

States, Territories and Co-operatives

States and Territories are responsible for the registration and regulation of co-operatives; they have an important role to play in developing an enabling environment for co-operatives.



Like trusts, companies or partnerships, co-operatives are a type of business structure.



The basic difference with a co-operative is that it's owned and controlled by its members – who may be customers, employees, residents or farmers in any sector or industry – and operates for their benefit.



In the eyes of the law co-operatives are a distinct form of limited liability corporation registered and regulated under State or Territory legislation.



DID YOU KNOW?

Globally, there are an estimated 2.6 million co-operatives with 1 billion members. Co-operatives around the world abide by seven principles, adopted by the International Co-operative Alliance in 1995. Two key principles are **democratic member control** and **concern for the community**.



Co-operatives are an important part of the Australian economy, hiding in plain sight in almost every sector, including agriculture, financial services and insurance, motoring services, education, health, aboriginal services and housing



The combined turnover of Australian co-operatives and mutuals in FY15/16.



The number of Australians benefitting from membership of at least one co-operative or mutual.



Along with mutuals and member-owned superfunds, co-operatives account for about 7% of Australia's GDP.

Where do co-operatives sit in the Australian regulatory environment?



- The vast majority of co-operatives are registered, legislated for and regulated at the State/Territory level.



- Some companies registered under the Corporations Act have co-operative or mutual constitutions, such as credit unions, mutual banks and mutual private health insurers.



- As of May 2017, all states and territories except Western Australia and Queensland have adopted uniform legislation for co-operatives' the Co-operatives National Law.



- Western Australia has consistent legislation while Queensland is still considering adoption.

What can States and Territories do to make it easier to start and operate a co-operative?

- The 2016 Senate Economics References Committee report on co-operative (sic), mutual and member-owned firms made a number of recommendations about what States and Territories can do to make it easier to start and operate a co-operative.
- States and Territories should work with the co-operative sector to take steps in these areas:
 - > Regulation: Ensure the Co-operative Registry provides top quality advice and information on co-operatives and works continually to streamline the registration and ongoing regulation of co-operatives through the use of "reg-tech" solutions.
 - > Education and Training: Ensure providers of government business training and support programs understand the co-operative business structure and include it in programs.
 - > Grant and Tender eligibility: Review all government tenders and grants to ensure co-operatives are not excluded on the basis of business structure.
 - > Information: Ensure there is nationally consistent information about co-operatives on all government business websites and ensure the Co-operative Registry collects adequate data on co-operatives.