to invest in supply chain infrastructure and undertakes its business operations in order to ensure Western Australian grain growers are part of an efficient, well managed supply chain that contributes to their farm-gate returns.

CBH works to strengthen the co-operative sector by working with other co-operatives through local, national, regional and international structures; including through its membership and associated work as a founding member of the Business Council of Cooperatives and Mutuals (BCCM).

## ***Responding to the review***

### *The capacity of co-operatives to contribute to the economy and the community*

Through its own experience as a co-operative, CBH is strongly of the view that the co-operative structure does not translate to a lack of business performance or the absence of prudent financial management. To the contrary, CBH believes its co-operative structure has been essential to its success as Australia's largest grain exporter and its second-largest private business.

The central tenet of CBH's co-operative business model is efficient business operations and targeted investments that meet growers' expectations and advance the grain industry. CBH measures its value as the 'direct value to growers'; allowing the company to invest in areas such as storage and handling capacity that will increase returns of a grower's farming operations – providing growers with the best possible storage and handling service of the lowest possible price. To this end, CBH provides the most competitive storage and handling service and charges in Australia.

Co-operatives are profit-making businesses designed to benefit their members, as well as contribute other benefits including a presence in and a commitment to communities by way of employment and, sponsorships and partnerships. CBH believes cooperatives and mutuals have considerable potential to increase their contributions to the economy, and would be better placed to do so if regulatory barriers to capital-raising were addressed.

### *Support for regulatory and/or legislative changes to improve access to capital for cooperatives and mutuals businesses*

CBH by virtue of its historical development and its industry now manages a sizable cooperative structure, both in terms of membership and revenue. It has approximately 4,000 members and an average turnover of \$4 billion per annum. Consequently, capital-raising is less challenging for CBH than it is for the significant majority of co-operatives and mutuals which have comparatively lower retained earnings.

CBH is supportive of the committee's recommendation to address the legislative barriers which impede non-state registered cooperatives and mutuals from accessing capital. While most co-operatives and mutuals would not require additional capital for day-to-day operations, increased access to capital could provide the funding essential to develop new products and services and expand an organisation, therein increasing its value to the economy and the community.

While CBH would not be impacted directly, its support for a change to capital raising options stems from its fundamental belief that co-operatives and mutuals are able to contribute in a different capacity – and in some cases a greater capacity – than corporate structures can. The ability to increase the size of this contribution is inarguably linked to their capacity to raise capital.

### ***To conclude***

CBH would be pleased to participate further in the consultation process being facilitated by Mr Greg Hammond OAM. Rachel Cameron, Manager of Government and Industry Relations, can be contacted by way of [Rachel.Cameron@cbh.com.au](mailto:Rachel.Cameron@cbh.com.au).

Yours sincerely,

***For: Co-operative Bulk Handling Limited***



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**Dr Andrew Crane**  
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