

**CO-OPERATIVES BILL 2009**

*Introduction and First Reading*

Bill introduced, on motion by **Mr T.R. Buswell (Minister for Commerce)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR T.R. BUSWELL (Vasse — Minister for Commerce)** [12.23 pm]: I move —

That the bill be now read a second time.

The Co-operatives Bill 2009 follows on from the Co-operatives Bill 2007, which was passed by the Legislative Assembly, endorsed by the Standing Committee on Uniform Legislation and Statutes Review and was awaiting debate in the Legislative Council at the time Parliament was prorogued for last year's general election. The 2007 bill received bipartisan support during its passage through Parliament and was strongly supported by the cooperatives industry. The Co-operatives Bill 2009 is identical to the 2007 bill, save for some minor administrative amendments, which I will explain in due course.

The purpose of this bill is to replace the existing Companies (Co-operative) Act 1943 and the Co-operative and Provident Societies Act 1903 with legislation that reflects the current commercial and social environment of cooperatives in Western Australia. The bill is essentially in response to the cooperative industry's request for more modern legislation that will facilitate interstate trade and the growth of the cooperatives sector.

Cooperatives are organisations that are owned and democratically controlled by people who have united in order to meet their common economic, social and/or cultural needs. Currently, 72 cooperatives operate in Western Australia. These cooperatives have been established for a variety of reasons, including value-added production, export development, and marketing and promotion of commodities. In Western Australia, cooperatives exist in a wide range of industries, such as retail, agriculture, manufacturing, wool processing, taxi services and arts and crafts. They have been a particularly vital part of regional Western Australia for a very long time and contribute significantly to the state's economy. However, there is scope for greater diversity of application of the cooperative model in other areas, such as small business and regional development, the environment, housing, water and transport.

The cooperative model offers a sustainable and durable mechanism for economic growth and social development. This bill addresses many of the issues that may have prevented the growth of cooperatives in the past and provides a new opportunity to promote cooperatives in Western Australia. The current legislation for cooperatives is based on outdated, nineteenth century companies law that inadequately regulates cooperatives in the contemporary market. This bill will bring Western Australia into line with legislation in other states and territories.

The bill has been subject to public review with the release of a green bill in September 2006. The green bill was distributed to all registered cooperatives and numerous government agencies. Key issues raised during consultation were addressed through amendments to the draft legislation. All submissions received during the consultation period supported the modernisation of the cooperatives legislation.

This bill has been prepared in ongoing consultation with an industry reference group, comprising members from the industry's peak representative body, Co-operatives WA. The objective of the industry reference group has been to ensure that issues of particular concern for Western Australian cooperatives are addressed. This bill is strongly supported by Co-operatives WA and the cooperatives industry.

Once implemented, the new act will deliver a number of specific benefits for cooperatives in Western Australia. In particular, it will replace the two current acts with a single, modern, plain-language statute for regulating cooperatives. The new act will also increase a cooperative's ability to raise capital, by allowing it to issue a new type of financial instrument called a "cooperative capital unit" to both members and non-members. Cooperatives are currently unable to issue securities to non-members, thereby restricting access to investor capital and, in some instances, stifling the growth of the cooperative. The cooperative capital unit provisions offer cooperatives the opportunity to expand their capital base while safeguarding the rights of members.

The bill will facilitate interstate trade by cooperatives by introducing mutual recognition provisions that will make it easier for Western Australian cooperatives to trade in other states and territories. Members' interests are also protected with the inclusion of new provisions that increase the financial accountability of cooperatives and new director duties, similar to those in the commonwealth Corporations Act 2001, which will make directors more responsible to the cooperative and its members.

Many small businesses are cooperatives, or are members of cooperatives, and use their services to improve their business. The cooperative structure can appeal to many small businesses by allowing them to compete more effectively with other business structures. A cooperative can be an important tool for small businesses by increasing their purchasing power and providing access to equipment and other resources. The bill will modernise cooperatives legislation and enable cooperatives to compete more effectively in an increasingly competitive and globalised economy.

Provisions have also been made in the bill to minimise disruption to cooperatives transitioning to the new legislation. In particular, the bill will give existing cooperatives a generous two-year period in which to change their rules and come under the operation of the new legislation. Measures have also been taken to ensure that the costs of transitioning to the new legislation are minimised.

The bill provides that existing cooperatives registering under the new legislation will not be required to pay a registration fee. In addition, small cooperatives will be exempt from some of the financial reporting requirements, and the regulations to the new act will contain model rules for cooperatives, which should mitigate some of the costs incurred in preparing rules to comply with the new legislation.

I mentioned earlier that this bill is identical to the bill introduced in 2007, save for some minor administrative amendments. Clause 225(1)(i) of the bill corrects a drafting error in the legislation that was previously moved and passed in the Legislative Assembly. Clause 501 corrects a typographical error, and clauses 264, 265 and 322(1) address drafting inconsistencies.

Cooperatives in Western Australia are facing increased competition at both the domestic and international levels and from other modes of business, such as companies. The pressure for legislative change has increased, as cooperatives need to respond quickly to changing market conditions. This bill will better equip cooperatives to respond to these market challenges and will facilitate the growth of the cooperatives sector. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.