



Climate-related financial disclosure: exposure draft legislation

Submission to The Treasury

9 February

Introduction

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to respond to The Treasury's exposure draft legislation for climate-related financial disclosures.

The BCCM is the national peak body representing co-operatives and mutuals in all industries. Eight In 10 Australians and 160,000 businesses are members of at least one co-op or mutual.

Co-ops and mutuals are businesses that are owned and democratically controlled by consumers, producers or workers and exist to benefit these groups and the wider community. The international co-operative principle of Concern for Community reflects the longstanding commitment of the co-operative movement to sustainable development. Under this principle, co-operatives support the sustainability of the communities and environment where their members live and work because it aligns with the long-term interests and objectives of the co-operative and its members to do so.

Many co-ops and mutuals are signatories to BCCM's [Climate Change Declaration of Action](#).

Response to the exposure draft legislation

1. The framework won't apply to state-registered co-ops without additional changes to legislation

Co-operatives are incorporated under the Co-operatives National Law, harmonised legislation adopted by all states and territories.¹ Co-operatives National Law includes a general exclusion of the Corporations Act from applying to co-operatives, with some exceptions and some declarations that specific sections or parts of the Corporations Act apply to co-operatives, in some cases with modifications.² Financial disclosures and auditing are examples of matters where certain sections of the Corporations Act are declared to apply to co-operatives.³

There are a number of sections in the exposure draft that do fall within an existing declaration in the Co-operatives National Law (mainly those relating to audit processes). However, none of the sustainability reporting requirements do.

The BCCM is therefore of the view that amendments to Co-operatives National Law would be required for the new climate-related financial disclosure regime to apply to co-operatives.

In principle, BCCM is supportive of large co-operatives being included in the climate-related financial disclosures regime alongside other businesses. The Co-operatives National Law provides scope for

¹ In Western Australia, the consistent Co-operatives Act 2009 is the relevant legislation.

² See ss12-15 Co-operatives National Law.

³ See s13 Co-operatives National Law.

modifications of how the regime applies to co-operatives to be made with due consideration of the distinct principles, structure and characteristics of co-operatives.

We recommend that The Treasury and state and territory co-operative regulators collaborate with the BCCM to consider application of the climate-related financial disclosure regime to co-operatives.

The BCCM is currently undertaking an industry consultation with co-operatives on Co-operatives National Law and will seek feedback on this issue as part of that process to incorporate into our findings.⁴

2. Implementation timeline

The BCCM supports a 1 January 2025 start date for Group 1 entities, which will cover the largest co-operative and mutual companies.

Our member, the Customer Owned Banking Association (COBA), has detailed why a later start date is important for customer-owned banks. We support COBA's submission and note that COBA's points in relation to a later start date apply validly across the wider co-operative and mutual movement.

Based on a review of the turnover, assets and employment data in the database for the National Mutual Economy Report 2023⁵, other sectors where we expect co-ops and mutuals to be reporting entities include general insurance, superannuation, health insurance, agriculture, manufacturing, wholesale purchasing, tourism and retail.

The BCCM would be pleased to provide further information to The Treasury on any matters raised in this submission.

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⁴ See [BCCM-Modernising-Co-operatives-Regulation-Discussion-Paper.pdf](#)

⁵ [National Mutual Economy \(NME\) Report - BCCM](#)