

FACT SHEET

Co-operatives National Law (Tasmania) Bill 2014

The Co-operatives National Law (CNL) is a modern regulatory system for co-operatives, which reduces red tape, creates a uniform national regulatory framework and provides an even playing field with other businesses.

The Bill seeks to deliver this system by:

- providing freedom to operate on a national basis;
- better access to external capital funding;
- simplified reporting for smaller co-operatives; and
- an accessible modern legislative framework.

Co-operatives are businesses owned and run for the benefit of their members. Co-operatives are an important part of a vibrant and healthy economy and provide crucial services to not only their members but also the community across a range of areas including health and medical care, agriculture, retail and housing services.

The co-operative model is very flexible and can be either for profit or not-for-profit (referred to in the new legislation as “distributing” co-ops or “non-distributing” co-ops), depending on the needs and wishes of members. Co-operatives can be a source of employment or housing, and can provide vital infrastructure or other shared resource for members.

The CNL contains provisions for the formation, powers and constitution, and the management and operation of co-operatives. It also addresses structural events including merger and external administration, cross-border trade, mutual recognition, legal proceedings, and other miscellaneous matters.

The new CNL will not make any conceptual changes to the nature of a co-operative. In fact, section 10 of the CNL specifically states that the CNL should be interpreted so as to be consistent with the co-operative principles of the International Co-operative

Alliance. The new regime will, however, ensure co-operatives are treated comparatively to other forms of incorporated entities such as companies or incorporated associations.

Existing co-operatives will be automatically registered under the new legislation. These co-operatives may, however, need to consider whether they need to make any minor amendments to their rules or processes to comply with the new regime.

Under the new two-tiered system, those co-operatives that fit the definition of a “small co-op” will have the benefit of simpler reporting requirements. This will ease the administrative burden of a significant proportion of Tasmanian co-ops.

The legislation is in the form of template legislation, with New South Wales passing the original legislation. All amendments to the Co-operatives National Law will be tabled in both Houses of the Tasmanian Parliament within ten sitting days of their commencement.

The Co-operatives National Law is supported by national regulations and model rules.