

SECOND READING SPEECH

Co-operatives National Law (Tasmania) Bill 2014

Madam Speaker, I move that the *Co-operatives Bill 2014* be read a second time.

The Co-operatives National Law, or CNL, is set out in Schedule 1 of the Bill.

Co-operatives are businesses owned and run for the benefit of their members. Co-operatives are an important part of a vibrant and healthy economy and provide crucial services to not only their members but also the community, across a range of areas including health and medical care, agriculture, retail and housing services.

Groups wishing to incorporate can consider the co-operative structure as an alternative to being a company or an incorporated association. Co-operatives can be either for profit or not-for-profit (referred to in the new legislation as “distributing” co-ops or “non-distributing” co-ops), depending on the needs and wishes of members. Co-operatives can be a source of employment or housing, or can provide vital infrastructure or other shared resources for members.

The CNL will apply to all “non-banking co-operatives” also known as “general co-operatives”.

“Banking co-operatives”, sometimes called “financial co-operatives”, such as credit unions, building societies and friendly societies are regulated under separate legislation administered by the Australian Prudential Regulation Authority.

The *Co-operatives Bill 2014* will remove red tape and disincentives that impede co-operatives operating on a national basis, provide better access to external capital funding, and provide a modern legislative framework. The new framework also provides for simplified reporting requirements for smaller co-operatives

Currently, co-operatives are registered in their State or Territory of origin and are required to apply for registration in another jurisdiction if they wish to trade there. This requirement for separate registration in each State is time consuming and costly and could deter a group from electing to incorporate as a co-operative.

Under the *Co-operatives Bill 2014*, a co-operative legally registered in one jurisdiction could operate on a national basis without the need for any further application or registration. This is in line with the rights and obligations of companies under the *Corporations Act 2001*.

The current co-operative legislation in Tasmania does not differentiate between co-operatives based on their size, membership or assets. Under the *Co-operatives Bill 2013*, a two-tiered system will be created, dividing co-operatives into “small co-operatives” and “large co-operatives”.

This will reduce the reporting burden on those small co-operatives who have limited capacity to fulfil more onerous reporting obligations.

The CNL specifically states that it should be interpreted so as to be consistent with the co-operative principles of the International Co-operative Alliance.

The new regime will, however, ensure co-operatives are treated equitably when compared to other forms of incorporated entity such as companies or incorporated associations.

The Australian Uniform Co-operatives Law Agreement was signed by all States and Territories in 2012, the International Year of the Co-operative, and outlined a commitment to creating a more modern and fair regulatory system for co-operatives. The *Co-operatives Bill 2014* fulfils the Tasmanian Government's obligations under this agreement.

The legislation is in the form of template legislation, with New South Wales as the lead jurisdiction and responsible for passing

the original legislation. All amendments to the Co-operatives National Law will be tabled in both Houses of the Tasmanian Parliament within ten sitting days of their commencement to ensure the Tasmanian Parliament remains fully aware of the law in this area.

The co-operative model offers significant opportunities for groups and businesses, especially in regional and rural areas. Co-operatives provide a viable way for communities to operate services and businesses who otherwise may not be available in the area due to higher costs and lower profits.

The co-operative model also offers opportunities to primary producers to work together to maximise their buying power or share the cost of a common service such as transport or processing.

In the not-for-profit sector, incorporating as a co-operative can empower individuals or groups, as can be seen from the success of co-operative housing models around Australia and the world.

There are approximately 1700 co-operatives operating in Australia today, however, Tasmania has a small co-operative sector with only 27 registered co-operatives currently operating in the State.

The State Government welcomes this nationally consistent framework as a means of supporting both business and not-for-profit organisations in our community.

Madam Speaker, I commend the *Co-operatives Bill 2014* to the House.