Reducing barriers to business dynamism in Australia

Productivity Commission

10 July 2026

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Business Council of Co-operatives and Mutuals

Executive Summary

The Business Council of Co-operatives and Mutuals (BCCM) welcomes this inquiry into reducing barriers to business dynamism in Australia.

Australia has an acknowledged dynamism issue when it comes to the 'long-term decline in business ownership rates and in the creation of "employing businesses"'.[5] The ABS has noted that Australia is continuing to decline in the Economic Complexity Index, while economic diversity makes economies more resilient to shocks.[6]

Further, tepid productivity growth is a threat to Australian living standards and our way of life, particularly in the context of heightened geopolitical volatility in supply chains. The persistence of stable democratic institutions requires a fair society where people believe there is a link between their effort and their achievement.

Australian businesses of all ilk can do a lot of the heavy lifting to drive a more productive and fairer economy that works in the interests of the greatest number – but only where the business operating environment facilitates different business models to thrive to their fullest potential.

The BCCM considers that the policy, legislative and regulatory environment are key determinants of the ease of formation, growth and transformation of different business structures and therefore welcomes the focus of the inquiry on the regulatory barriers to business dynamism. We believe that to develop an impactful set of policy recommendations that tackles this issue, the Productivity Commission must carefully scrutinise the regulatory barriers that inhibit formation and growth rates of specific business structures, including co-operatives and mutuals.

Successive Australian governments and inquiries have recognised barriers to formation and growth of Australia's co-operative and mutual businesses and, in response, have recommended regulatory reforms and enacted enabling legislation aimed at improving the utilisation of the business model, especially in markets that are underserved, failing or highly concentrated. However, we still lag comparable economies in the dynamism of our co-operative and mutual sector and are missing out on the potential benefits for consumers, small businesses and regional communities.

Despite these challenges, Australia's co-operative and mutual sector punches above its weight. Australia's 1,810 co-operatives and mutuals contribute more than $50bn in combined turnover and serve eight in 10 Australians and 367,000 small businesses who are members.

The 2026 National Mutal Economy Report, the thirteenth annual analysis of co-operative and mutual business performance, found revenue of the top 100 co-operatives and mutuals grew by 8.4 per cent, the fifth consecutive year of revenue gains by the sector against a background of domestic and global economic challenges.

There is a clear opportunity to strengthen the role of co-operatives and mutuals in our economy. An enabling environment for co-operatives and mutuals to prosper and grow allows them to work harder in the interests of their members, markets and communities where they operate in pursuance of their unique social orientation as people-centred businesses.

There are two practical legislative reforms that are within the scope of the inquiry terms of reference and would put Australia on the path to a world-class policy environment for co-operatives and mutuals. These reforms would boost the formation and growth rates of co-ops and mutuals and are necessary for other possible policy reforms to be effective:

1. Legacy asset protection: provide a clear legislative framework for mutual growth

The Corporations Act should be amended to provide a permanent 'legacy asset' protection framework for mutual entities. International experience shows that mutuals have more confidence to focus on growth strategies, utilising Mutual Capital Instruments, when legacy assets are permanently protected from asset raids (a form of merger activity with little consumer or competitive benefit).

2. Modernise co-operatives regulation: remove barriers to co-op formation and capitalisation

The Commonwealth should support the modernisation of the Co-operatives National Law by the states and territories under the lens of National Competition Policy, noting that many regulatory barriers to the formation and growth of co-operatives arise from a lack of regulatory policy co-ordination between the Commonwealth, states and territories. In fact, one of the opportunities is for jurisdictions to work together on legacy asset protection legislation across both the Corporations Act and the Co-operatives National Law.

These reforms received bipartisan support in the Better Competition, Better Prices report in 2024.[1]

The BCCM looks forward to engaging with the remainder of the inquiry process and stands ready to provide further information to the Productivity Commission on the regulatory barriers and the reforms put forward in this submission. This includes sharing forthcoming research that is due for publication in the coming months covering the role of co-operatives and mutuals in dynamic and efficient banking, risk protection, social care and housing sectors.

[1] Better Competition, Better Prices report

Co-ops and mutuals and their contribution to business dynamism

An economy that exhibits a diversity of structures (including co-operatives and mutuals) being utilised by entrepreneurs and the community to deliver goods and services is more resilient[2], innovative[3], competitive[4] and can effectively serve a wider range of consumers[5].

Beyond a general contribution to economic resilience and diversity, each business structure has its strengths and can respond to specific social and economic opportunities and challenges if enabled to do so.

A dynamic co-operative and mutual sector with strong formation and growth rates contributes to:

- **Enhanced competition and product innovation in the interests of consumers** (e.g. banking, insurance and risk protection, and affordable housing)
- **Enabling smaller businesses to pool resources and compete more effectively** (e.g. agriculture, independent retailing, and professional services).
- **Sustainable and efficient delivery of services in lower profit environments** such as regional Australia that are not well served by other types of businesses (e.g. social care, and retail)

Research from the ILO has demonstrated the positive impact on economic resilience of financial co-operatives during the Global Financial Crisis, as one example. It states that the 'financial stability of cooperative banks was substantially higher than that of the investor-owned banks: in 2007 their average Z score was 54 over 41. They entered the crisis with larger buffers, and then proved to be very stable.'[6]

The OECD has highlighted the distinct role co-operatives and mutuals can play in driving innovation and serving underserved communities: 'The social economy pioneers new business models, provides essential services, contributes to job creation and a fairer, green and digital transition, engages youth and builds communities'.[7]

Recent research by Monash University has discussed the advantages to key markets such as social care, retail and farming of co-operative entrants.[8] Furthermore, the opportunity cost to supply chains from the loss of co-operative asset stewardship is increasingly apparent in markets disrupted by global volatility. In a paper on the history of fertiliser production in Australia, Professor Tim Mazzarol writes: 'a century after farmer co-operatives built a sovereign fertiliser industry from scratch, Australia now imports 85 per cent of what it needs – and a war in the Middle East is making the cost catastrophically clear.'[9]

Research by Per Capita shows that co-operatives and mutuals are prepared to deliver services at a lower profit rate than investor-owned businesses.[10] This ability to sustainably service regional areas or underserved communities was noted by the ACCC in its Supermarket Inquiry:

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[2] See Economic resilience | Australian Bureau of Statistics; ILO, Resilience in a downturn: the power of financial co-operatives; BCCM, Leading the resilience report

[3] See SMEs and entrepreneurship | OECD; Competition and Innovation: A Theoretical Perspective (EN)

[4] Premik et al, Competition and Inclusion: Co-operatives' Role in the Australian Retail, Care and Farming Sectors

[5] Social economy and social innovation | OECD

[6] ILO, Resilience in a downturn, 24.

[7] OECD Toolkit for the Social Economy | OECD

[8] Premik et al, Competition and Inclusion: Co-operatives' Role in the Australian Retail, Care and Farming Sectors

[9] Mazzarol, From co-operatives to crisis: How Australia Surrended Control of its Fertiliser Supply

[10] Per Capita, Co-operative Employment Economics: Sustaining Employment and Community Prosperity

> *In remote areas where choice is limited, community-owned stores (which may be run as co-operatives) are reported to offer better prices and quality than privately owned supermarkets. As such, supporting existing – and new – community-owned stores in remote areas that would otherwise be unserved or underserved may be an effective way to address some of the issues that result from lack of competition in those areas.*[11]

The ACCC's final report included a recommendation to support community-owned grocery retail in remote areas.

The advantage of diverse provision models in government funded care services was similarly acknowledged in the Harper Review.[12] The BCCM's subsequent partnership with the Commonwealth Government to develop new models of co-operative regional social care delivery through the Care Together Program was based on a similar rationale.[13]

Further examples of the impact of co-operatives and mutuals on business dynamism in key sectors is provided as an appendix to this submission – See CME Business Dynamism Case Studies.

What are co-operative and mutual enterprises?

Co-operatives and mutual enterprises (CMEs) are businesses that are owned by members, rather than shareholders. The members are drawn from the stakeholders who interact with the business, usually being one or more of the following:

- Consumers (e.g. in a mutual bank or health insurer)
- Producers (e.g. in an agricultural co-op or business buying group)
- Employees (e.g. a worker-owned professional services firm)
- Communities of interest (e.g. a community-owned energy co-op)

The purpose of co-operatives and mutuals is to benefit members equitably, typically through provision of fairly priced goods and services or market access. For example, the objective of an agricultural co-operative will be to support its farmer-members to get a better price for their produce by undertaking activities such as transport, processing or marketing.

To secure their distinct corporate purpose, co-operatives and mutuals are generally governed by members on a one-member one-vote basis. The most prevalent legal structures are co-operatives (Co-operatives National Law) and mutual companies (s51M Corporations Act; mandatory for prudentially regulated businesses).

There are currently 1,810 co-operatives and mutuals in Australia. They serve eight in 10 Australians and 367,000 small and medium enterprises.[1] They have a combined turnover of more than $50bn. Significant established sectors include agriculture, financial services, insurance and risk protection, housing, Aboriginal community-controlled health, motoring, small business purchasing and retail (National Mutual Economy Report 2026).

[11] ACCC, Supermarkets inquiry. Final Report, 16.
[12] Harper Review Final Report, 24.
[13] See www.caretogether.coop

Barriers to co-operative and mutual formation and growth

It is important that business dynamism is viewed not only through the lens of aggregate business formation rates and business growth, but also with consideration of the formation and growth rates of specific business structures like co-operatives and mutuals.

While Australia has a well-established co-operative and mutual sector, we lag many comparable countries in formation rates and overall size.

1. **Formation rates of new co-ops and mutuals are low[14]:**

	Australia	**United Kingdom**	**Netherlands**	**Spain**	**Italy**
Estimated formation rate of new co-ops and mutuals (per year, per million population)	1.25[15]	3.2[16]	6.5[17]	32.6[18]	32.1[19]

2. **The total number of co-ops and mutuals in emerging areas of need is generally on the lower end:**

Estimated number of co-ops and mutuals in emerging sectors	Australia[20]	United Kingdom[21]	Netherlands[22]	Spain	Italy
Affordable housing	270	802	100	2,700[23]	4,900[24]
Health and social care	250	118	479	1,000[25]	14,000[26]
Renewable energy	18	314	681	24[27]	70[28]

[14] Each of the comparisons in tables 1 to 4 relies on data that may be from different financial years or based on varying measurement methodologies as was available for each jurisdiction in order to give an indicative benchmark.
[15] Based on BCCM National Mutual Economy Report underlying data average formations for past 5 years.
[16] Based on Co-ops UK, Co-operative Growth Strategy statistics
[17] Estimate based on extrapolation of data found in NCR, Co-operative Landscape 2023
[18] El cooperativismo crece con fuerza en España impulsado por las cooperativas de trabajo
[19] Fondo Sviluppo, Formation and exit of co-operatives 2025
[20] Based on underlying data for the BCCM National Mutual Economy Report
[21] Co-ops UK, Co-operatives and Mutual Economy 2025
[22] NCR, Het coöperatieve landschap - NCR
[23] Housing co-operatives in Spain
[24] Italy Archives - Cooperative Housing International
[25] CECOP report highlights the advantages of the co-op model in the care sector - Co-operative News
[26] The social economy in care with a focus on ageing: Social Economy in Europe | OECD
[27] Unión Renovables Coop
[28] Comunità energetiche: modello cooperativo e sviluppo territoriale – SUE

3. **Market shares in selected traditional co-operative and mutual sectors are also low:**

	Australia[29]	United Kingdom[30]	Netherlands[31]	Spain[32]	Italy[33]
Banking – mortgage lending by mutuals	6%	30%	22%	10%	8%
Dairy – milk collected by co-ops	8%	40%	75%	36%	65%
Mutual insurance – non-life	5%	6%	72%	50%	31%

4. **A comparison of the per capita turnover of the co-operative and mutual economy shows Australia is at the lower end on this measure also[34]:**

Country	**Total Turnover**	**USD equivalent**	**USD turnover per capita**
UK	£179.2 bn (2025)	$235.79bn	$3,393
Italy	€170 bn (2025)	$184.78bn	$3,114
Netherlands	€180 bn (2022)	$195.8bn	$10,879
Spain	€72.35 bn (2022)	$78.65bn	$1,610
Australia	AU$55.37bn (2025)	$35.72bn	$1,294

The BCCM considers that a significant driver to formation and sustainable growth of co-operatives and mutuals in different countries is the policy, legislative and regulatory environment.

Countries with highly developed policy frameworks and legislated legacy asset protection for the mutual economy like Italy and Spain exhibit strong formation, growth and market share statistics, while

[29] Review into Small and Medium-sized Banks – Council of Financial Regulators; BCCM desktop comparison of latest milk pool data for four largest dairy farmer co-ops and total Australian milk pool; BCCM National Mutual Economy report underlying data.
[30] Mutuals Landscape Report 2025; Dairy UK submission to the EFRA Committee inquinry into fairness in the food supply chain
[31] BCCM research forthcoming; The dairy chain in the picture; European Mutual Market Share 2026
[32] BCCM research forthcoming; La regulacion del sector lacteo en el marco de la PAC; European Mutual Market Share 2026
[33] BCCM research forthcoming; The dairy sector in Italy: an overview; European Mutual Market Share 2026
[34] Spain and Italy represent conservative estimates of total turnover, while the UK and the Netherlands are more expansive estimates.

those in an intermediate position like the UK and the Netherlands also exhibit reasonable formation activity and very significant legacy players in sectors like banking, insurance and agriculture.[35]

The United Kingdom has recently passed primary legislation to protect legacy assets[36] and has commissioned reviews of each of the key incorporation statutes covering different types of co-operative and mutual.[37]

These reforms are now taking place as part of a broader UK Government policy to double the size of the co-operative and mutual economy.[38]

In November 2025, the UK Government called for evidence on business support for co-operatives and mutuals to inform how the government can continue to support co-operatives and mutuals to start, grow and sustain, as well as support existing businesses transition into a co-operative or mutual model. It builds on the government's 'Plan for Small Business' recognising these businesses are often growth-oriented and ambitious,[39] that many are also more productive than firms with traditional business models,[40] and are more resilient with far fewer business failures.[41]

In Australia, the Senate Economics References Committee inquired into co-operatives, mutuals and member-owned firms in 2016.[42] It made 17 recommendations for the Commonwealth to enhance the policy environment for co-operatives and mutuals. A number of these recommendations have been acted on, including the first amendments to the Corporations Act for mutuals in 2019, the completion of the implementation of Co-operatives National Law by states and territories in 2020 and a focused government partnership with the sector to develop the co-operative care economy since 2023[43].

Several of the recommendations are still to be addressed. These mainly relate to the business/innovation ecosystem for co-operatives and mutuals, such as their absence from most mainstream business education and the lack of tailored start-up support for most types of co-operative and mutual compared to other forms of business. New issues have also emerged that mean the opportunities for co-ops and mutuals to play a role in manufacturing growth or business succession are being missed. These include the lack of nationwide access to co-operative loans for producer-

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[35] In other countries, particularly in Europe, socially driven business models are more firmly embedded in the economy. For example, co-operatives contribute 8% of GDP in Germany and 7% in France.

[36] See Co-operatives, Mutuals and Friendly Societies ; Co-operatives, Mutuals and Friendly Societies Act 2023

[37] See Co-operatives and community benefit societies – Law Commission

[38] See Call for evidence on business support for co-operatives and non-financial mutuals - GOV.UK

[39] For example, Co-operatives UK found that 61% of small co-operatives planned to grow in the first quarter of 2021, compared with 53% of small businesses generally.

[40] WPI Economics, 2023, Exploring the Potential of the Employee Ownership Business Model. Employee-owned businesses are estimated to have around 8% to 12% higher labour productivity, in terms of direct DVA generated per person employed, than non-EOBs.

[41] Co-ops UK, Co-operative and mutual economy 2025. More than 82% of co-operative start-ups are still trading after 5 years, compared with just under 40% of UK companies overall.

[42] See Cooperative, mutual and member-owned firms

[43] The Care Together Program has been extended for the second time in the May 2026 Federal Budget: Co-operative sector says Budget provides ongoing assistance to older Australians in regional areas - BCCM

owned co-operatives[44] and the potential to encourage Employee Ownership Trusts as a business succession tool.[45]

As the OECD has stated, while there can be broader policy barriers for the growth of co-ops and mutuals:

> *Clear, coherent, and enabling legal frameworks are a cornerstone for co-operatives to grow, innovate, and deliver inclusive and sustainable services (OECD, 2023[116]). Outdated or fragmented legal regimes can limit co-operatives' capacity to adapt to evolving social, environmental and economic needs. Updating cooperative laws to clarify the definition, scope and governance of co-operatives, as well as streamlining registration and oversight mechanisms, can help reduce barriers to entry, facilitate access to funding, and improve accountability.*[46]

With this in mind, the BCCM submits that there are two priority legislative reform projects that are clearly within the inquiry terms of reference and that should be a focus of the next stages of the inquiry. Both reforms are necessary conditions for more co-op and mutual entrants and greater co-op and mutual growth across the entire economy:

1. **Legacy asset protection: provide a clear legislative framework for mutual growth**

The Corporations Act should be amended to provide an opt-in permanent 'legacy asset' protection framework for mutual entities. International experience shows that mutuals have more confidence to focus on growth strategies and access capital markets when legacy assets are permanently protected from asset raids (a form of merger activity with little consumer or competitive benefit).

This reform would build on the successful 2019 definition of mutual entities and introduction of Mutual Capital Instruments into the Corporations Act, which increased the flexibility for mutuals to raise capital for growth.

The BCCM advocates for the same legislative reform to be implemented for co-operatives registered under the Co-operatives National Law scheme (see below).

This reform is important to enable the growth of mutuals as a competitive force across sectors such as banking, affordable housing, mobility and insurance and risk protection.

2. **Modernise co-operatives regulation: remove barriers to co-op formation and capitalisation**

Under the lens of National Competition Policy, the Commonwealth should support the modernisation of the Co-operatives National Law scheme[47] by states and territories, noting that many regulatory barriers for co-operatives arise from a lack of regulatory policy co-ordination between the Commonwealth, states and territories.

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[44] Loan schemes are currently available to eligible producer co-operatives in South Australia, New South Wales and Western Australia. The loan schemes utilise longstanding income tax legislation for producer-owned co-operatives whereby an eligible co-op is able to deduct repayments of principal and interest when they receive a loan from a State or the Commonwealth for asset purchases and modernisation (typically processing or logistics assets). See sections 117-121 of the Income Tax Assessment Act 1936.

[45] Enabling legislative and fiscal settings have seen this model of worker ownership explode as a mainstream succession option in the United Kingdom. See for example The Rise of EOTs: How Employee Ownership Is Quietly Reshaping UK Business.

[46] OECD, Co-operatives in transition, 33-34

[47] The scheme is governed by the Australian Uniform Cooperative Laws Agreement. Western Australia has adopted the consistent Co-operatives Act 2009, while all other jurisdictions have adopted the Co-operatives National Law. New South Wales has acted as the lead state in the rollout.

The BCCM published a report on industry priorities for Modernising Co-operatives Regulation in 2025, with recommendations to address the regulatory barriers to formation and growth of co-operatives. The barriers include:

- The statutory approval times for formation of co-operatives are too long (28 days, with ability for the regulator to extend the time indefinitely).
- The Model Rules are out of date and there is no tailoring for specific sectors like housing or social care to streamline formation.
- There is no national guidance on the requirements for disclosure documents for capital raising using co-operative shares, debentures or Co-operative Capital Units. Co-ops have reported significant delays and/or costs in having documents prepared and approved.
- The legislation does not expressly guarantee technology neutrality for co-operative governance processes.
- Corporations Act application provisions in the Co-operatives National Law are out of date, with co-operatives missing out on post-COVID insolvency reforms, as one example.
- No opt-in permanent legacy asset protection framework in the legislation.

The NSW Government, as lead state in the Co-operatives National Law scheme, is currently considering the BCCM's 2025 recommendations and has committed to developing a first round of changes to legislation.

The latter two points (Corporations Act application provisions, legacy asset protection) are where co-ordination with and support from the Commonwealth will be particularly important so that reforms are effective and duplication of effort by jurisdictions is avoided.

These reforms are important to facilitate co-operatives and mutuals to form, grow and sustain their entrepreneurial activity in sectors such as agriculture, small business purchasing, social care, affordable housing, retail and renewable energy.

Conclusion

This inquiry provides an opportunity for diverse insights into ongoing challenges in business dynamism in the Australian economy.

We welcome the focus on investigating the regulatory barriers to business dynamism to make actionable recommendations that increase productivity, the entry of new firms, and the expansion of existing firms to promote innovation, growth and Australia's international competitiveness.

Our evidence and the conclusion of several Government inquiries into the regulatory barriers to co-operative and mutual formation, growth, productivity and innovation shows that Australia lags many comparable countries in the development of its co-operative and mutual sector. This is hindering productivity at the firm level as well as overall utilisation of the co-op and mutual business structure as a spur to business dynamism through competition between business models.

It is important that business dynamism is viewed not only through the lens of aggregate business formation rates and business growth, but also with consideration of the formation and growth rates of different business models as part of a modern, globally competitive and resilient economy with a diversity of corporate structures.

We welcome the opportunity to engage further with the Productivity Commission in relation to this inquiry and to provide any more information or evidence requested.

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About the BCCM

The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators, and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-operative and mutual movement. Through its member co-ops and mutuals, the BCCM represents 14.4 million memberships, including 60,000 small and medium businesses: www.bccm.coop

Appendix: CME Business Dynamism Case Studies

Beyond making a generic contribution to diversity and resilience in the economy, co-operatives and mutuals deliver specific benefits to their members and the community:

1. **Market competition and product innovation in the interests of consumers**

Across a range of markets, consumer-owned co-operatives and mutuals can provide price competition and choice for consumers, including through the development of innovative products and services.

Housing – innovation in housing tenure

Private rental investment cannot deliver housing for all members of the community in need, due to the gap between the cost of supplying new housing including profit, and the rent paying capability of the residents. Australia is missing a class of housing that operates at cost and is accessible to middle-income households who are not eligible for social housing. In other countries like Austria, the middle-income niche in the housing market is met by limited equity co-operatives.

In Austria, 16% of the population live in properties owned by limited profit housing co-ops and associations. Eligibility is the first four income quintiles, meaning most of Austria's population is eligible to live in limited profit housing. Evaluation of this model has found that there is a positive effect on the domestic economy and government revenue (sales taxes), by increased consumption by households, and a price dampening impact on the for-profit rental market. A recent study found that a 10 per cent increase in limited profit market share reduces for-profit rents by 30 – 40 cents /m2.[48]

The BCCM has formed a Housing Activation Network (HAN) that brings together member co-operative housing federations and mutual banks to pilot a limited equity housing co-operative model adapted for Australian conditions.

Business dynamism insight: *The ability for residents and their advisors to form and capitalise co-operatives is a necessary condition for the success of new co-op housing tenure models. The long-term growth of housing co-operatives will be served by legacy asset protection legislation, including providing greater surety that any public policy support for this model will not be diverted later.*

Discretionary Risk Mutuals – giving consumers an alternative

Discretionary Risk Mutuals (DRMs) provide an alternative risk transfer model to insurance. DRMs are often formed by groups of likeminded small businesses or not-for-profits in response to a hardening market, while in other cases they are the vehicle for development of an innovative risk product that existing market incumbents are not motivated to pursue. The model often allows groups to make targeted risk mitigation investments that create a virtuous circle.

The BCCM has commenced a Pulse Check research series on DRMs to track formations and growth in this sector. The forthcoming research publication for FY25 will show that more than half of the existing DRMs that are companies were formed in the last 10 years.

Business dynamism insight: *The legislative reforms in 2019 to define a mutual company for the first time and allowed such companies to raise capital using Mutual Capital Instruments has encouraged*

[48] The price-dampening effect of limited-profit housing in Austria · Housing Europe

many new DRMs to utilise a mutual company structure. More than $10m in start-up capital for DRMs has been raised using MCIs.

HCF – a consumer champion

HCF is Australia's largest mutual health insurer, with more than two million members. It was founded in 1932 and has grown to have a market share of 13.58%.

With no external shareholders, after a sustainable surplus is retained for reinvestment, HCF can return a greater proportion of member contributions directly in benefits (89.2%, compared to the industry average of 85.6%) as well as making significant investments in health research.

Policyholders are represented in HCF's governance through being able to stand for election to the company's legal membership. In 2025, HCF was recognised by Roy Morgan as the most trusted private health insurer.

HCF's existence in the market not only benefits its current policyholders but also ensures there is competitive pressure on for-profit insurers to provide fair products and pricing to all policyholders.

Business dynamism insight: *Mutuals like HCF can continue to grow and compete with for-profits if their structure is fully recognised in the Corporations Act through the introduction of legacy asset protection provisions.*

Goulburn Community Energy Co-op – local participation in the energy transition

The Goulburn Community Energy Co-op was formed in 2021 to develop a local solar farm and battery after many years of exploration by a local association, Community Energy for Goulburn Inc. Members pay a $10 annual membership fee and must have a minimum shareholding of $400. The co-op has raised more than $1.4 million from member share subscriptions to fund its energy generation assets, with further funding coming from the NSW Government.

As the co-op moves to its operational phase, members will benefit from dividends on their shares, a say in the long-term strategy of the co-operative and knowledge that any additional surpluses will be reinvested or allocated to community causes.

Business dynamism insight: *An important benefit of community energy co-operatives is the social licence for renewables they build. As such, community energy co-operatives can be viewed as an enabler for increasing general business formation and investment activity in renewables.*

2. Scaling small business without loss of independence and local connection

Co-operatives are a means for smaller businesses and not-for-profits in any industry sector – not only farmers - to pool resources and access markets that are otherwise only available to larger players. Co-ops can undertake a range of activities such as purchasing inputs, running shared training programs, providing advice, or undertaking logistics, marketing and manufacturing tasks for their members.

CBH Group – keeping Western Australian grain growers competitive

CBH Group is Australia's largest grain exporter and largest co-operative. It is owned by 3,500 Western Australian grain growers and consistently delivers the lowest grain supply chain costs, allowing its members to invest more on-farm and to continue to access competitive export markets:[49]

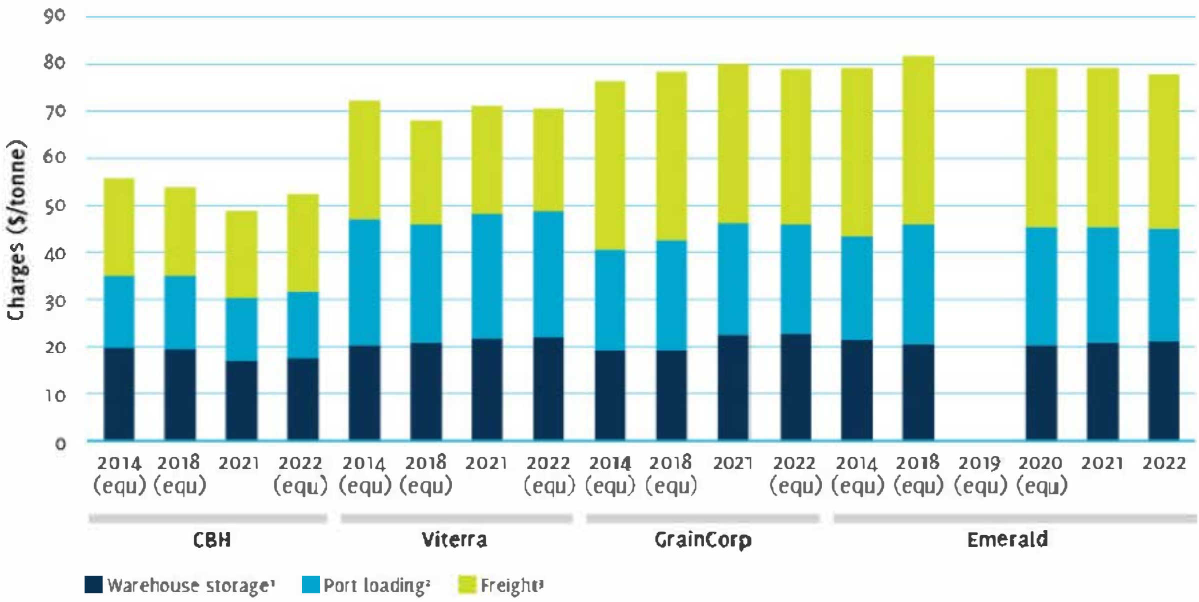

Figure 24. Freight, warehouse storage and port loading charges in 2013, 2017 (adjusted to 2021 equivalent prices based on changes in the Australian CPI), 2021 and in 2022 (where available; adjusted to 2021 equivalent prices based on inflation of 3 per cent in 2022) of major service providers

In recent years, CBH has entered the fertiliser market with the express goal of enhancing market competition in relation to grain growers largest input cost. Its goal is to achieve a 15% market share, whereby it will put sufficient competitive pressure on other parties to deliver fair prices to grain growers on their largest farm input expense.

Business dynamism insight: *CBH is the only co-operative in Australia with a legislated asset lock for part of its business, provided under Western Australian legislation for the grain handling. While attempted asset raids are still a reality, the superior legislative environment has meant CBH has been able to focus on the long-term interest of growers unlike many agricultural co-ops that have demutualised over the past 40 years.*

HunterNet Co-operative – protecting and growing Newcastle's industry base

HunterNet Co-operative was formed in the 1990s as a proactive industry response to the impending closure of major industries in Newcastle, such as BHP. The idea to form the co-operative came from a

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[49] Graphic from and with credit to Kingwell, R, McKay, S, and White, P. (2022), Improving Australia's containerised grain exports. Australian Export Grains Innovation Centre, Perth. Report, 62.

founder who was aware of the Italian culture of forming business consortia to share best practice and business innovation. Initially met with scepticism in Australia's more competitive and go-it-alone approach to business, HunterNet has successfully allowed its members to adapt to a new reality without traditional heavy industry in the region by facilitating a shared culture of innovation and continuous improvement. Other important activities have included practical support with joint tenders and the group training business, known as HunterNet Career Connections.

Today, the co-operative brings together more than 140 small, medium and large businesses operating in the Hunter region with a combined turnover of $182bn. HunterNet Career Connections has grown to become one of the largest group training initiatives in Australia, allowing smaller firms to host apprentices and trainees.

Business dynamism insight: *Co-operatives can drive productivity and competitiveness of smaller businesses in a range of industries, not only farming. The model is underutilised in Australia for 'consortia' style collaboration.*

3. **Operating in lower profit environments that are not served by large for-profit businesses such as regional and remote Australia**

As they do not have outside shareholders, co-operatives and mutuals are able to operate sustainably in lower profit environments. This can make them ideal for regional areas or for underserviced communities.

Care Together Program – developing new co-operative care models in regional Australia

The Care Together program is Australia's first advisory and support program dedicated to developing co-operative and mutual enterprises in the social care sector.

Delivered by the BCCM and funded by the Department of Health, Disability and Ageing, the program was established in 2023 to improve the quality, sustainability and diversity of care services, with a focus on regional, rural and remote communities where traditional service models are under pressure.

The first phase of the program tested and supported different models of co-operative and mutual care, including consumer-led, worker-led, community-led and provider-led models. It also led to co-operatives being recognised as a specific type of provider in the governance requirements in the new aged care regulations at the end of 2025.

An innovation to emerge from the first phase of the program is Murrumbidgee Aged Care Network Co-operative (MACN).[50] MACN brings together a group of smaller not-for-profit aged care providers in the Riverina to share back office and compliance functions. As aged care is reformed to ensure quality and safety, the regulatory burden on small providers in regional areas has increased. In these regions, there is often no obvious successor operator if a not-for-profit decides to exit. The MACN model provides a pathway to sustainability for smaller community-oriented providers, preserving their autonomy and local connections while unlocking scale benefits.

Business dynamism insight: *Dedicated policy support for co-operatives can drive innovation and growth. However, appropriate incorporation legislation and sectoral regulation are still necessary conditions for new co-operative sectors to develop sustainably. Importantly, the Care Together*

[50] Murrumbidgee Aged Care Network

Program meant there was ongoing dialogue between BCCM and the Department of Health, Disability and Ageing that led to the inclusion of provisions for co-operatives in the new Aged Care regulations.

The Barossa Co-op – an underutilised model for the grocery retail sector

Formed in 1944 when the community came together to purchase a private retail business that had no successor, The Barossa Co-op has grown to 22,000 members and is a major retailer and retail property manager in Nuriootpa, including the town's independent supermarket.

In FY25, the co-op delivered $1 million in member discounts and allocated $140,000 to community causes. Members also hold shares in the co-op and usually receive a dividend on their holding. The co-op places an emphasis on stocking local producers as much as possible in its supermarket, increasing consumer choice and further circulating wealth in the local economy.[51]

Commenting on a recent decision on a supermarket acquisition by one of the major supermarkets, ACCC Deputy Chair Mick Keogh stated:

> *Independent supermarkets are an important competitive constraint on the major supermarket chains. They provide consumers with meaningful choice, competition on service, quality and range, and competition on price for some products.*[52]

The Barossa Co-op demonstrates that co-ops can provide a sustainable model for locally-driven, independent retailing.

Business dynamism insight: *Co-operatives and mutuals are a longstanding model for succession planning in SMEs, allowing owners to transfer stewardship to the community and/or workers, as happened in the Barossa Co-op in 1944. While fiscal treatment is often a decisive factor in succession planning and stated to be outside the scope of this inquiry, the availability of appropriate legal structures and clear capital raising regulatory guidance are also important factors to encourage greater use of co-ops and mutuals as a succession tool in sectors like independent retail.*

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[51] SGS Economics & Planning, Publications – From a community store to a region's future: Barossa Co-op's legacy

[52] ACCC, ACCC opposes Coles' acquisition of a supermarket and liquor site in Kalgoorlie