

About co-operatives

 fairtrading.nsw.gov.au/associations-and-co-operatives/co-operatives/about-co-operatives

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Co-operatives are democratic organisations that are owned and controlled by their members. They are traditionally based on values of self-help, responsibility, and equality.

Co-operatives are different from public companies because voting rights are based on membership (ie. one member, one vote) rather than shareholding.

Co-operative's liability

When a co-operative is formed it has its own legal identity separate from its members. As a legal entity in its own right a co-operative bears liability for its acts. This means that legal claims made against a co-operative are the responsibility of the co-operative.

Distributing or non-distributing

Co-operatives can be either distributing or non-distributing. Distributing co-operatives must have share capital and members must hold at least the minimum shareholding specified in the rules.

A distributing co-operative may distribute to members a part of the surplus generated in a year by way of:

- a rebate, or
- the issue of bonus shares to members, or
- the issue of a limited dividend.

Non-distributing co-operatives are not required to have share capital.

A non-distributing co-operative must not distribute surplus funds to members. If the co-operative is wound up members can only get back the nominal value of any shares they hold in the co-operative. The surplus must be distributed as provided for in the co-operative's rules. A non-distributing co-operative structure is more likely to be suitable for community organisations.

What can a co-operative do?

Co-operatives can be involved in a variety of social and commercial activities. A co-operative may carry out any activity defined within its rules.

Membership

General co-operatives must have at least five active members at all times. There is no limit on the maximum number of members a co-operative may have.

Only members who actively utilise or support the co-operative's primary activities as required by the co-operative's rules (ie. active members) are able to vote and are able to retain their membership. Go to [co-operatives active membership](#) for information on primary activities and active membership.

NSW Fair Trading

NSW Fair Trading's Registry Services administers the [Co-operatives National Law \(NSW\)](#) under which NSW co-operatives are registered.

The Co-operatives National Law (NSW) is set out in the appendix to the Co-operatives (Adoption of National Law) Act 2012.

Fair Trading maintains the Register of co-operatives in NSW and is responsible for:

- Registering a co-operative
- Receiving and recording co-operative documents including:
 - annual reports
 - special resolutions, including changes to the rules
 - changes to directors and office bearers.

Obtaining copies of documents

The public can access documents lodged with NSW Fair Trading from the Public Register upon paying the applicable fee. Go to [accessing co-operatives public records](#) for information.

Need more information?

Registry Services

PO Box 22

Bathurst NSW 2795

Tel: 02 6333 1400

Freecall: 1800 502 042

Email: registryinquiries@customerservice.nsw.gov.au

[Next](#) Starting a co-operative

