

# Starting a Co-op

## a road map and some tools



Farm Co-operatives  
& Collaboration

Pilot Program



### Five steps to forming a co-operative

#### 1. Develop a business plan

You need at least five members to start a co-op. Any collaborative enterprise needs a business plan. What will the co-op do? Who will be involved? How much capital does it need? What benefits will members get from it?

Drafting a business plan should be your first step. Then, you will be equipped to prepare the documents you need.

#### 2. Prepare your documents – use the Co-op Builder

Co-operatives need two documents for registration: a constitution (the set of internal rules), and a disclosure statement (a 'prospectus' to sell member shares). The Co-op Builder tools help you to draft these documents. It provides a template with customisable sections. The parts that *you* draft will represent *your* business plan and tell the story of *your* co-operative.

#### 3. Registrar approval

When you have finished the Co-op Builder, you will be ready to submit your constitution and disclosure statement for approval by the Registrar for your state.

The Registrar checks to see that your documents reflect co-operative principles and meet legal requirements.

#### 4. Formation meeting (with at least five members)

Once you have approval from the Registrar, you can hold a formation meeting with five (or more) members. This is when the first members of your co-op officially meet and agree to form the co-operative.

#### 5. Registration

Using a form provided by your state's Registrar, you will need to send proof of your meeting. Once processed, your co-operative will receive a Certificate of Registration and you will be ready to start.

### You will need:

- A business plan
- Two documents from the Co-op Builder: a constitution and a disclosure statement
- Registrar approval (from your state)
- A formation meeting (with at least five members)
- Registration (showing proof of the first meeting)
- Certificate of registration

### How the Co-op Builder works

The Co-op Builder provides two tools; one for drafting your constitution and the other for preparing your disclosure statement.

The constitution is drafted first. Some information in that document is automatically saved into your disclosure statement.

The tools have been written with as much standard content as possible, leaving key parts for you to design.

You will be able to draft complete documents and re-enter your account to make changes and recompile.

Log in to the Co-op Builder from [www.farmingtogether.com.au](http://www.farmingtogether.com.au) under 'Resources'.

For more information

E: [info@farmingtogether.com.au](mailto:info@farmingtogether.com.au)  
or call **1800 00 55 55**

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## A map for the Co-op Builder tools

### Constitution Builder

The standardised content of the constitution is suitable for a start-up co-op and meets registration requirements for all states. **Map your progress with the tables below.**

| What's needed from you ...                    | No. of rules | What's involved?  |
|--|--------------|---|
| <input type="checkbox"/> 1. Your co-op's name, what it will do and how members support the co-op                               | 5            | Four of the five rules need your input. Guidance for drafting is provided.  |
| <input type="checkbox"/> 2. Membership: how to join, how to leave, settling disputes between members                           | 13           | 12 of the rules are standardised. One rule requires a choice from options.  |
| <input type="checkbox"/> 3. Member shares and finance  | 10           | Seven rules have standardised content. Three rules require customising or option choices.   |
| <input type="checkbox"/> 4. Board of directors: size of the board, elections and how the board works                           | 12           | 10 rules have standardised content. Two rules require input with choices from options.  |
| <input type="checkbox"/> 5. AGM, voting and meeting procedures   | 12           | 11 rules have standardised content. One rule requires a choice from options.  |
| <input type="checkbox"/> 6. Accounts and administration: financial reporting to members, winding up and administrative matters | 10           | Seven rules have standardised content, three rules require customising choices. The tool will guide you on requirements for reporting to members. |

### Disclosure Statement Builder

The standardised content of the disclosure statement is suitable for formation meeting requirements. After registration, this becomes your primary marketing document (or prospectus), to encourage new members to join. As your co-operative grows, the disclosure statement must be updated regularly to reflect financial and economic growth. You will need to refer to your business plan to complete the disclosure statement.

| What's needed?  | What's involved?  |
|---|---|
| <input type="checkbox"/> 1. Background and demand for co-op services/products | This part requires your input: information about number of initial and potential members; their needs and the purpose of your co-op.  |
| <input type="checkbox"/> 2. Membership  | Mostly standardised content including some information from your constitution. You need to identify who would benefit from membership.  |
| <input type="checkbox"/> 3. Share capital                                     | <b>Standardised content.</b><br>This includes the share capital rule from your constitution.  |
| <input type="checkbox"/> 4. Benefits of membership                            | This part requires your input to identify what benefits members will receive from ownership of the co-op and access to its services.  |
| <input type="checkbox"/> 5. Management  | Mostly standardised content to explain board structure. Information about inaugural directors must be provided in this part.  |
| <input type="checkbox"/> 6. Business plan and financial forecasts             | This part requires the business plan to be inserted. Instructions for merging PDF documents are included at the end of the Builder. Please refer to the 'Business and Operations' guide (online). |
| <input type="checkbox"/> 7. Certifications                                    | <b>Standardised content only.</b><br>Certification will be completed after formation.   |
| <input type="checkbox"/> 8. Member application form                           | <b>Standardised content only.</b><br>Application form for people wishing to join your co-op.  |