



## Co-operatives Information Sheet

### What is a co-operative?

A co-operative is an autonomous association of people who voluntarily join together to meet common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. It may be formed to provide goods or services to its members or to supply goods or services to the public.

### Types of co-operatives:

Two types of co-operatives operate in Western Australia:

**Distributing co-operatives:** This structure allows returns or distributions to members on surplus other than the nominal value of any shares at the time of winding-up. Distributing co-operatives must have share capital.

**Non-distributing co-operatives:** This structure does not allow returns or distributions on surplus other than the nominal value of any shares at the time of winding-up. Non-distributing co-operatives can choose whether to have share capital.

### Is becoming a co-operative the right choice?

The following seven guiding principles distinguish a co-operative from other business structures:

1. **Voluntary and open membership** to anyone willing to accept the responsibilities of membership.
2. **Democratic member control.** Members have equal voting rights (one member, one vote).
3. **Economic participation.** Members contribute and control the capital of their co-operative in an equitable and democratic way.
4. **Autonomy and independence.** Co-operatives are autonomous organisations controlled by their members.
5. **Education, training and information** is often provided to members so that they can contribute effectively to the organisation.
6. **Co-operation among co-operatives** helps to reinforce co-operative ideals and further the co-operative business structure.
7. **Concern for the community.** Co-operatives also the sustainable development of their communities through policies accepted by their members.

You may wish to investigate other forms of organisation including forming an association, a partnership or a limited liability (pty ltd) company before deciding which legal structure to use. For further information please contact the Co-operatives Unit at the Department of Commerce on: 08) 6364 3070.

### Applying to register a co-operative:

By law, all co-operatives trading in Western Australia must register with the Department of Commerce. The flow chart on the next page outlines the steps required to register a co-operative.

#### DEPARTMENT OF COMMERCE

Unit 4  
321 Selby Street Nth  
Osborne Park  
WA 6017

Postal address  
Locked Bag 14  
Cloisters Square  
Perth WA 6850

Website:  
[www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

Co-operatives information  
Phone: 6364 3070  
Fax: 9282 4337

Email:  
[cooperatives@commerce.wa.gov.au](mailto:cooperatives@commerce.wa.gov.au)

## Co-operatives Information Sheet

### Co-operatives Information Sheet

#### How to register a co-operative:

##### MAKE SURE YOU HAVE AT LEAST 5 MEMBERS



##### DECIDE ON THE TYPE OF CO-OPERATIVE

Decide whether it is best to be a distributing co-operative, or a non-distributing co-op with or without share capital.



##### IDENTIFY ONE OR MORE PRIMARY ACTIVITIES

You must identify at least one activity of the co-operative that both reflects its basic purpose and makes a significant contribution to the business.



##### DECIDE ON HOW ACTIVE MEMBERSHIP WILL BE MEASURED

You need to decide how a member must use or support the primary activity of the co-op so that he or she remains an active member.

Only one active membership provision is required even if your co-op has more than one primary activity.



##### DRAFT THE PROPOSED RULES

*Form 01 – Application for approval of proposed rules of a co-operative*

Obtain a copy of the model rules from the Department of Commerce website [here](#). The rules must indicate the active membership provisions, and set out a statement of primary activity. It is a good idea to get a group of proposed members to agree on the draft rules beforehand as they will need to be passed by two thirds majority vote at the formation meeting.



##### SUBMIT FEES AND DOCUMENTATION FOR REVIEW BY THE REGISTRAR

At least **35 days** prior to proposed formation meeting. The schedule of fees is available [here](#).



##### DISTRIBUTING CO-OPERATIVES ONLY DRAFT THE DISCLOSURE STATEMENT

*Form 02 – Application for approval of draft disclosure statement for a proposed distributing co-operative.* For a copy of a disclosure statement template click [here](#).



##### RULES (AND DISCLOSURE STATEMENT IF APPLICABLE) APPROVED BY REGISTRAR AND RETURNED



##### HOLD FORMATION MEETING

This is when prospective members will vote to accept the rules, sign membership applications and elect the Board of Directors.



##### SUBMIT COMPLETED DOCUMENTS TO THE REGISTRAR

*Form 03 – Application for registration of a co-operative*

A certified copy of the rules and the disclosure statement (if applicable) are also required. In addition *Form 04 – Statement of Director details*, should be submitted.



**THE REGISTRAR SENDS A REGISTRATION CERTIFICATE AND A COPY OF THE REGISTERED RULES TO THE CO-OPERATIVE AFTER APPROVAL.**

##### NON-DISTRIBUTING CO-OPERATIVES

