

Government Co-operative Loan Schemes in Australia

What are co-operative loans?

Co-operative and mutual organisations have longstanding recognition as distinct types of organisations in Australia's taxation system.¹ Australian taxation legislation provides that certain "co-operative companies", as defined for taxation purposes, can obtain government loans for purchasing assets (e.g. new plant) and deduct repayments from assessable income.² Some States provide specialised loan schemes for co-operatives, designed to fall within this legislation.

It is important to be aware that while the definition of a "co-operative company" for *taxation* purposes captures some key characteristics (e.g. mutuality) of co-operative and mutual organisations, it is distinct from the Australian *legal* definition of both a co-operative and a company.³

Are you an eligible organisation?

The basic requirements to be eligible for the deduction are as follows:

- The recipient organisation is a "co-operative company" as defined in section 117 of the *Income Tax Assessment Act 1936*
- The recipient organisation acquires 'commodities or animals from its shareholders for disposal or distribution' per section 117(1)(b) of the *Income Tax Assessment Act 1936*
- The loan is made by a Commonwealth or State Government for purchase of assets to carry on the business of the organisation

You should obtain legal and taxation advice about the eligibility of your organisation.

What's on offer in my State?

Each jurisdiction approaches the possibility of providing specialised co-operative government loans differently.

State/Territory	Initial inquiries	Notes
New South Wales	Department of Premier and Cabinet, on behalf of NSW T-Corp, https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/nsw-government-cooperative-loan-scheme	Offers specialised co-operatives loans scheme. Focused on facilitating the modernisation of regional and agricultural co-operatives.
Western Australia	Department of Primary Industries and Regional Development, on behalf of WA Treasury Corporation David Budd, Project Officer for Co-operative Loans, Department of Primary Industries and Regional Development, 0893683192	Offers specialised co-operatives loans scheme. Focused on facilitating the modernisation of regional and agricultural co-operatives.

¹ See: Ann Apps, *Submission to Senate Economics References Committee inquiry into cooperative, mutual and member-owned firms*, 3-5, and, "Appendix 7: A Note on Co-operatives and Taxation" in Gary Lewis, *A Middle Way: Rochdale Co-operatives in New South Wales 1859-1986*

² Sections 117-121 *Income Tax Assessment Act 1936 (Cth)*

³ Section 995-1 *Income Tax Assessment Act 1997 (Cth)*

South Australia	PIRSA, Prudential & Rural Financial Services, toll free on 1800182235 or by email: PIRSA.RuralFinance@sa.gov.au	Offers specialised co-operatives loans scheme. Focused on facilitating the modernisation of regional and agricultural co-operatives.
Victoria	(For inquiries about school co-operative loans only,) Angus Mackellar, Department of Treasury and Finance, 0396515629	Since the privatisation of the Rural Finance Corporation Victoria in 2014, there are no specialised government co-operative loans for producer co-operatives. Victorian public school communities can form co-operatives and access co-operative loans for school capital works in certain circumstances.
Tasmania	Department of State Growth, 1800440026	Tasmania has no dedicated co-operative loans scheme. However, the <i>Tasmanian Development Act 1983</i> includes support for 'co-operative organisations' as a general power of the Tasmanian Development and Resources authority.
Queensland	Queensland Treasury Corporation, 0738424600	There is no co-operative loan scheme in Queensland at present. Queensland Treasury Corporation offers a limited amount of loans specifically for Queensland co-operative housing societies registered under the <i>Financial Intermediaries Act</i> .

Examples of co-operative loans in action

- Almondco received a \$24 million NSW government loan to assist with the development of a new almond processing plant near Griffith.⁴
- Geraldton Fishermen's Co-operative received a \$3.4 million WA government loan to assist with upgrades to its Geraldton rock lobster holding facility.⁵

Find out more about co-operative taxation concepts in Australia

Farming Together Program, *Learning Module 2 Lesson 2. Co-operatives: tax concepts*, <https://farmingtogether.com.au/video-lesson-2-co-operatives-for-profit-not-for-profit-purpose-and-a-bit-about-tax/>

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⁴ <http://www.almondco.com.au/almondco-australia-delivers-on-25-million-almond-processing-infrastructure/>

⁵ <http://www.fish.wa.gov.au/About-Us/Media-releases/Pages/Loan-to-enhance-co-operatives-export-quality.aspx>