

Registration Services

Fact Sheet

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Co-operatives National Law

In Tasmania co-operatives are regulated by the Co-operatives National Law (Tasmania) (CNL) and supported by the Co-operatives National Regulations (Tasmania). The Co-operative National Law (Tasmania) Local deal with local administrative and procedural matters as well as setting fees.

Terminology

Trading Co-operatives are known as 'distributing Co-operatives', and non-trading co-operatives as 'non-distributing Co-operatives'.

Co-operative federations are now known as 'Co-operative groups'.

Nationwide registration

Under the CNL, a Co-operative that is legally registered in one jurisdiction can now operate on a national basis without needing to comply with registration or reporting requirements in each State. This is in line with the rights and obligations of companies under the *Corporations Act 2001*.

Registrar of co-operatives

The CNL establishes the role of Registrar of Co-operatives in each State.

The Registrar has a range of administrative responsibilities under the CNL, including the assessment and approval of the rules of a Co-operative, and the subsequent registration and ongoing regulation of Co-operatives.

A two tiered system – small and large co-operatives

Under the CNL, a two-tiered system has been created to allow for more appropriate financial reporting. Co-operatives are divided into 'small Co-operatives' and 'large Co-operatives' based on their size, membership, assets and fundraising activities.

Small co-operative

In general, a Co-operative is small if, in a particular year, it doesn't raise funds from the public issue of securities, and satisfies at least two of the following criteria:

- the consolidated revenue of the Co-operative and the entities it controls (if any) is less than \$8 million for the previous financial year
- the value of the consolidated gross assets and the entities a Co-operative controls (if any) is less than \$4 million at the end of the previous financial year
- the Co-operative and the entities it controls (if any) had fewer than 30 employees at the end of the previous financial year.

Reports to members

Small Co-operatives may not have a specific requirement in their rules, or may be required by the Registrar to have their accounts audited or reviewed. In this instance they are required to submit an annual report to the Registrar.

Small Co-operatives are required to provide financial reports to their members, however this report will not need to be audited or reviewed (unless otherwise directed). The report is fairly straightforward and includes basic financial information, while adhering to relevant Australian accounting standards.

Co-operative members who control at least 5% of the votes can request an audit or review. The Registrar can also require that an audit or review be undertaken.

Of course, small Co-operatives can still choose to include additional financial reporting and auditing requirements above and beyond those required by the CNL as part of their rules.

Annual returns

Small Co-operatives are required to provide a brief annual return to the Registrar. The Co-operative National Regulations set out the information to be included in an annual return and must include basic information such as; Co-operative details, a statement that the Co-operative is still solvent, the number of members, and a statement indicating whether there has been a direction by members requiring any additional financial reports.

Small Co-operatives have a greater financial reporting requirement than a small proprietary company under the *Corporations Act 2001*. Public feedback on the CNL strongly indicated support from the sector to retain this higher level of reporting in order to uphold the Co-operative principles of member participation and democracy.

Large co-operatives

A large Co-operative is defined under the CNL simply as any Co-operative that does not fit into the definition of a small Co-operative.

Financial reporting and audit

Large Co-operatives must prepare annual financial and Directors' reports in line with part 3.3 Division 3 of the CNL. This reporting is comparable to the financial reporting requirements of companies under Part 2M.3 of the *Corporations Act 2001*.

Large Co-operatives must satisfy audit requirements contained in the *Corporations Act 2001*.

Reports to members

Large Co-operatives have a choice as to how they report to their members. They may either:

- provide a copy of each of the financial, Director's and audit report to their members; or
- provide a concise report. If a concise report is provided, it needs to state that a member can still request a copy of the full reports if they wish. These reports must be provided to members free of charge.

Reporting requirements

Co-operative type	Financial statements	Annual reporting to Registrar
Small	Not necessary to provide financial statements unless a review or audit is required by the Registrar or is directed by members	Must lodge an annual return with the Registrar within five months of the end of the financial year
Large	Must lodge with the Registrar: <ol style="list-style-type: none">1. Within three months after the end of the financial year if it is a disclosing entity Co-operative in terms of the <i>Corporations Act 2001</i>.2. Within five months after the end of the financial year for any other Co-operative.	Must prepare or get financial reports and directors' reports under Divisions 3-5 of the CNL and lodge them with the Registrar. The annual financial report consists of the: <ul style="list-style-type: none">• financial statements• notes to the financial statements• directors' declaration about the statements and notes The directors' report contains information about the operations of the Co-operative for the previous year.

Other provisions regarding management of the Co-operative

The CNL includes a variety of other provisions relating to the eligibility of an individual to be a Director and the duties of office bearers, including Directors, the secretary and other officers.

These provisions are largely aimed at bringing the obligations of officers of Co-operatives in line with those of officers of companies under the *Corporations Act 2001*.

Regulations and model rules

The Regulations:

- contain the definition of small Co-operatives
- detail the required content of financial reports
- outline the responsibilities of the secretary of a Co-operative
- make provision for fees that are payable, and exemptions.

There are also requirements regarding fundraising, which bring Co-operatives in line with corporations' law.

The majority of the regulations are dedicated to setting out Model Rules. There are different Model Rules for:

- distributing Co-operatives with share capital
- distributing Co-operatives without share capital
- non-distributing Co-operatives.

The Model Rules have been included to provide an example of what a suitable set of Co-operative rules might look like. A Co-operative may wish to avoid a lengthy process in drafting its own rules and simply fill in the details and adopt the appropriate Model Rules.

On the other hand, a different Co-operative may wish to add further safeguards, reporting or requirements to the Model Rules to ensure members' expectations are met. Either approach is fine, provided the final Rules include all the requirements of Schedule I of the CNL. The Registrar then assesses and approves a Co-operative's rules as part of the registration process.

It should be remembered that Co-operatives will retain the right to include requirements in their rules that are greater or more stringent than those in the Model Rules. The Model Rules have simply been drafted to demonstrate how the minimum requirements applying to a Co-operative can be met.

More information

For more information on Co-operatives visit our website at www.cbos.tas.gov.au.

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