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24 December 2018

Response to Treasury Laws Amendment (Measures for a later sitting) Bill 2018: Mutual entities (tranche 2)

Australian Unity welcomes the Treasury Laws Amendment (Measures for a later sitting) Bill 2018.

Mutuals have played an important part in Australian society for close to 200 years—providing access to a range of essential services including banking, health services, insurance and retirement living. It is important for the sector that mutuals have greater access to capital, and we welcome the creation of the mutual capital instrument (MCI). MCIs will assist mutuals to compete on a more even playing field with shareholding companies, and will lead to greater choice for customers across a variety of sectors.

In relation to the specific amendments proposed in the Bill, Australian Unity supports the joint response prepared by the Business Council of Cooperatives and Mutuals and the Customer Owned Banking Association (the joint response). We reiterate the desire for the legislation to prohibit mutual capital instruments (MCIs) from being voting shares as defined in section 9 of the Corporations Act.

In addition, we submit that proposed amendment 167AK—procedure for MCI amendment resolution—should be amended so that it is not constrained by a time limit (currently 36 months). Some mutual entities will have less awareness of this Bill than others, or don't have a current need for capital, but may do so in the future as opportunities emerge. To ensure those entities can issue MCIs without risking demutualisation, it is important they be afforded the opportunity to amend their constitution in the future based on the procedures outlined in clause 167AK.

Yours sincerely



Rohan Mead

