

## REINVIGORATING REGIONAL AUSTRALIA:

# A Co-operative Approach to Building Community Connection, Resilience and Shared Prosperity



Sponsored by The Bunya Fund of the  
Business Council of Co-operatives  
and Mutuals and the CBH Group

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Image credit: Quairading Co-operative



## Acknowledgements

This handbook was initiated by The Bunya Fund of the Business Council of Co-operatives and Mutuals (BCCM) and the CBH Group as an expression of their commitment to helping regional communities thrive using the co-operative model.

The encouragement, direction and support from Antony McMullen, Advocacy and Sector Development Lead, BCCM, and Cassidy Bennett, Manager – Community Relations, CBH Group, were invaluable.

Thanks to the many local community builders who generously shared their time, wisdom and ideas, especially Richard and Cindy House (Board Members, GNP 360 Co-operative), Cathy Main (CEO, Barossa Co-op), Alison McClelland (Board Secretary, Sea Lake Hotel Co-operative), Denise Millsteed (Treasurer, Watheroo Community Co-operative), Brock Nicol (Chair, Lockington Community Hotel Co-operative), Bill Price (Board Member, Westonia Co-op & Café), Neville Sims (Board Member, Lockington Community Hotel Co-operative), Wendy Simms (Chair, Lockington Planning Group), Scott Thompson (Chair, Broomehill Village Co-operative), Cassy Van Beeck (Board Secretary, GNP 360 Co-operative) and Barry West (Founding Board Member, Kulin Development Co-operative). Appreciation also needs to be acknowledged to individuals from organisations that have supported the technical development of co-operative-owned ventures for offering their insights and discoveries: Alan Greig (Employee Ownership Australia), Tim Mazzarol (Co-operative Enterprise Research Unit), Dillon Parker (Mount Barker Legal), Brent Thomson (GMG Financial Group, Swan Hill), Thomas Warner (Lincolns, Albany) and Peter Wells (Co-operatives WA).

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## Disclaimer

While the information, opinions and advice for this handbook have been researched, collated and expressed in good faith, no guarantee can be given in relation to accuracy or suitability of the information for individual circumstances. This handbook has been formulated on the belief that readers and users will exercise skill and a duty of care in their interpretation and application. The contents do not necessarily account for all factors that may need to be considered before implementing a specific co-operative development project. Accordingly, the handbook should be used in conjunction with ongoing research and appropriate professional technical and legal assistance. The authors and sponsors of the handbook are not liable to any person or entity for taking, or failing to take, action based on any information, opinions or advice set out in this handbook.

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# Preface

**This handbook seeks to provide guidance and inspiration for implementing the co-operative model by drawing upon the stories, tools and experiences of a diverse range of regional communities across Australia, their innovative residents and their new co-operative enterprises.**

With a 175-year presence in Australia, co-operatives and mutual businesses operate across its economy. They are the backbone of building community bonds in regional Australia and are responsible for many community-owned ventures. Within regional and rural Australia, co-operative businesses continue to operate in farming, fisheries, retail, credit, renewable energy, the arts, housing, hospitality, community services and many other industry sectors.

Co-operatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social and cultural needs and aspirations. They are voluntary self-help and autonomous entities that bring people together in a democratic and equal way. Whether the members are customers, employees, users or residents, co-operatives have a one member, one vote rule. Members share equal voting rights regardless of the amount of capital they invest in the enterprise.

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**The current international and national relevance and contribution of co-operatives and mutuals are not well known by most Australians, who would be surprised by the following statistics:**

- There are 3 million co-operatives and mutuals worldwide, engaging 12% of humanity and involving 1.2 billion members.
- The top 300 co-operatives and mutuals generate \$US2.17 trillion in turnover globally.
- 10% of the world's population (280 million people) work in co-operatives and mutuals.
- Australia has 1,900 co-operatives and mutuals with a combined turnover of \$34.3 billion.
- Western Australia has 70 registered co-operatives and 39 mutuals. Their combined annual turnover exceeds \$10 billion, their assets total \$16 billion and they comprise 2.4 million memberships.
- 80 percent of Australians are members of co-operatives or mutuals, which have a combined membership base of 33.3 million persons.

## Statistics (cont.):

- 76,000 Australians are employed in co-operatives and mutuals.
- Including member-owned super funds, co-operatives and mutuals contribute around 8.3% of Australia's gross domestic product.

In the words of the Business Council of Co-operatives and Mutuals, the national peak organisation, such business ventures operate 'from farming to finance, from health to housing, motoring to manufacturing, delivering their trusted products and services in some of the most competitive domestic and international markets'.

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## Co-operatives are being formed across regional and rural Australia for many social and economic reasons, including:

- To create a new service in the community: examples include supermarkets and financial institutions
- To save or return a service to the community: such as local pubs, post offices, fuel outlets and hardware services
- To facilitate the sharing of costs to run a business: including art and craft outlets and community housing arrangements
- To provide better access to local social care services: examples are aged care and disability services
- To help their members scale or give them better buying and/or selling power: such as specific crop co-operatives and commodity buying groups
- To enable workers to purchase an enterprise and operate it as a worker co-operative: examples are found in farming and increasingly in the renewable industries sector
- To deepen networking opportunities between businesses within an industry sector: such as tourism operators associations.

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With many small and remote communities facing the loss of local services, the co-operative model, which has served regional Australia so well in the past, is increasingly being utilised as a tool to either retain, regain or create valued community services.

Thus, this handbook aims to help regional communities achieve their goals using the co-operative model.

“The co-operative model is a powerful tool for communities to **establish or retain essential services in the regions**, and in turn create ongoing social and economic value for the whole community.”

– Cassidy Bennett, Manager – Community Relations, CBH Group

# The Co-operative Model: Overview

**Melina Morrison, CEO of the Business Council of Co-operatives and Mutuals (BCCM), summarised the uniqueness of the co-operative model:**

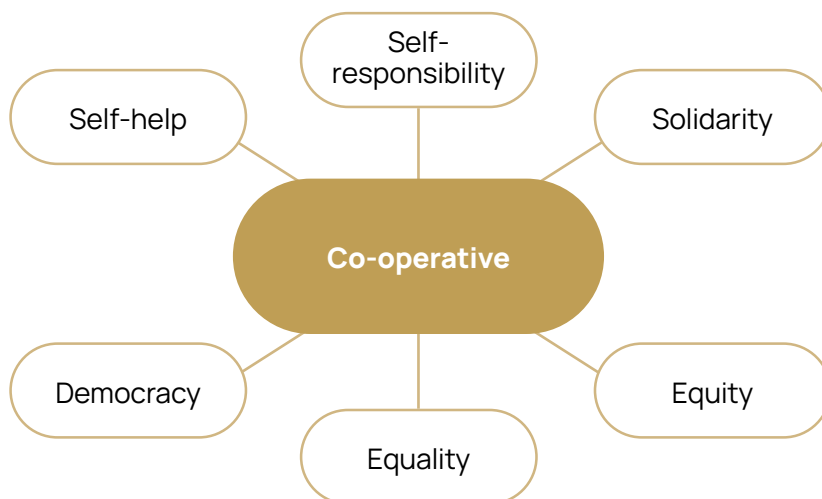
**‘Co-operatives are member-owned enterprises that are formed for a social purpose and powered by commercial expertise...they are established to benefit the people who use them or work in them, rather than shareholders.’**

Former United Nations Secretary-General Ban Ki-moon expressed a similar sentiment: ‘Co-operatives are a reminder that it is possible to pursue both economic viability and social responsibility.’

As a business model, co-operatives have many similarities with companies. They are incorporated bodies, governed by a board of directors who are responsible to the members for the management of the co-operative’s business and are subject to directors’ duties. However, the significant difference between a co-operative and a company listed on the stock exchange is that co-operatives exist to provide goods and services for their members, whereas a company’s focus is on creating shareholder wealth as an end in itself.

**Co-operatives are the only business model with a set of internationally agreed values and principles. Co-operatives are based on the values of:**

**Figure 1** Values of Co-operation According to International Co-operative Alliance



“In an age when community involvement and partnership with civil society are increasingly being recognised as indispensable, there is **clearly growing potential for co-operative development and renewal worldwide.**”

– Kofi Annan,  
former UN Secretary-General

“We choose the co-operative structure because **we want to have an equal say, we want to share the responsibility and we want to work together** to improve our living conditions and our life chances.”

– Joyce Clague,  
MBE, and Yaegi Elder

As businesses driven by values, not just profit, **co-operatives share internationally agreed-upon principles and act together to build a better world through co-operation.**

To ensure the values of co-operatives operate in practice, as well as effective governance, the law governing co-operatives in Australia is based on the following globally recognised seven principles of co-operation.



Figure 2 Principles of Co-operation according to International Co-operative Alliance



1. <b>Voluntary and Open Membership</b>	Co-operatives are voluntary organisations. They are open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
2. <b>Democratic Member Ownership and Control</b>	Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Co-operative members have equal voting rights – one member, one vote – in electing the board, irrespective of how many shares a member holds. The elected board runs the business and is accountable to the members.
3. <b>Member Economic Participation</b>	Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: (1) developing the co-operative, possibly by setting up reserves, at least part of which would be indivisible, (2) benefiting members in proportion to their transactions with the co-operative and (3) supporting other activities approved by the membership.
4. <b>Autonomy and Independence</b>	Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by the members and maintain co-operative autonomy.
5. <b>Education, Training and Information</b>	Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of the co-operative. They also inform the wider community about the nature and benefits of co-operation.
6. <b>Co-operation Among Co-operatives</b>	Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, regional, national and international structures.
7. <b>Concern for the Community</b>	Co-operatives work for the sustainable development of their communities through policies and actions approved by their members. Co-operatives seek to build stronger and more resilient communities through their ideals, purpose and business model. They are a viable and community-focused alternative to investor-owned businesses, which prioritise returns to external investors.

# History of Co-operatives

**Founded in 1844 in the city of Rochdale in the United Kingdom, the Rochdale Equitable Pioneers Society is considered pivotal in the development of the international co-operative movement.**

It was initiated by 28 artisans working in cotton mills. Struggling with low wages and poor working conditions, the Rochdale workers decided to pool their meagre funds, buy flour, sugar, butter and oatmeal at lower prices and open a shop.

The Pioneers believed that consumers should be treated with honesty, openness and respect, that they should be able to share in the profits that their patronage contributed to and that they should have a say in the business. Every customer of the shop became a member and thus had a stake in the business. Having learnt from prior failures, they designed the 'Rochdale Principles' to operate their co-operative, expanded their product range and became renowned for selling high-quality, unadulterated supplies.

The co-operative movement grew, and within six years, there were close to 500 retail co-operatives. The movement quickly developed across North America, Western Europe and Japan in the mid-nineteenth century and spread across the world by the early twentieth century. As mentioned in the preface, Australia has had co-operative business structures since the 1850s. The earliest was the Brisbane Cooperative Society, initiated in 1859. Co-operative enterprises in regional and rural Australia have involved various forms.

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## **Agricultural co-operatives**

Agricultural co-operatives have played a critical role in developing regional Australia by assisting primary producers to process and market their commodities. Australia's first agricultural co-operatives were formed in New South Wales and Victoria in the 1880s among dairy farmers to bypass agents, sell their products for a better return and raise capital to build factories for processing milk products. The earliest of these co-operatives, the South Coast and West Camden Co-operative Company, emerged on the New South Wales coast in the 1880s. Currently, the largest co-operative in Australia in terms of turnover is an agricultural co-operative, Co-operative Bulk Handling Ltd (CBH Group) in Western Australia.

## Consumer co-operatives

While consumer co-operatives have faced a decline post-World War II, they have been crucial in the economic life of many Australian regional communities. Eight such communities in Western Australia still maintain local consumer co-operatives providing supermarket and hardware services, which have existed for at least 100 years: Boyup Brook, Cunderdin, Denmark, Kellerberrin, Mount Barker, Quairading, Wagin and York. In the Barossa Valley of South Australia, the Barossa Community Co-operative Store, established in 1944, services the Barossa Valley region and has built a shopping mall in the town of Nuriootpa. It is an outstanding example of mutualisation of a private store. The owner of the main store in Nuriootpa decided to sell it to the community following the death of his son in World War II, and today, the Barossa Co-op has 23,000 members, employs 340+ staff and achieves an annual turnover of \$72 million.

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## Financial co-operatives and credit unions

The impetus for financial co-operatives and credit unions in Australia dates back to the passage of the New South Wales Small Loans Facilities Act in 1941. The first registered credit union, the Homeowner's Co-operative Credit Society Ltd, was established in May 1945. Credit unions continue to be a vital form of co-operative in Australia and have undergone a process of amalgamation in recent years to take advantage of new technologies and remain competitive with the four major banks. An excellent example of a community-focused mutual bank is Queensland Country Bank, which became Australia's first customer-owned bank in 2011.

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## **Aboriginal co-operatives**

Co-operatives have also contributed to the sustainability of Aboriginal and Torres Strait Islander communities, with the first major movement towards Aboriginal co-operatives beginning in the 1950s, due mainly to the passion of Reverend Alf Clint. He gained an understanding of the value of co-operatives during his stay in Papuan villages in the 1940s and helped establish many Indigenous people's co-operatives in North Queensland, Torres Strait and Northern New South Wales. In 1958, he also established Tranby Aboriginal Co-operative College in Sydney, Australia's oldest indigenous educational provider, which taught students the skills to operate co-operatives. Since the 1970s, many Aboriginal and Torres Strait Islander community co-operatives have been formed to provide housing, employment, health, training and outlets for art sales.

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## **Employee- owned/worker co-operatives**

Employee-owned/worker co-operatives go back to at least 1861, when coal miners in the Hunter Valley formed a coal mining co-operative. However, in Australia, in contrast to Europe, the self-help worker co-operative model was not a prominent solution favoured by trade unions or the Labor Party to solve economic problems, and only a very small number of worker co-operatives were formed in the country's early history. In the 1930s, a viable model of worker co-operative emerged when several businesspeople sold their businesses to their workers. An example of this was in the retail clothing trade: Fletcher Jones and Staff, formed in 1944 in Warrnambool, Victoria. At its peak, it had over 2,700 employees and 55 stores across all states of Australia.

Many counterculture community-style worker co-operatives were formed in the 1970s, the most notable being located in the regional Queensland community of Maleny. In the 1980s, hundreds of businesses in Europe and the United States were bought by their workers to save jobs as a response to growing unemployment, and many re-formed as co-operatives. This phenomenon also emerged in Australia with the New South Wales Government's worker co-operative program, which facilitated approximately 25 buyouts in a pilot program during the 1980s. Similar programs have existed in Victoria, South Australia and Western Australia.

## The mutual model

The mutual model shares much in common with the co-operative. Like co-operatives, mutuals are member-owned, but they might not be member-governed. Mutuals deal with their members only, while co-operatives can trade with non-members. Furthermore, mutual entities generally have restrictions on the distribution of surpluses (and are most often established as companies by guarantee). Mutuals have been a prominent business structure in Australia since the 1840s. Established in 1840, Australian Unity was Australia's first member-owned well-being company. The Australia Mutual Provident Society, founded in 1849, was the first assurance office in the colonies to operate on mutual principles. Today, well-known mutuals include Australian Unity, RAC WA, NRMA, HCF and Capricorn Mutual. Under Australian Corporations Act 2001 (s51M), a company is considered a mutual entity if it is registered under the Act and its constitution stipulates that each member has no more than one vote per membership capacity at general meetings.

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Both the National and Labor Parties in Australia have been traditionally supportive of co-operatives and mutuals, and the Senate's 'Cooperative, mutual and member-owned firms' inquiry (2015–16) received multiparty support. The inquiry's report provided the Australian Government with 17 recommendations for strengthening the co-operative and mutual sector, including:

That the co-operative and mutuals sector be **better represented in government policy discussions, and is actively promoted as a possible option for service delivery**, particularly where community-based initiatives are being considered.

A resurgence of interest and application of the co-operative model in regional and remote Australia has been occurring over the last two decades, as many small communities recognise the importance of local economic development driven from within the community. Specifically, communities have rediscovered the strength of the co-operative model in relation to the retention or creation of services, such as local pub, retail, hardware and farming supplies. Recently, its utilisation has created new services in areas related to renewable energy, aged care and disability support.

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The story of the **Coota District Co-op Ltd** in the New South Wales regional community of Cootamundra is an excellent illustration of this spirit and desire to control one's economic and social destiny through the creation of a community co-operative. This co-operative store established in 2022 has seven articulated goals to support Cootamundra's future, namely:

- To create local jobs
- To provide traineeships for local young people
- To become a shopping destination
- To financially support local community groups and projects
- To drive community viability and prosperity through a community-wide mutual relationship
- To unite through community engagement and strengthening community connections
- To take pride in a community-led response to the closure of a central retail store.

“We are in a time of growing community concern about the power of large companies that focus on share prices and quick profits rather than the needs of customers and the community; a time when affordable housing is lacking in most cities and regions; a time when many country areas are struggling to survive without services, employment and the reliable supply of goods. **This is the time to embrace practical, democratic alternatives to the large corporations and the paucity of basic services. It is time to support and strengthen socially responsible co-operatives.**”

– Richard O’Leary  
Co-ops NSW

# Strengths of the Co-operative Model

**Communities deciding to be proactive about retaining or creating a community-owned business venture have several options for which legal structure to adopt: community association, community company or co-operative.**

The publication [Co-operatives in Australia: A Handbook \(pages 14–15\)](#) provides a useful table that summarises the differences between these business models.

Particularly due to their values and principles, as outlined earlier, co-operatives share an interesting set of characteristics as a business model, which highlights their growing appeal to regional communities focused on community ownership, development and well-being and who have aspirations to retain, regain or create critical services. These include:

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## Contemporary Relevance

The model is now being utilised across regional and remote Australia where there has been a market failure or disinterest from the private sector. Appendix B, Snapshots of Small-Town Co-operative Creation, illustrates the diversity of applications now occurring.

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## Community Control

Co-operatives allow members and communities to influence their economic and lifestyle futures. The co-operative is created to provide goods and services that might otherwise not be available or on better terms than elsewhere. An early advocate for the use of co-operative models in remote Canadian regional communities, Rev. Dr Moses Coady, provided a wonderful quote: 'If we are wise, we will help the people everywhere to get the good and abundant life...to become masters of their own destiny'.

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Lockington Community Hotel Co-operative – So here’s living proof of a community **refusing to let a focus of any town, the pub, to shrivel away**. For sure, the nature of some smaller towns means it is inevitable, but in Lockington, they did something about it. Everyone pulling in the right direction and now they have a real asset and are kicking goals. May these pubs continue to thrive. **Lockington is a great example that anything can be achieved.**

– Tony Leonard  
3AW, Melbourne

“Small towns like Colbinabbin should increasingly be turning to the co-operative model in an attempt to **keep local businesses, and the services they provide, afloat**. That’s part of the reason we have taken on this project – this is a way to step into a new age. Australia was historically built on co-operatives in regional areas and with corporatisation it’s made it harder and harder for people in regional communities to sustain business.... we see the co-operative as a natural progress, even though it’s circling back, it’s enabling the capital to expand on the services and it’s **about sharing the workload rather than everything falling back on one person, couple or family**. It also reduces the risks associated with running a small business.”

– Matt McEvoy  
Board Member, Colbinabbin General Store Co-op

## Community Motivation, Connection, Spirit and Ownership

The co-operative's appeal is that it concerns mutual and community benefit, not individual gain. Community investment is all about community engagement and the desire to strengthen the community and its economic and lifestyle options. When community members invest their time and resources in a project that they care about and need, it generates community spirit, energy and ownership and an innate collective power.

In most community co-operatives, the motivation to retain, regain or initiate a community service or facility is more important than any return-on-investment incentive. According to Community Investment for Australian Co-operatives, 'Co-operatives make money to "do things", rather than "doing things to make money".' Indeed, community members are often attracted to invest in a local co-operative venture due to its focus on retaining or creating community benefit instead of financial return.

For instance, a strong motivation for many of the shareholders in the Sea Lake Co-operative Hotel was the desire to create and retain quality and relevant town facilities for future generations. Board Secretary Alison McClelland expressed this sentiment well: 'We've got a lot of young people here, and a lot of succession farmers, so we needed a town that has facilities, a place where they want to bring their kids up and keep the community going...it's about future-proofing the town for the next generation.'

"In a number of Mallee communities, the co-operative approach has **consistently created more local ownership and community drive** as it suits community member vision and motivation – people are not investing to make an individual profit, but to retain and grow a vital community service"

– Brent Thomson,  
GMG Financial Group, Swan Hill, Victoria

We don't have an exit strategy. While our pub is now paying for itself, any money we make is ploughed back into improvements – **the shareholders all know that there'll be no dividends for years, if ever.**

– Alison McClelland, Board Secretary, Sea Lake Hotel Co-operative Ltd

It's not reliant on government and it's not reliant on a handful of individuals with really deep pockets...It's about a community and the broader community – people like me – stepping up to invest in something that will generate a whole lot of value.

– Cynthia Mitchell, Member, Royal Hotel Grong Grong

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Many co-operative initiatives have demonstrated their ability to engage successfully with crowdfunding approaches because of this appeal factor. This includes attracting wider community support. For example, while Hepburn Energy (the trading name of Hepburn Community Wind Park Co-operative Ltd) is located in the small communities of Hepburn and Daylesford, Victoria, it has attracted members with a passion to contribute to the development of local renewable energy projects from all across Australia.

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Co-operatives have been in business for the long term, focused on their core business of serving their members and the wider community...they are important. They are home grown. They deliver competition and choice and spread their benefits of the business far beyond investor shareholders into the wider community.

– BCCM

## **Community Economic and Social Benefit and Return**

As the business is not owned by external shareholders, the economic and social benefits of its activities stay in the community where it is established. First, the profits generated are either reinvested in the enterprise or returned to the members. Second, the economic activities of the local co-operative have financial ripple effects and strengthen the local circular economy.

The Barossa Community Co-operative Store in South Australia estimates that for every \$1 spent in its co-operative, 76 cents are reinvested in the local community and economy. This is referred to as sticky money. The value of the Barossa Co-op is summarised in its statement: 'The benefit of a business like this is that in exchange for investing in a membership, members usually receive rewards, offers and rebates (if profitable), all while supporting the growth of the local community.'

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## **Compliance Simplicity**

Once a private company structure involves over 50 shareholders, it requires more compliance requirements and costs to operate than a co-operative. The company option involves dealing with the Australian Securities and Investment Commission, the Australian Government's finance market regulator, whereas the co-operative, irrespective of the number of shareholders, functions under state bodies and has simpler audit requirements. The initial costs of registering a co-operative may be higher than a company, but the long-term requirements are less arduous and cheaper.

Under the Co-operatives National Law (CNL) regime, there is no requirement for small co-operatives to lodge financial reports with the Registrar (however an Annual Return must be lodged). It enables simplified financial reporting to the members and has provisions that allow the directors not to appoint an auditor unless directed to do so by a vote of the members.

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## **Active Membership**

A defining feature of Australian co-operatives is the requirement for active membership, which is mandated by law. A co-operative's rules must specify how a member must actively engage with the co-operative, and this specification reflects the purpose of the co-operative. For example, consumer co-operatives may require the purchase of a

## **Active Membership (cont.)**

certain amount of products from the co-operative, while worker co-operatives often require members to work a certain number of hours. Having active members voting and controlling the organisation is what makes the co-operative's decision-making process more dynamic and responsive to the members' priorities and needs

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## **Limited Liability**

As an incorporated body, a co-operative is a legal person with the powers necessary to carry out a business enterprise. Any debts and obligations arising from its business activities are the debts and obligations of the co-operative. Members have no personal liability for such debts and obligations, and their liability is limited to the amount of capital they contribute to the co-operative.

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## **Blending of Roles**

Co-operatives can successfully combine and blend the roles of member, decision-maker, investor, customer and volunteer.

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## **Co-operative Solidarity**

The co-operative value of solidarity and the international co-operative principle of co-operation between co-operatives result in co-operatives advising, supporting and networking with each other, which is an enormous advantage, especially when launching a business venture. A practical example in Australia is The Bunya Fund, whereby established co-operatives and mutuals pool funds for provision of support to new co-ops.

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## **Co-operative Solidarity**

Adopting a non-distributing model can provide a co-operative with the opportunity to attract grant funding (and some non-distributing co-operatives may even achieve charitable status). In its journey to reopen the local pub and create new housing availability, the Broomehill Village Co-operative has already attracted a grant of \$151,000 from the Great Southern Development Commission. Likewise, several community-owned historic pubs have attracted heritage funding.

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The following co-operative circle diagram provided by the Mercury Co-operative is a useful pictorial summary of the unique strengths of the co-operative model.



Figure 3 Strengths of the Co-operative Model according to Mercury Co-operative



# Types of Co-operatives

**As described earlier, the co-operative model utilised in Australia has defined international principles and legal arrangements as prescribed by state and territory legislation. However, the model enables a diversity of options, based on how members contribute financially and in terms of the members' relationship with the co-operative vehicle.**

**First, co-operatives in Australia can be structured in terms of membership financial contributions and returns in three ways:**

## Distributing

A distributing co-operative has member share capital and can distribute its financial surplus to members. This is suitable for enterprises requiring significant start-up capital, such as agribusinesses, renewable energy generation, and small business-buying organisations that benefit from sharing technology costs.

Distributing co-operatives are classed as for-profit entities. After winding up, members can share in any surplus assets in proportion to their shareholdings and/or the level of their patronage over a defined period as set out in the rules.

## Non-distributing

A non-distributing co-operative cannot distribute a surplus or profit from its business activities to its members. It raises member capital to fund its intended activities, so it is suitable for local community members wanting to retain a public building or asset in local ownership, such as a local hotel, or a group wanting to pursue a not-for-profit purpose.



## Non-distributing (cont.)

All non-distributing co-operatives have an asset lock. This means that if the co-operative is wound up, any surplus assets after the return of member-contributed capital must be donated to another not-for-profit organisation with the same purpose. Non-distributing co-operatives with a charitable purpose can be registered as charities.

**Note:** co-operative shares in a non-distributing co-operative operate differently to co-operative shares in a distributing co-operative. Shares in a non-distributing co-operative cannot issue dividends so they do not impact non-for-profit status.

## Non-distributing with no share capital

Members pay subscriptions and levies but do not purchase shares.

The criteria for choosing the member financial contribution option for a co-operative enterprise will reflect its purpose, membership base and available capital-raising options. Notably, the term 'not for profit' relates to the return of profit dividends and not to the nature of business operations. To be commercially viable and successful, all co-operatives need to function as profitable ventures within the marketplace.

Second, the type of co-operatives are also described in terms of the relationship between the members and their co-operative. Consumer co-operatives, producer co-operatives, community development co-operatives and worker co-operatives are ways to describe the mutual relationship between a co-operative and its members.

For an excellent summary of the attributes and differences between distributing co-operatives and non-distributing co-operatives, refer to the table in **Co-operatives in Australia: A Handbook**, pages 38–39.

Moreover, pages 22–23 of the BCCM publication, **Community Investment for Australian Co-operatives**, contains the table 'Criteria for Choosing a Co-operative Type'.

## Consumer Co-operatives

**Consumer co-operatives are enterprises owned by consumers. Generally, they buy and sell goods to their members at competitive prices and are found in a variety of sectors.**

They are oriented towards member service rather than pecuniary profit.

While in regional Australia, supermarket co-operatives are the most visible, there is a wide range of other types of consumer co-operatives operating in areas such as hospitality, regional supplies, health care, insurance, housing, utilities and personal finance.

Increasingly, this model is being utilised to buy and operate local pubs and post offices.

Growing in popularity are wholesale consumer co-operatives, where businesses band together to obtain supplies at lower prices through the power of group buying. They may also offer other services, such as finance, insurance and training. Examples can be found in the agricultural supply, liquor, seafood, trade and travel sectors.



Sea Lake Hotel Co-operative Community Champions



Sea Lake Hotel Co-operative Ltd

## CASE STUDY: Sea Lake Hotel Co-operative Ltd

At the end of 2017, the last operating pub in Sea Lake, a small community in the Mallee region of Victoria, closed its doors. A magnificent heritage building was left boarded up and deteriorating on the main street. After 18 months, a group of 14 passionate locals and Sea Lake expats knew they had one chance at saving the town's only pub when it was put up for sale at a mortgagee auction. They were successful with their bid of \$180,000 and formed a company, the Sea Lake Hotel Pty Ltd. Their motivation was to future-proof the town, retaining and creating community facilities for the next generation. In the words of one of their community champions, Bill Clohesy, 'We just wanted somewhere to drink. It wasn't about making money.'

To kick off the restoration process, 100 persons attended a public meeting, and 45 shareholders chipped in between \$5,000 and \$50,000 each. They raised \$700,000 to renovate and open the pub. The investment money did not just come from locals but also grandparents, city folks with a Sea Lake connection, visiting truck drivers and friends of friends. Given the community interest, in March 2019, the company was converted into a co-operative and renamed the Sea Lake Hotel Co-operative Ltd, with six directors.

At the initial busy bee, 80 locals turned up with trucks, trailers, tools, brooms and brushes. By June 2019, the eventual result was a wraparound veranda, a fully refurbished bar, a sports room, a restaurant and 17 accommodation rooms. A former Melbourne chef was attracted to Sea Lake and opened a restaurant within the building as a separate business, with a strong focus on local produce. Then COVID-19 struck, but the business has survived and grown. Helped by some exciting new tourism initiatives, the business and the town of Sea Lake are thriving. The restaurant regularly does 200 meals a night. Overall, the business complex employs 20 staff.

The purpose of the co-operative is clearly stated in their disclosure statement: 'to support and provide a viable and attractive community hotel as a very important social hub for the local community and to also support other economic activity in the township of Sea Lake and district farming communities by providing attractive recreational and accommodation facilities'.

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## Consumer Co-operatives cont.

### CASE STUDY: Hepburn Community Wind Park Co-operative Ltd (Victoria) – Hepburn Energy

Formed in 2010, this co-operative based in central Victoria has been able to raise substantial share capital from over 2,000 members to establish and build its initial wind farm. The members are not just from the local community but are from across the country, comprising people committed to renewable energy development and climate action.

Starting as Australia's first community-owned wind farm, the enterprise has evolved into the first hybrid wind, solar and battery co-operative. Now trading as Hepburn Energy, it provides electricity offers with its partner Flow Energy to support community and local renewables.

The co-operative has also had a major impact on its local community through employment creation, as well as the management of a local community grants program. As a distributing co-operative, it has the ability to pay shareholders dividends on its shares.

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### CASE STUDY: Barossa Co-op

Barossa Co-op is one of Australia's largest standing retail co-operatives. It is an emblem of mutualisation of a private store. In 1944, the owner of the main store in Nuriootpa, South Australia, decided to sell it to the community following the death of his son in World War II. Originally a general store selling goods and services from a single store, the Barossa Co-op has now evolved into an agglomeration of 11 retail businesses deployed in and around an exceptional regional shopping centre, the Barossa Central, which is owned by the co-operative. Its goal is for the Barossa Central to be 'the meeting place of the Barossa'.

The Barossa Co-op proudly states that its purpose and role is 'to make living in the Barossa better by providing exceptional lifestyle experiences for our members and the broader regional community'. In 1945, its membership was 771 persons; today, it has over 23,000 members. It employs 340+ team members (annual wage bill of \$13.5 million), turns over \$72 million annually and holds \$30.2 million in net assets. In 2021–22, the Barossa Co-op distributed \$200,000+ in member rebates, provided \$365,000 in Barossa Fresh and fuel discounts and contributed \$124,000 in community sponsorship and donations. It also supports 45 local suppliers and 64 South Australian suppliers in terms of produce purchase.



## Producer Co-operatives

### **Regional Australia has a long history related to the instigation and development of producer co-operatives.**

They represent collaborative efforts by producers to maximise returns by gaining more control over the distribution and sale of their products. Producer co-operatives may provide services such as processing, branding, marketing and distributing member products.

The CBH Group in Western Australia is an exemplar of a producer co-operative. Since its establishment in 1933, it has continuously evolved, innovated and grown to become Australia's largest co-operative,

biggest grain exporter, one of the country's predominant agribusinesses and the only major participant in the Australian grain industry owned by growers. Today, CBH has approximately 3,500 grower members and has an average annual revenue of approximately 3-4 billion. It operates over 100 grain receival sites across Western Australia, four ports, its own rail fleet, a fertiliser business and investments in grain processing.



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# Service Co-operatives

## **Service co-operatives focus on the provision of services to their members.**

Such services that are currently popular in regional areas include housing, health care, child care, disability support, aged care, roadside assistance, energy, water supply, community recreation facilities and transportation.

### **CASE STUDY: BCCM Initiative: Care Together Program**

The 'Care Together Program', BCCM's national initiative, is Australia's first co-operative and mutual enterprise support program in social care. The program aims to improve the quality and diversity of services provided to older Australians, people living with disabilities, veterans and First Nations peoples in remote, regional and rural areas. [Click here](#) for more details.

# Community Development Co-operatives

An emerging popular use of the co-operative model is its application as a development agency for the community. This type of co-operative focuses on the local community and its revitalisation. Outstanding cases can be found in the Wheatbelt of Western Australia, such as the GNP 360 Co-operative in Gnowangerup, which incubates and grows new businesses and community initiatives within the town and district, and the Kulin Development Co-operative, which attracts and develops support businesses required by local farming enterprises.

## CASE STUDY: GNP 360 Co-operative

In 2017, the people of Gnowangerup, located 360 kilometres southeast of Perth, Western Australia, started community conversations about the district's future, their unique assets and the need for community-led action. The GNP 360 Co-operative was formed 12 months later in October 2018 with 76 memberships, including the Football Club and local Op Shop. Their vision is 'to help build a strong and vibrant atmosphere through incubating, nurturing and supporting sustainable new businesses and community ventures in Gnowangerup'. Their tagline is equally focused: 'Investing in our future by considering the "whole picture."

Founding director, chair and local farmer Richard House summarised community motivation with this statement: 'The community was spurred into action after losing its bank branches, hairdresser, bakery and other shops. People wanted their kids to come home. They want to bring husbands and wives back to this community. You've got to have facilities; otherwise they just won't come. If we didn't help ourselves, our community would have slowly disappeared.'

With capital raised from member subscriptions and its cropping program, the town's key fundraising activity, the co-operative precipitated the reinvention of the central business district, developed a vibrant retail hub and activated tourism appeal. This has included:

- The purchase and redevelopment of the town's supermarket and its subsequent sale to innovative new ownership
- The reuse of an old bank building and attraction of new businesses
- The instigation of the state and national tourist award-winning Horsepower Highway initiative to draw visitors to the town and district.

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# Employee-Owned Co-operatives

Employee-owned or worker co-operatives are businesses that are owned and democratically controlled by the people who work in them. They are often formed to provide members with employment by owning the business. The members are both owner and employee and are committed to ensuring the co-operative succeeds, as the business furnishes their employment and working conditions.

While popular in Europe, this type of co-operative has had limited application in Australia, especially in regional Australia. However, there are several inspiring examples, such as the Candelo Bulk Wholefoods Co-operative in Bega, New South Wales; the Desert Fruit Company near Alice Springs, the Northern Territory; and the Earthworker Energy Manufacturing Co-operative in Morwell, Latrobe Valley, Victoria.

## CASE STUDY: The Earthworker Energy Manufacturing Co-operative (Victoria)

After years of preparation and an impressive capital-raising effort by community members, which saw the acquisition of manufacturing equipment and intellectual property from a long-standing reputable manufacturer, a group of workers formed Earthworker Energy Manufacturing Co-operative. They have started manufacturing premium solar hot water products at a Morwell factory in Victoria's coal-dominated Latrobe Valley. The co-operative aims to grow 'dignified and democratic employment' in the region while producing important energy-saving renewable energy technology.

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# Key Legal Features of Co-operatives

**The major differences between the co-operative, company and association business models are summarised in Appendix A, Differences Between Co-operatives, Companies and Associations, which is reproduced from Co-operatives in Australia: A Handbook, produced by Co-ops NSW in 2016.**

In Australia, the legal features of a co-operative, including the offering of co-operative shares or other co-operative securities, are controlled by the CNL scheme adopted by all Australian states and territories.

New South Wales is the host jurisdiction for the CNL, having passed the [Co-operatives \(Adoption of National Law\) Act 2012 \(NSW\)](#), which commenced in that state on 3 March 2014. This act has the CNL template appended to it and refers to the Co-operatives National Regulations template. The states of Queensland, South Australia, Tasmania and Victoria, along with the Australian Capital Territory and the Northern Territory, have adopted this law in their respective jurisdictions.

Western Australia participates in the CNL scheme through the Co-operatives Act 2009 (WA), which governs co-operatives registered in Western Australia. While this act substantially corresponds to the provisions of the CNL, there are several differences between the CNL and the WA Act.

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# Key Documents

**Prior to co-operative incorporation and formation, two key documents must be prepared by the co-operative's founders, namely:**

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## Rules

**The co-operative's constitution, which outlines the co-operative's purpose, activities, management structure, member involvement and the minimum member share requirement.**

The Rules provide the written basis for how the co-operative is to be governed. The Rules are a binding contract between the co-operative and its members, and all members and office holders of the co-operative must agree to follow them. They should include information on (but are not limited to):

- The primary activity or activities
- Active membership requirements
- Qualifications for membership and directors
- Procedures to admit new members
- How shares and fundraising, if any, will be handled
- Any fines for breaking the Rules
- Voting procedures
- How surplus funds can be dealt with
- Financial reporting and auditing requirements.

A set of Draft Rules must first be submitted to the relevant State/Territory Registrar for approval before a formation meeting takes place. Once passed by a special resolution

of two-thirds of eligible members attending the meeting, the approved Rules are then lodged with the relevant State/Territory Registrar as part of applying for the registration of the co-operative.

## Disclosure Document

**Outlines the details of the proposed share offering to ensure the prospective members are adequately informed of the nature and extent of their financial involvement or liability as members of the co-operative, including:**

- Estimated costs of formation
- Active membership provisions of the proposed co-operative
- Rights and liabilities attached to shares in the proposed co-operative
- Amount of capital required for the co-operative at the time of formation
- Projected income and expenditure of the co-operative for its first year of operations
- Information about any pre-formation contracts entered into on behalf of the co-operative
- Any other information that the State/Territory Registrar directs to be included. For example, the Registrar will often insist on the inclusion of information related to the promoters and initial board of directors of the co-operative and any remuneration or benefits. If the proposed co-operative is planning to purchase an existing business, then the Registrar is likely to require the inclusion of the nature of the business and evidence that due diligence has been practised by the promoters, such as valuations and any audited financial statements.

The Disclosure Document of a distributing co-operative must be approved by the Registrar before being tabled at the formation meeting. A Disclosure Document is only required for a proposed non-distributing co-operative if instructed by the Registrar. Such documents must be updated when they are no longer current due to changing circumstances.

For an example of the pro forma Disclosure Document form, see [this document](#) available from Consumer Protection, part of the Western Australian Department of Mines, Industry Regulation and Safety.

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## Membership

**Co-operatives are voluntary-membership self-help entities. There is no legislative restriction on the number of members, but there must be a minimum of five members at all times. However, a 'co-op of co-ops' (termed a co-operative group) can have as few as two members.**

A co-operative can close its membership and is not required to approve any and every application for membership.

The voting right is attached to the member, and all names in the Register of Members can vote. If a member has not met their

activity requirement, the co-operative board is required to give at least 28 days' notice (or more if specified under the rules of the co-operative) of intention to cancel the membership before removing them from the Register of Members.

## Shares

**To become a member of the co-operative, a person agrees to comply with the co-operative's active membership rule and buy a minimum number of shares (unless it is a non-distributing co-operative without shares).**

Shares provide the start-up funding for a new co-operative. In other words, they represent the investment or stake that members contribute to activate the enterprise. A person must be a member of the co-operative to own shares in it. There is a limit to the shares a member can own or control; that is, a member cannot hold or control more than 20% of issued share capital.

The co-operative's Rules specify the issue price and the minimum number of shares a person must purchase to become a member. The issue price may be partly paid or issued at a premium. Shares have a fixed nominal value, which is locked in for the life of the share. Unlike a company share, the value of a co-operative share does not fluctuate with the changing fortunes of the co-operative. The paid-up value of a share can fall below the nominal value in certain circumstances.

Co-operative shares are not the same as an ownership right in the assets of the co-

operative. Shares are the capital contribution from members and are repayable when members leave the co-operative. Therefore, co-operatives should plan how to maintain sufficient cash reserves to allow share capital to be withdrawn or repaid without impacting the financial viability of the enterprise. Nevertheless, there is a process for deferring payment for cancelled shares in case of cash flow issues.

Co-operatives have the ability to issue various types of shares, each with distinct rights. For instance, these shares can vary in terms of dividend entitlements, their priority during dissolution, or in granting the member rights to utilise certain services provided by the co-operative. Additionally, these shares might come with differing regulations regarding their repurchase or transfer.

Co-operative shares cannot be traded on a stock exchange, but the Rules of a co-operative may allow shares to be transferred between members or to new members at a

price agreed between the parties. Transfers of shares between members under the co-operative's Rules are not restricted by the nominal value of the share.

The nominal value means that other than instances where a member sells their shares to another person for a higher price, there is no capital gain for co-operative shares. This lack of capital gain on shares in a co-operative reinforces the purpose of the co-operative as an enterprise designed to deliver services to the members.

As co-operatives are voluntary organisations, they can accept new members at any time; thus, the initial share offer becomes a continuing offer. The CNL provides the framework for the

process of offering shares and securities. The requirements must be detailed in the Disclosure Document, which must be lodged and approved by the Registrar in the co-operative's intended place of registration.

**Note:** The Co-operative National Law (CNL) under Division 9, Section 107, outlines the repurchase of shares. The price paid for a repurchased share can be less than its nominal value, as decided by the board. This lower price is permissible if either the co-operative's financial records show that this amount represents the net shareholder's equity per share, or if it is in accordance with the co-operative's rules.

## Dividends

**The primary benefit for the members of a co-operative is the provision of a service on the best terms or because the service would not otherwise be available.**

However, in a distributing co-operative, dividends can be paid on shares if there is a surplus. They are capped at 10 percentage points over the rate of interest on a five-year bank deposit (10% above the highest rate of nominal interest paid on a 5-year term deposit of \$100,000 at the Commonwealth Bank during the relevant financial year).

**Note:** The Co-operative National Regulations specify in Regulation 3.19 the criteria for distributing surplus or reserves to members under a limited dividend scheme. The prescribed limit for such dividends is set at 10% above the highest rate of nominal interest paid on a 5-year term deposit of \$100,000 at the Commonwealth Bank during the relevant financial year.

Many consumer co-operatives return surpluses to members via an annual rebate on how much a member spent at the co-operative during a 12-month period. This may also take the form of a coupon that can be used within the co-operative business.

By contrast, non-distributing co-operatives are prohibited from paying dividends on shares. The whole of the non-distributing co-operative's capital and revenue is devoted to achieving its purpose. However, where the purpose of the non-distributing co-operative is to provide cheaper services to members, using its surplus to do so is not regarded as a distribution.

An often-quoted example of this is a non-distributing co-operative of winemakers that utilises its surplus to purchase a more efficient wine-bottling plant. Using the wine bottling plant will reduce production costs, thus achieving better financial outcomes in the members' individual businesses.



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## Securities

**To raise sufficient capital to launch or expand an enterprise, co-operatives can utilise securities.**

Securities is the term used in co-operative legislation to describe a range of financial instruments, such as debentures and co-operative capital units (CCUs).

The offer of securities by co-operatives is regulated under the CNL.

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## Voting rights

**Co-operatives follow the one member, one vote principle when electing the board and for all decisions at any meetings of members, regardless of how many shares a member holds.**

This is very different from a company, where voting power is linked to the number of shares held in the business. Once elected, the board runs the business and is accountable to the members, but there is a provision for members to write into the Rules directions that the board must observe.

# Steps in Creating and Developing a Co-operative

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## Understanding the Community Enterprise Need and Opportunity

### **Co-operatives in regional and rural Australia have historically been formed in response to one or more of the following:**

- The local community is about to lose a significant local service. For example, the local pub, supermarket, fuel outlet or any other community service is encountering a market change or failure.
- The local community is being poorly served by the existing market enterprise(s), which is not responding adequately to its needs. For instance, a poorly managed local supermarket is offering limited choices and/or charging high prices, or a home care and/or disability support service is commuting from afar, has limited connections to local users or the local workforce and is charging unrealistic travel costs.
- The local community is experiencing a need or interest that is not being met. Examples are a poor broadband connection, limited housing or a lack of flexible workspaces for new businesses.
- The local community is inspired by new ideas or opportunities to act collectively or network more effectively, such as a community renewable energy scheme, local food initiatives, a tourist operators' network or a marketing outlet for local artists.

Most co-operative initiatives are begun by a group of community champions/builders who see the need and opportunity for

their community to take action. The initial fundamental role of community champions is community motivation, and their best tool is the oldest tool in the toolbox of community building: instigating and hosting community conversations that help people to think together.

The Coota District Co-op demonstrated this wonderfully. In 2020, the community received the news that Wesfarmers was closing its Target store in the centre of their town, Cootamundra. The foreseen risks of

not taking action were more businesses closing, the loss of local jobs and training opportunities and people being forced to travel out of town to access the type of quality and affordable items previously stocked at Target. Concerned, a group of Cootamundra community builders committed to ensuring a thriving town centre that generated local jobs and returned money to the local community.

One of the things we need to learn is that every great change starts from very small conversations held among people who care.

– Margaret Wheatley, community development author

Hosting community conversations helps to identify who cares and what they care about and who is willing to invest their time and resources, including making a financial contribution, collectively in the pursuit of the validity of a business idea. Such conversations often evolve into the formation of a development team/steering group comprising local, passionate and competent people who begin to initiate:

- Research into the business opportunity and possible options
- The examination of other relevant experiences from elsewhere.

Community co-operatives such as the Lockington Community Hotel Co-operative and Westonia Community Co-op have shared the importance in this formulation stage of visiting and learning from the experiences of

the Sea Lake Hotel Co-operative and Beacon Community Co-operative, respectively:

- Contact with groups who may be able to provide technical information and advice: see Appendix C, Key Co-operative Support Agencies, for a list of government, non-government and private groups that can assist with information and practical guidance.
- The formulation of a Business Case, a brief written document that describes and analyses the business opportunity and its financial and technical feasibility: while a more detailed Business Plan may need to be prepared by technical consultants prior to start-up, this initial document needs to achieve and communicate five elements to potential community contributors, which include:

- A clear and convincing articulation and story of the business opportunity and its community benefit and need
- An analysis of the viability of the business venture, which shows the business will be financially viable
- Financial requirements to identify how much capital will be required for the co-operative to establish itself and commence operating, a determination of the share amount and an estimate of how many members are needed and can be expected to join and buy shares to contribute the required capital
- Technical and specific skill requirements
- The timeframe and key steps to business start-up.

In the case of a buyout of a local business facing closure or sale, the development group/steering group may need to act quickly and begin negotiations with the current owner(s).

For guidance on decisions about the proposed structure and whether the co-operative model is best, as well as the selection of the co-operative option as opposed to the company and incorporated association models (see Appendix A) and the distributing versus non-distributing co-operative model, view pages 38–39 of **Co-operatives in Australia: A Handbook** and pages 22–23 of **Community Investment for Australian Co-operatives** for a useful table on 'Criteria for Choosing a Co-operative Type'.



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## Community Awareness and Promotion

**Utilising information from the basic Business Case document, the development team/steering group can begin the process of generating the required community interest and investment to fund and launch the business venture.**

Such steps should include:

- Identifying the target community to support and contribute to the initiative
- Developing an Engagement Action Plan to generate and galvanise sufficient community awareness and involvement
- Securing the financial resources for the pre-start-up activities
- Coordinating a set of promotional and engagement activities to build interest and a support base for the venture, such as:
  - Creating a website and Facebook sites
  - Compiling and distributing a flyer
  - Preparing press releases and organising media exposure
  - Participating in radio opportunities
  - Facilitating community events to promote initiative and canvas support
  - Publicising achievements and requirements.

A notable initiative by the Coota District Co-op was the production and use of a professionally produced YouTube video titled 'From Little Things, Big Things Grow'.

- Continuous community communication and engagement are vital, especially to keep clarifying what is happening and, in the words of Cassy Van Beeck, Board Secretary, Gnowangerup GNP 360 Co-operative, 'to fight against the misinformation that often spreads'.



**Image:** Community meeting in Gnowangerup, Western Australia, in 2018 to launch the idea of the GNP 360 Co-operative

- Organising community meetings to determine whether there is sufficient community support, which is a requirement of state and territory co-operative legislation before the development of the co-operative's Rules
- Formulating a Business Plan to ensure the business is a viable option, such as the one that made by Coota District in 2021 before they launched their co-operative.

[Click here to view.](#)

#### EXAMPLE:

#### Support from a peak co-operative organization: Co-operatives WA

Co-operatives WA provides an initial consultation free of charge and obligation. Then, for a fee, it can assist with the following:

- Outline and help navigate optional (replacement) Rules
- Prepare Rules that fit the purpose and are compliant
- Prepare the Disclosure Statement
- Lodge an application for the prepared Rules and Disclosure Statement
- Prepare the formation meeting and agenda
- Facilitate holding the formation meeting
- Lodge an application to register the co-operative.

The Business Council of Co-operatives and Mutuals offer a similar service.

#### EXAMPLE:

#### Sea Lake

In October 2015, 100 residents of the small Victorian town of Sea Lake turned up at an initial public meeting to float the idea of forming a co-operative to reopen the hardware store. Eventually, 60 founding members contributed \$200,000 in shares to instigate the co-operative.

Also view pages 47–50 of **Co-operatives in Australia: A Handbook** for information about the formulation of Feasibility/Business Plans.

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# Recruiting Members and Raising Capital

Once the development team/steering group has evidence of the venture's viability, a belief that there is sufficient community support and an understanding of the minimum financial requirement, the following steps are essential, often with the support of the state/national peak organisation for co-operatives and/or an accounting and/or legal firm that understand co-operative formation:

- Determining the type of co-operative in terms of share nature (see Section 4) and the share amount, which often ranges from \$500 to \$10,000, with smaller amounts contributed classified as donations.
  - Defining the active membership condition.
  - Preparing and submitting to the State/Territory Registrar the two key documents that are required prior to the venture being legally incorporated and the launching of share capital, namely:
    - Rules or what is referred to as the co-operative's constitution, the governing document that indicates the co-operative's purpose, activities, management structure, member involvement and the minimum member share requirement
    - Disclosure Document, which outlines the details of the proposed share offering to the target community and becomes the offer of membership.
    - Facilitating community events to promote initiative and canvas support
    - Publicising achievements and requirements.
- Examples of **Rules** and **Disclosure Documents** related to the Sea Lake Hotel Co-operative Ltd are provided by the BCCM and can be viewed online.
- Registering the co-operative with the State/Territory Registrar with the submission of the two documents.
  - Following up on the above mentioned community awareness and promotion stage to secure sufficient community involvement and investment commitment by creating a process that officially invites the targeted community to take up the co-operative share offering.
  - While this share offering will have an identified minimum amount, there is no limit on the number of members who can join and subscribe for the offered shares. Several co-operatives attest to the fact that the group can depend on about 80% of the people who express initial interest in being shareholders to follow through with their commitments.
  - Once the Co-operative has been registered, the share offer is open and can be offered and promoted.
  - Co-operatives can use the internet, including crowdfunding platforms, to promote and create interest in the offer.

Also view pages 50-58 of **Co-operatives in Australia: A Handbook** for information about the Rules and Disclosure Document and their formulation.

**'The Co-op Builder'** is a free step-by-step tool provided by the BCCM to help development teams/steering groups draft Rules and Disclosure Documents for their new co-operatives. **It helps groups customise information** about the purpose and activities of the proposed co-operative and provides information about the nature of co-operative shares.

To raise sufficient funds to initiate formation or to fund a specific project, the new co-operative can access capital from other sources besides issuing shares, including grants and donations, potentially through crowdfunding. Once incorporated, co-operatives can borrow from financial institutions and apply for grants and government business lending programs. Alternatively, co-operatives can raise capital from members and external investors by issuing securities.

**EXAMPLE:**  
**Colbinabbin General Store Co-op**

Its campaign raised over \$400,000, with 160 individuals or groups pledging support. The minimum investment amount required for a stake in the cooperative was \$500. The investments ranged up to \$10,000. Amounts less than \$500 were accepted as donations.

View BCCM publication **Community Investment for Australian Co-operatives**, pages 13-14, for a summary regarding crowdfunding and co-operatives.



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# Launching the Co-operative

The key steps in launching the co-operative involve:

- Arranging a formation meeting to formally establish the co-operative: this is when prospective members vote to accept the Rules that were pre-approved by the Registrar, sign membership applications and elect the board of directors. A two-thirds majority vote at the meeting is also required to approve the Rules, resolve to form a co-operative and authorise the application for registration of the co-operative.

View page 60 of [Co-operatives in Australia: A Handbook](#) for a useful Checklist for Formation Meeting and Registration.

- Processing the pledged funds and creating financial arrangements: employing an accounting firm with an understanding of and experience with co-operatives is strongly recommended. Its trust account may have to be used by the co-operative until it can open its own bank account and receive transfers of funds.
- Organising other required business registrations and taxation requirements: view pages 62–67 of the [Co-operatives in Australia: A Handbook](#)

During the early stages of co-operative formation, it is also vital to continue actively involving and dialoguing with the target community in terms of their ideas and practical engagement in the establishment of the business.

Most community businesses will require volunteer time as well as their cash. For example, buying the Grong Grong Hotel in New South Wales was just the first step for the community; local shareholders gathered for working bees to give it a facelift before the re-opening.

In the case of the Sea Lake Hotel Co-operative, the local Council provided a seven-day work order on the building, and over 80 people turned up in response to the first busy bee. The structure was transformed from a ruin to a stunningly renovated hotel in six months, mainly due to volunteer community time and skill contribution.

A paragon of an initiative to stimulate an awareness of possibilities and continued community idea generation was the Broomehill Village Co-operative's hosting of a team of architectural students from the University of Western Australia to provide suggestions for the reinvention of the local pub. It culminated in an exhibition of the students' ideas.

## Growing the Co-operative

“I think everyone in town, whether they’ve put in money, or time, or donated something, **they feel as if they own a little chunk of this real estate.** What we’ve found during this process is that an engaged and empowered community, even if it’s tiny, is unstoppable.”

– Gemma Purcell,  
Board Member, Royal Hotel Grong Grong

Like all business ventures operating in the marketplace, any co-operative needs to remain financially viable and ensure the tills continue to ring. Over the last 175 years, the Australian regional co-operative scene has had many sad cases of business failures and closures.

Successful co-operatives demonstrate some common themes related to business performance:

- Exceptional customer service exceeding customer and member needs and desires
- Innovative and ongoing marketing and promotion
- Active commitment to co-operative values and principles
- Strong focus on core activities
- Committed and passionate board with a diversity of skills
- Employment of energetic, member-focused and co-operative-literate managers
- Avoidance of volunteer burnout
- Regular member communication and involvement
- Visible community engagement and communication

- Collaboration and networking with other co-operatives and the local business community
- Continual business improvement, innovation and adaption to new markets
- Constant learning
- Continuous promotion of community ownership, connection and benefits.

The Barossa Co-op is a shining example of long-term business success. Conversations with its CEO have highlighted the following key factors in its continual growth as a business and its relevance to the Barossa community:

- Delivering a sustainable and competitive shopping experience.
- Offering exceptional member benefits and ensuring value and convenience are key member benefits.
- Providing consistent and genuine messages about the practical connection to the community and the desire to make the Barossa a great place to live in. In the words of Board Chair Rebecca Tolhurst, 'The Barossa Co-op purpose is making living in the Barossa better – that is at the heart of everything we do every day.'
- Adhering to and communicating the five business values that guide and lead the organisation, namely being community-minded, being ethical, being forward-thinking, striving for excellence and working together.

- Becoming a destination where the community can connect and be together for leisure, shopping and work.
- Constantly exploring new categories or brands that can be delivered to the customers.
- Partnering with other businesses and franchises that can bring buying power, leverage and marketing.
- Identifying and implementing measures to reduce the environmental footprint.

Finally, in managing a co-operative, ongoing legal obligations and duties as defined under the CNL and general law must be adhered to, such as:

- Display of the co-operative's name on its seal, notices, advertisements and official publications
- Retention of a minimum number of five members at all times
- Appointment of a secretary
- Director obligations
- Reporting obligations
- Maintenance of registers related to membership, directors, loans, CCUs, assets, debts and meeting minutes
- Annual general meetings
- Employee responsibilities and duties
- Taxation requirements.

View Part 3 (pages 69–98) of **Co-operatives in Australia: A Handbook** for information 'For Running the Co-operative', including hints on dealing with potential changes and challenges.

# Identified Co-operative Development Success Factors

## Being in any business is always a challenge, and assuming the structure of a co-operative does not magically ensure long-term success

In August 2023, after five years of struggling financially, Queensland's only co-operative and community-owned hotel, Hotel Theodore, in the small community of Theodore, 350 kilometres west of Bundaberg, sadly announced it was in voluntary administration.

The Hotel Theodore Co-operative Association purchased the hotel in 1949. For almost 75 years, with 168 shareholders, it had been the heart of the community, offering the locals a place to eat and drink, spend

time together and collectively support their town. The combination of escalating costs related to power, utilities and insurance, as well as staffing challenges associated with COVID-19, ultimately proved too powerful to avoid closure.

Community members and professionals associated with co-operative development tend to agree on the importance of the following 10 factors to ensure successful community business creation, growth and survival:

### Importance of Community Belief, Commitment and Willingness to take a Risk

Great community ventures do not just happen. They are the products of imagination, passion, leadership, hard work, risk-taking and constant adjustment. Jason Roberts captured this spirit in a few words: 'Break rules, be passionate, think about your community's legacy.'

"If you want something done in a small town you pretty much have to do it yourself. Meaning you have to put your hand in your pocket to make it happen. This also builds stronger communities as we have vested interest in our success."

– Alison McClelland, Board Secretary, Sea Lake Hotel Co-operative Ltd

“I think that one thing people feel in regional Australia is that they are quite powerless in that narrative of regional decline and it’s been used as a rationale to withdraw services – infrastructure, health and education. I think at a community level **you have to back yourself, not be frightened to do it and don’t expect anyone else to do it for you.**”

– Gemma Purcell, Founding Board Member, Grong Grong Hotel Co-operative

### **Achieving a Balance Between Business and Community Objectives**

The boards and management of co-operatives need to focus simultaneously on being a viable trading concern within the marketplace that makes a surplus for reinvestment and being a value-led organisation with strong community/social objectives related to their members’ reasons for involvement. These include the provision of local services, local job creation and the availability of more affordable products, among others.

There may be times when a growing co-operative enterprise will have to balance the conflicting demands of financial stability and community aspirations. Basic to achieving this balance and focus is competent and passionate management with the business acumen required to operate in a competitive market and member-focused and co-operative-literate attitudes and behaviours.

“A shared ownership model is important, but co-ops will fail to thrive without an equally robust business model.”

– Employee Ownership Australia

“Never doubt that a small group of committed citizens can change the world. Indeed, it is the only thing that ever has.”

– Margaret Mead, cultural anthropologist

## **Strong Commitment to Co-operative Values, Principles and Practices**

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A strong understanding of, and adherence to, co-operative principles and values is vital, particularly a commitment to active member engagement. The members are the heart and soul of any co-operative, and their active involvement, awareness and sense of ownership must be actively nourished. A practical commitment to three co-operative principles is proving essential for long-term business survival and growth, namely education, training and information; co-operation among co-operatives and concern for community.

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## **Community Champions and Builders**

New community initiatives always begin with community champions. These are people who believe passionately in their community and its positive future and are willing to invest their time and often their own resources to make a project reality. Equally important is the formation of a leadership team around the community champions – initially the steering group and then the board – to drive the creation and operation of the venture. Such teams must be able to work together, minus egos, and reflect the diversity of skills needed to manage the project.

“Surround yourself with the **dreamers, the believers, the courageous, the cheerful, the planners, the doers, the successful people** with their heads in the clouds and their feet on the ground.”

– **Wilfred Peterson**, author

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## **Broad-Based Community Support**

The story of the Lockington Community Hotel Co-operative, as told by Tony Leonard on his 3AW Melbourne radio segment, illustrates this factor in action:

The Lockington Hotel is proof positive that when a community bands together, anything can be achieved. Closed down, the old pub was in need of some TLC, but moreover someone to stump up and buy it. A clarion call to those in the town and beyond went out, to invest/buy shares and after some negotiation a sum of around \$380,000 was raised and the transaction complete. But that's only the start. You get one chance to get it right and a further 250–300k was needed for work to the front (it's your welcome mat that looked like a gravel pit previously), accommodation (brought up to speed for workers harvesting wheat), dining room. And so it goes. Again, locals bought in. And so now, the first community pub in the area is up, running, and looks fabulous.

The Barossa Co-op sees that people are the core of what they do. Building and retaining its membership base (now over 23,000 members) is a priority for its sustainability. There are frequent member offers, discounts, promotions and events and a focus on making the member-joining process easier and more streamlined. Sponsorship, donations and supporting community fundraising are all part of the strategy to reinvest in the local community. Its 'Partner Program' offers businesses in the Barossa the opportunity to create value for their customers and be rewarded with rebates by supporting Barossa Co-op-owned businesses.

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## **Community Collaboration and Assets**

Working together to achieve meaningful outcomes is a required basic community behaviour. In a country town, the starting point is the recognition and mapping of the diverse strengths and assets each resident brings. The ability to have difficult community and board conversations that are always respectful is also crucial.

When we decided to buy the Grongy Pub, we had the right team, we were in the right place to flip our economy. There was a core group of six of us. We came up with the idea to buy the pub, put a plan together and presented it to the community. There's a wide range of skills among the six of us, from business, to building, to project management, so we knew we could do it.

– Wilfred Peterson, author

### The Story and Importance of Continuous Promotion

Small-town co-operative developers stress the importance of continuously sharing the story and making sure the local community is regularly updated on developments and achievements and reasons why it should support its local co-operative. The power of word of mouth and social media and the engagement of ABC Regional News and local newspapers cannot be undervalued.

**Image:** Example of an advertisement by the Coota District Co-op Ltd

**TRAVELLING ACROSS TOWNS**

#### WHAT DOES IT REALLY COST?

It's just a quick trip over the weekend to get a few basics. But these quick trips take time and money, and ultimately end up with us purchasing meals and goods out of town that we could get locally, if only we had the basics available.

**PETROL PRICES (91) FOR RETURN TRIP**

WAGGA	YOUNG	TEMORA
<b>\$24.14</b>	<b>\$13.00</b>	<b>\$14.40</b>
180 KM	97 KM	107 KM
2 HR 20 MINS	1 HR 15 MINS	1 HR 20 MINS

**THE COOTA DISTRICT CO-OP MEMBERSHIP**  
\$20 MEMBERSHIP + \$10 SHARE

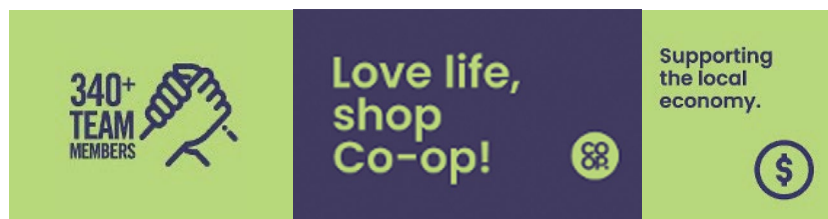
- CLOSE & CONVENIENT
- EMPLOYS LOCAL STAFF
- 5% DISCOUNT EVERY PURCHASE
- RETURN ON YOUR INVESTMENT



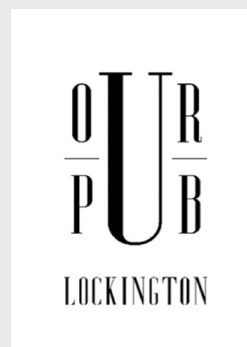
## Co-operative Marketing Mindset

Co-operatives are based on a set of impressive ideals and values, which is the key reason locals are prepared to invest and support an initiative. Transforming those principles into marketing messages is essential. Professor Tim Mazzaro's 'Marketing Our Co-operative Advantage (MOCA)' is a core module in his co-operative education programs. Sadly, this differentiation from conventional business, especially community ownership, is not evident in many co-operatives.

The marketing language of the Barossa Co-op is very powerful. It consistently reminds the regional and local community that it is a co-operative and unashamedly promotes the economic, social and cultural benefits of being a member and customer. The Barossa Co-op believes strongly that the brand should be a visual connection for what it stands for as a business.



These logos are exceptional examples of MOCA in terms of imagery and words:



**Access to, and  
Use of, Appropriate  
Technical and  
Professional Expertise**

Many co-operators have commented on the wisdom of soliciting outside expertise, including knowing what they run and what is best leased out. For example, the Sea Lake Hotel Co-operative utilises GMG Financials, a regional financial business with a strong interest in co-operative development, to handle its financial and legal matters. Strong financial management support is essential for co-operative sustainability.

The Sea Lake co-operative also made the early decision to lease out the hotel's kitchen and dining room to a chef from Melbourne to create a separate business called 'The Juke'. A publican who owns pubs across Australia gave the directors some simple advice: 'Whatever you do, don't try to take on the kitchen because it's a very fickle industry.'

## Organisational Focus

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A vision statement and a practical Business Plan are essential to understanding the co-operative's purpose, direction and priorities. The words of Richard House, board chair of GNP 360 Co-operative, capture the directional wisdom required by the board: 'Don't drift sideways!'

Why do co-operative ventures fail? Page 31 of Co-operatives in Australia: A Manual provides a list of factors:

When co-operatives fail, it is often due to the lack of commitment and unity of members, or the economic environment in which they operate. Around half of newly formed co-operatives do not survive the first five years. Failure can be the result of:

- Inability to balance benefits to members with retaining/raising sufficient capital to invest in the business
- Low returns, poor market or poor product or service
- Idealistic, impractical, poorly stated or conflicting objectives
- Inadequate planning or research
- Inability of members to co-operate or offer sufficient support
- Large users who seek more control
- Lack of communication and co-operative education
- Failure to use and control competent consultants or management
- Hijacking by management or some of the membership
- Directors not comprehending the needs and motivations of members
- Ignorance of legislation and legal obligations.

# Abbreviations

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<b>ABS</b>	Australian Bureau of Statistics
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<b>AIM</b>	Australian Institute of Management
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<b>BCCM</b>	Business Council of Co-operatives and Mutuals
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<b>CBH</b>	Co-operative Bulk Handling Ltd
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<b>CCUs</b>	Co-operative Capital Units
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<b>CNL</b>	Co-operatives National Law
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<b>MOCA</b>	Marketing Our Co-operative Advantage
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<b>UWA</b>	University of Western Australia
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# Appendices

## Differences Between Co-operatives, Companies and Associations

	<b>Co-operatives</b>	<b>Companies</b>	<b>Associations</b>
<b>Primary purpose</b>	Meet the common needs of members	Maximise profit for shareholders	Meet identified needs of the community
<b>Organisation ownership</b>	Owned by the users who benefit from membership	Shareholders	No ownership, any assets acquired belong to the association and are never distributed to members
<b>Ownership limit</b>	Member may not hold more than 20% of issued share capital	Member may hold 100% of issued share capital [substantial shareholding disclosure requirements for public companies, especially listed companies]	N/a
<b>Day-to-day management control</b>	Board [subject to statutory requirements for member vote on certain issues]	Board	Management Committee
<b>Voting rights</b>	One vote per member	One vote per share	One vote per member
<b>Major stakeholders</b>	Members who use its services	Shareholders	Group that it is established to serve

	Co-operatives	Companies	Associations
Share ownership	Shares can only be acquired by active members	Shares can be acquired by any person or organisation	N/a
Capital structure	Share capital from active members – although according to Accounting Standards, share capital must be recorded as a liability in the balance sheet because it is capable of repayment. Debt funding can be comprised of private debt, member loans and publicly issued debt securities such as debentures or CCUs	Share capital including share capital from public issue of shares – nonrepayable during the life of the company. Debt funding through private debt, publicly issued debt or hybrid securities	Membership fees, donations, government funding
Number of members	Minimum of five members (either individual or corporate)	Minimum of one member, although a public company must have three directors	Minimum of five members (six in Western Australia)
Membership	Restricted to persons willing to commit to active membership and able to use the co-operative's services	No restrictions other than limits on foreign ownership of shares or substantial shareholding requirements	Anyone who supports the association's purpose
Active involvement of member	Membership cancelled if active involvement ceases	Not required	Not required
Share price	Rules set "nominal value" for issued shares although in some cases a premium may be payable on application (there are restrictions on how the premium may be applied). No opportunity for capital gain	Share price varies according to either asset backing or market price, enabling opportunities for capital gain	No shares
Share disposal	Shares may be repurchased (with limits) at their nominal value or less	Shares may be sold at an agreed price	N/a
Surplus distribution	A surplus can be shared among members based on use of goods and services, or donated partly or fully to a charity or not-for-profit. Distributing co-operatives only may also declare dividends (franked or unfranked) based on shares	Dividends (franked or unfranked) are distributed to investors according to the class of share. Share profits are based on share ownership with no limit on the dividend	Surpluses belong to, and are retained by, the association. They cannot be distributed to the members
Member Liability	Member liability limited to unpaid amounts on shares and any other charges payable to the co-operative	Shareholder liability limited to any unpaid value of shares held	Member liability limited to any outstanding fees owing to the association
Decisions of entity	Democratic	According to majority of votes of shareholders (one vote per share)	Democratic
Member involvement	Active involvement of members required	No requirement for active involvement	Encouraged

## Snapshots of Small-Town Co-operative Creation

### **Bathurst Wholefood Co-operative (New South Wales)**

This not-for-profit organisation is a co-operative of consumers and farmers working together to provide organic fresh produce to their members and the wider community. Currently, the co-operative offers 650 lines, and 95% of its stock is either local, organic or both. As it is a non-distributing co-operative without share capital, any surplus from operations is used to promote better and more affordable products and member services. The members receive a 10% discount for all products.

Established in 2011, it has over 500 members today. They share the following objectives:

- To purchase locally grown and/or organic foods and related products for sale to co-operative members and the wider community
- To work in conjunction with existing organisations to raise awareness in the local community about the benefits of buying/consuming locally sourced produce
- To work in conjunction with existing organisations to raise awareness in the community about buying/consuming organic produce
- To provide and/or create a route to market for local/organic produce generated by the local farming community.
- A copy of their Disclosure Document can be accessed [here](#).

W - [bathurstwholefood.org](http://bathurstwholefood.org)

**Beacon Co-operative  
Ltd – General Store  
and Post Office  
(Western Australia)**

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The Beacon Co-operative is located in a small regional community of 125 people. It is 333 kilometres from Perth on the northeast border of the Wheatbelt region. Established in 2000, the venture provides groceries, fresh provisions and banking services and runs a post office and a news agency.

T - 08 9686 1057

E - [beaconcoop@bigpond.com](mailto:beaconcoop@bigpond.com)



**Broomehill Village  
Co-operative  
(Western Australia)**

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The 120-year-old Broomehill Imperial Hotel closed in 2019 after the owners were unable to keep trading. Given the hotel's role in fostering social interaction and local economic activity, a passionate group of locals led by Scott Thompson came together to form the Broomehill Village Co-operative. Its objective was to purchase, renovate and open the hotel to provide bar services, meals, new worker accommodations and space for community groups to meet.

To retain a vital town service, create local employment and foster visitor expenditure, the co-operative raised \$325,000 from 75 shareholders in a town with a population of only 250 people. Two and half years from the hotel's closure, the co-operative gained pub ownership. Community busy bees have begun the transformation, and the co-operative has been particularly successful in achieving external grant funding, including \$22,500 from from CBH through the Bunya Fund and \$151,000 from the Great Southern Development Commission.

T - 04 2891 6131

W - [facebook.com/broomehillvillagecoop](https://www.facebook.com/broomehillvillagecoop)



## Colbinabbin General Store Co-op (Victoria)

The Colbinabbin General Store had been on the market for over two years without a buyer and was falling into disrepair. Inspired by nearby Lockington and its co-operative hotel, the Colbinabbin community of 290 residents decided to act and formed a co-operative to purchase the store, as the nearest shopping centre is a 40-minute drive. They raised over \$400,000 from the local community and beyond; 160 individuals, families and organisations purchased shares, and each contributed between \$500 and \$10,000.

The store reopened under co-op ownership in December 2020. While it remains a general store, the business has evolved to include a post office, a bistro/café with al fresco/ outdoor dining and a bakery/patisserie. It offers brunch, light meals, seasonal local produce, healthy food and a gift range.

T - 03 5441 5807

E - [info@colbostore.com.au](mailto:info@colbostore.com.au)

W - [facebook.com/colbinabbingeneralstore](https://www.facebook.com/colbinabbingeneralstore)



## Cobargo Co-operative Society Ltd (New South Wales)

This South Coast community co-operative has a powerful vision statement: 'to support the community of Cobargo and districts to grow and prosper into the future, being open to how this may evolve. We aim higher than just economic growth, looking to support Cobargo's social capital by being a vibrant and interactive place where the community feels safe and supported to connect.'

This co-operative is based in the small town of Cobargo, population of 900 people. It has operated as a community-owned enterprise since 1901. Initially established as the Cobargo District Co-operative Creamery Butter Company Ltd, it has evolved from a dairy farmer producer co-operative

to offering regional and agricultural supplies and fuel and operating a hardware store and garden centre. Its current membership base is 1,685.

The Cobargo Co-operative Society's most recent transformation occurred following the horrific New Year's fires that devastated the town and district in 2019-20. The co-operative became ground zero for the area's disaster response and now plays a pivotal role in its long-term recovery. After the destruction of many of the town's shops, the co-operative became a meeting place for locals to obtain information, social connection and emotional support. It also became a first responder agency and facilitated the distribution of rationed fuel, emergency feed, fencing and community donations.

The co-operative team's strong connection with the community meant that it knew who had been impacted by the fire and how to respond accordingly. It established a GoFundMe fundraiser, which generated over \$72,000 for fire-affected community members. It also became a conduit for donations and community facility grants and organised a tool library where people could borrow tools.

The Cobargo Co-operative Society is supporting the creation of a new business hub on its land to promote the community's economic recovery and replace lost shop premises. Most importantly, it has ensured that the needed regional supplies are being provided at competitive prices.



**“We knew it is a huge community asset and they needed someone there to help as nothing was open. Having those values and being a co-operative made a difference to how we responded and what we did.”**

– Dan Williamson, Manager, Cobargo Co-operative Society Ltd

**Coota District  
Co-op Ltd  
(New South Wales)**

A group of passionate Cootamundra residents came together in response to the news that Wesfarmers was going to close its Target store located in the centre of their town. In August 2020, a public meeting was held to discuss the risk to the town's economic prosperity and the idea of establishing a retail co-operative. A steering group comprising nine volunteers met weekly and explored options. A garage sale was organised to raise funds to support business planning and the formation of a legal identity.

The group's Rules and Disclosure Statement were approved in May 2021, and the Coota District Co-op became a legal entity. Immediately, a formation meeting was called, memberships were received and a board was elected. With funds from 1,000 members, a building was leased, and an affordable retail store was opened.

T - 04 0538 1038

E - [manager@cootacoop.com.au](mailto:manager@cootacoop.com.au)

W - [cootacoop.com.au/aboutcootacoop](http://cootacoop.com.au/aboutcootacoop)

**Check out Coota District Co-op's story on YouTube, 'From Little Things, Big Things Grow', and its Business Plan.**



## Grong Grong Community Company (New South Wales)

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The small Riverina community of Grong Grong, also known as Grongy, had already lost a school, a railway station and a police station, but the locals were determined not to lose their pub. When the Royal Hotel, built in 1875, came up for sale in the middle of the COVID-19 pandemic and attracted little interest from potential buyers, the community members of this farming village of 150 people opted to create a community-owned company, not a co-operative.

Offering \$5,000 shares, the company now has 169 shareholders, including ex-locals who had moved away but wanted to retain a connection to the town. It has raised more than \$1 million, double the amount the organisers expected. Such interest and generosity enabled them to undertake more than originally planned, including a total renovation, a new roof and floors and a new commercial kitchen. As much as possible, all the renovation work was given to the local people, providing valuable income for the small community.

T - 02 6956 2117

E - [facebook.com/grongyroyal](https://www.facebook.com/grongyroyal)

**View the inspiring story of the Royal Hotel Grong Grong titled 'A Unique Way a Small Town Kept a Historic Pub From Closing' from Channel 9 Today.**

## **Kulin Development Co-operative Ltd (Western Australia)**

The Wheatbelt town of Kulin is a remarkable story of small-town reinvention. Commencing in 1998 with a mission statement to 'stop depopulation and loss of services', the Kulin community has implemented a comprehensive set of initiatives focused on making Kulin a great place to live and work. The result has been significant population growth, tourism development and lifestyle improvement.

In 2019, the town lost its engineer to the mining industry. Local farmer and shire president Barry West saw the need to create a local development co-operative to gain and retain services for farming and regional industries. The Kulin Development Co-operative was launched and registered in 2020 with \$500 shares. With 16 members, the co-operative utilised its capital to build a shed and support a young engineer to relocate to Kulin. When he decided to move on, the co-operative attracted a mechanic who now uses the premises to provide regional small-vehicle mechanic services, employing three mechanics. The group is currently exploring new options, including an auto electrician and short-term worker accommodations.

T - 04 8809 0221

“Our Kulin Development Co-operative is motivated by the desire to ensure our children and grandchildren will want to live and work in Kulin, not have to.”

- Barry West,  
Founding Board Member, Kulin Development Co-operative

**Lockington  
Community Hotel  
Co-operative Ltd  
(Victoria)**

Lockington, a dairy service town in northern Victoria with a population of fewer than 1,000 people, was facing an uncertain future due to drought, high water prices and business closures. To prevent the local pub from shutting down, a group of passionate locals formed a steering group and mobilised 96 shareholders, including the local football club and action club, to purchase \$5,000 shares. Inspired by nearby Victorian regional communities, such as Sea Lake and Nandaly, they generated a capital base of \$600,000.

The co-operative hotel continues to evolve as a community asset, with profits ploughed back into pub development. It is the social hub of the community and provides essential hospitality services for Lockington's growing tourist trade. On weekends, the pub often serves 500-700 meals. As a business, it provides 10 jobs. While no one invested in the business for financial gain, the pub has already made returns to the shareholders in the form of vouchers to be spent at the hotel.

T - 04 2753 4597

W - [facebook.com/Lockypub](https://www.facebook.com/Lockypub)



View an excellent Channel 9 Current Affair segment on the Lockington Community Hotel Co-operative titled **'How a Tiny Village Community Bought a Pub to Save Their Town'**.

## Nandaly Community Hotel (Victoria)

This community of 45 people's aim was to regain its town hub, a meeting place not just for Nandaly but also for the surrounding townships. In 2018, the Nandaly Community Hotel Committee was looking for a new business model for its local pub, The Nanny, which had been closed for six months due to difficult and unforeseen circumstances. Thus, Joseph Brady and Terry Kiley from the committee participated in an 'Understanding Social Enterprise' program facilitated by the Australian Centre for Regional Entrepreneurship (ACRE).

With support from the economic development team at the Buloke Shire Council, they used their new knowledge about social enterprises to generate interest in the community of Nandaly to raise the funds to purchase and reopen the pub as a non-profit distributing co-operative, where all profits would be returned to develop the operations of the hotel. The pub opened as a co-operative venture in December 2018.

T - 03 5081 1231

E - [nandalyhotel@gmail.com](mailto:nandalyhotel@gmail.com)

W - [facebook.com/NandalyCommunityHotel/reviews](https://www.facebook.com/NandalyCommunityHotel/reviews)



Follow the link to view a great YouTube by ACRE on the Nandaly Community Hotel story entitled '**Community Asset Ownership Through Social Enterprise – Nandaly Community Hotel**'.

**Sea Lake & District  
Co-operative Ltd  
– Hardware Store  
(Victoria)**

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In 2015, 60 founding shareholders in the small Victorian Mallee community of Sea Lake (population of 616) raised \$200,000 to reopen its hardware store, which had been closed for two years. Starting in the late 1950s, the locals had operated their supermarket as a co-operative. That model continued with the hardware store, which opened in February 2016. Despite having a Bunnings only 75 kilometres away in Swan Hill, the business has thrived. Seven directors comprise the board of the store.

T - 03 5070 2105

E - [sealakeco-operative@outlook.com](mailto:sealakeco-operative@outlook.com)

W - [facebook.com/sealakehardware/](https://www.facebook.com/sealakehardware/)

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**Westonia Community  
Co-operative Ltd  
(Western Australia)**

Located in the eastern Wheatbelt town of Westonia, population of 248 people, the co-operative operates the Westonia Co-op & Café. It was established as a community-owned venture in 2000 when the locals provided \$250,000, with each shareholder contributing between \$1,000 and \$10,000. The community champions visited and were inspired by the Beacon Co-operative mentioned earlier.

The Westonia co-operative offers a traditional supermarket/ convenience store, as well as dine-in/takeaway food, fresh local produce, coffee, postal services and giftware. Its turnover is currently \$1.3 million, and it employs a manager and four part-time shop assistants. The co-operative also has a bus run and a mail run, which help considerably with cash flow.

T - 08 9046 7222

E - [wessyshop@bigpond.com](mailto:wessyshop@bigpond.com)

W - [www.facebook.com/westoniacoopcafe](https://www.facebook.com/westoniacoopcafe)

## Key Co-operative Support Agencies

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### National

#### **Business Council of Co-operatives and Mutuals**

peak body for co-operatives and mutuals in Australia.

T - 02 8279 6050

E - [info@bccm.coop](mailto:info@bccm.coop)

W - [bccm.coop/about/](http://bccm.coop/about/)

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#### **Employee Ownership Australia**

an independent not-for-profit organisation providing invaluable technical support for worker co-operative development and processes to achieve employee ownership.

E - [info@employeeownership.com.au](mailto:info@employeeownership.com.au)

W - <https://employeeownership.com.au/>

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### Western Australia

#### **Co-ops WA**

state peak body engaging in co-operative advisory, training, networking, research and advocacy.

T - 04 2967 1314

E - [info@cooperativeswa.org.au](mailto:info@cooperativeswa.org.au)

W - [cooperativeswa.org.au](http://cooperativeswa.org.au)

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#### **Co-operatives Unit, Consumer Affairs in Department of Mines, Industry Regulation and Safety**

government agency responsible for registration and oversight of co-operatives in Western Australia.

T - 13 0030 4074

E - [Co-operatives.Unit@dmirs.wa.gov.au](mailto:Co-operatives.Unit@dmirs.wa.gov.au)

W - [commerce.wa.gov.au/consumer-protection/co-operatives](http://commerce.wa.gov.au/consumer-protection/co-operatives)

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**Western  
Australia (cont.)**

**Lincolns**

an accountancy firm based in Albany that has been actively involved in helping regional communities establish their co-operatives.

T - 08 9841 1200

W - [www.lincolns.com.au](http://www.lincolns.com.au)

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**New South Wales**

**The Co-op Federation**

evolved from Co-operatives NSW, welcomes members from other states and territories and has 180 member co-operatives.

T - 0408 231 509

E - [info@fed.coop](mailto:info@fed.coop)

W - [fed.coop](http://fed.coop)

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**NSW Fair Trading**

based in Bathurst, the government agency responsible for registration and oversight of co-operatives in New South Wales.

T - 18 0050 2042

E - [registryinquiries@customerservice.nsw.gov.au](mailto:registryinquiries@customerservice.nsw.gov.au)

W - [fairtrading.nsw.gov.au/associations-and-co-operatives](http://fairtrading.nsw.gov.au/associations-and-co-operatives)

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**Queensland**

**Office of Fair Trading – Co-operative, Department of  
Justice and Attorney-General**

the government agency responsible for registration and oversight of co-operatives in Queensland.

T - 137 468

W - [www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits/cooperatives](http://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits/cooperatives)

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## South Australia

### **Consumer and Business Services Co-operatives**

the government agency responsible for registration and oversight of co-operatives in South Australia.

T - 131 882

E - [associations@sa.gov.au](mailto:associations@sa.gov.au)

W - <https://www.sa.gov.au/topics/family-and-community/community-organisations/co-operatives/register-a-co-operative>

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## Tasmania

### **Consumer, Building and Occupation Services**

the government agency responsible for registration and oversight of co-operatives in Tasmania

T - 1300 654 499

W - [www.cbos.tas.gov.au/topics/licensing-and-registration/co-operatives](http://www.cbos.tas.gov.au/topics/licensing-and-registration/co-operatives)

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## Victoria

### **Consumer Affairs Victoria**

the government agency overseeing registration and supervision of co-operatives in Victoria.

T - 13 0055 8181

W - [www.consumer.vic.gov.au/licensing-and-registration/co-operatives](http://www.consumer.vic.gov.au/licensing-and-registration/co-operatives)

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### **Business Victoria**

a government agency offering co-operative business advice

T - 132 215

W - [business.vic.gov.au/business-information/start-a-business/business-structures/cooperative](http://business.vic.gov.au/business-information/start-a-business/business-structures/cooperative)

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### **GMG Financial Group**

an accountancy firm based in Swan Hill that has been actively involved in helping regional communities in Victoria and New South Wales establish their co-operatives.

T - 03 5032 9422

W - [www.gmgfg.com.au](http://www.gmgfg.com.au)

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## Northern Territory

**Department of Business Services – Co-operatives**  
the government agency overseeing registration and supervision of co-operatives in the Northern Territory.

T - 18 0019 3111

E - [associations.compliance@nt.gov.au](mailto:associations.compliance@nt.gov.au)

W - [nt.gov.au/industry/start-a-business/key-decisions/business-structures/cooperatives](https://nt.gov.au/industry/start-a-business/key-decisions/business-structures/cooperatives)

## The Bunya Fund



**The Bunya Fund is a co-operative development fund that aims to grow the next generation of co-operatives and mutuals and support bold new initiatives from more established co-operatives and mutuals.**

The Bunya Fund is a program of the Business Council of Co-operatives and Mutuals (BCCM) and funds education, training, advisory and mentoring to help co-operatives and mutuals take on the economic, social, cultural and environmental challenges in Australian communities and thrive. Successful applicants receive support valued between \$5,000 and \$25,000.

A package of support can be utilised for the following:

- Professional advice to support growth and capacity-building
- Access to education or training to support growth and capacity-building, such as governance, innovation, strategic planning, capital raising and mergers
- Support for an existing business or organisation seeking to convert to worker-owned or multistakeholder-owned
- Support to further a regional economic development collaboration
- Support to build a co-operative or mutual network of social and community organisations or enterprises
- Support to develop an emerging or innovative co-operative model or initiative, such as a limited-equity co-operative housing project or a platform co-operative
- Development of a farmers' co-operative or mutual
- Support the growth of a member-owned community asset, such as a co-op pub, hotel or hardware store.

T - 0418 223 517

W - [bccm.coop/about/key-projects/the-bunya-fund](https://bccm.coop/about/key-projects/the-bunya-fund)

“When the members of a community **come together for a common cause**, without purely financial or commercial motives, when they co-operate and collaborate to save or preserve something that is important and valuable to the community, **they can unlock something very powerful.**”

– **Julian Ross**  
Community  
development author

Typically, policy has privileged the biggest corporations. Yet a growing body of research is proving something that many citizens already know: **small-scale, locally owned businesses create communities that are more prosperous, entrepreneurial, connected and generally better off** across a wide range of metrics.

– **The Institute for  
Local Self-Reliance**

Sponsored by The Bunya Fund of the Business Council of Co-operatives and Mutuals and the CBH Group

Written by Peter Kenyon, Director,  
Bank of I.D.E.A.S.

