



Western Australian Co-operative News

Newsletter of the Co-operative Federation of Western Australia
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.....Editor and Executive Officer: John Booth
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CO-OPERATIVE AUDITORS REQUIRE APPROVAL

In December 2001 the Department of Consumer and Employment Protection advised co-operatives that annual returns would not be accepted unless their financial statements were audited by a person approved under the Companies (Co-operative) Act-1943. The Department included a list of approved auditors in its correspondence.

The Federation supports the Department's requirement for co-operatives to comply. However, we requested clarification on whether '...for the year 2002...' meant the annual return lodged in the year 2002, covering the 2000-2001 financial period, or the annual return for the financial period 2001-2002, which would be lodged in 2003. The implications could be considerable.

The Department agreed for the following extracts to be reproduced from their reply, which confirms the official stance and clarifies the situation:

'Commencing with the company returns for the 2001-2002 financial period we will not accept accounts which have not been audited by an auditor registered in accordance with the Act. Returns submitted in March this year will most likely be for the 2000-2001 financial period, in which case they will be accepted as per past practice.

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SPONSORSHIP AND FINANCIAL SUPPORT

The council is pleased to advise that Co-operative Bulk Handling Ltd., one of WA's largest co-operatives, and Wesfarmers Limited, WA's largest listed corporation, have very generously agreed to provide additional financial assistance for 2002.



The CBH contribution is going towards the running of the Annual Conference, Development Workshops and publication of the Federation News. The Wesfarmers ex gratia payment will assist in the ongoing activities of the Federation in various ways.

Both companies have consistently played major roles in the co-operative sector and have been longstanding members and supporters of the Federation. Wesfarmers was the force behind the incorporation of the Federation in 1920. The Federation is very appreciative of the assistance provided by such high profile companies.

DIRECTORS & MANAGERS WORKSHOPS

As previously advised, the Federation is organising a series of four workshops during 2002 to cover subjects of interest indicated by Federation members. These are as follows:

- Business Improvement Process
- Marketing & Sales Process
- Overhead Cost Reduction Process For Managers
- Operation AGM

It is proposed the full-day workshops will be scheduled throughout the year and, if found to be meeting needs, may be repeated on an annual basis. They will be in the form of introductions to practical matters often relegated behind daily activities. In these times of information

overload, one of the workshop's main purposes is to distil the essentials from complexity. They will have a strong 'how to' focus on two important fronts, teaching on how to use business tools in a business to achieve better business outcomes and combine this with a balanced personal life.

A survey form will be circulated during May to assist with finalising the content and the most suitable locations for presentation. At least one location will be in a regional area. We want the workshops to represent value for money and time in fulfilling the needs of members. The Federation is also continuing to coordinate workshops on director's duties, liabilities and responsibilities, acknowledging that these subjects are of perennial relevance.

NEWS OF CO-OPERATIVES

BKW Co-operative Ltd.

Following the opening of a new 1000sqm hardware complex in November 2001, a new bottle shop was officially opened on 22 March under the banner of 'Giants Liquor'. The bottle shop is located in part of the refurbished former hardware area and the remaining area will be used for expansion of the supermarket.

Capricorn Society Ltd.

Mr Trent Bartlett has been appointed CEO as a result of the early retirement of Frank O'Connor (see summer edition of the Newsletter). Trent, a former Coles Myer and Aherns/David Jones General Manager has post graduate qualifications in business and e-commerce, as well as significant experience within the retail industry. His particular skills in strategic planning, creative marketing, supply chain management and senior operating roles are expected to combine well in his new role.

Co-operative Bulk Handling Ltd./Grain Pool of WA

At Annual General Meetings held in March, members of each entity endorsed the proposed merger. The CBH meeting voted 85.1 per cent in favour of Resolution 2, which will alter the existing Board structure and pave the way for the merger with the Grain Pool of WA. CBH Chairman Alan Watson said the grower support demonstrated recognition of the need to change and develop storage, handling and marketing in WA. The target date set for the merged organization to become operational is 1 November this year.

Mt. Barker Co-operative Ltd.

Mrs Lyn Slade has been appointed as a director to fill a casual vacancy on the board.

United Farmers Co-operative Company Ltd.

Mr John Connell has resigned as CEO.

FEDERATION COUNCIL NEWS

The Council

The following are the four members who responded to 'positions vacant' in the summer edition of the Western Australian Co-operative News. They were appointed to Council at the March meeting.

Member	Representative	Telephone	Facsimile
Associated Newsagents (WA) Co-operative Ltd.	Brent Armanasco	9277 5399	9478 3205
Community Co-operative Travel Ltd. Geraldton Fishermen's Co-operative Ltd.	Gary Allomes	9321 2233	9321 1711
United Farmers Co-operative Company Ltd.	Robin Judd	9921 1022	99218019
	Vern Dempster	9622 3895	9622 3895

The Executive

The March meeting filled remaining appointments for the year 2002/2003. The executive is:

<i>Chairman</i>	Tony Wray	<i>Deputy Chairman</i>	Hugh Lennerts
<i>Executive Member</i>	Noel Higgins	<i>Executive Officer</i>	John Booth

New Members Profiles

Associated Newsagents (WA) Co-operative Ltd. (Ancol) has been operating for about 30 years. Core activities are the wholesaling and distribution of stationery and ticketing products, including the contract with Transperth to distribute prepaid public transport tickets. About 480 active newsagency businesses are shareholders of the co-operative.

Community Co-operative Travel Ltd. was formed in 1977 and is currently the only retail travel co-operative in Australia. It has a membership of 107 travel agents, which is nearly three times the 1996 membership of 37. During the last six years the focus has changed from a buying group for WA Independent Travel Agents, to a more marketing focused national organisation. This national focus has required a 'one brand' recognition and in march 2002 the brand 'travellers choice' was adopted.

Geraldton Fishermen's Co-operative Ltd. was formed 50 years ago to improve returns for lobster fishermen and continues that commitment today. It is the largest lobster processor in Australia, with an annual turnover of \$100 million, employing 200 people at its Geraldton factory and live facility, and services 150 fishermen from Denham in the north to Jurien Bay in the south.

United Farmers Co-operative Company Ltd. was established in 1992 to provide quality fertilisers and chemicals to farmers at a reasonable cost. From an initial base of five shareholders and an equity base of \$5000, ten years on UFCC now boasts more than 2800 shareholders, an equity base of \$18.8m and an annual turn over in excess of \$85m.

CO-OPERATIVE LEGISLATION

WA Update

WA is the only jurisdiction that has not introduced the new co-operative legislation; in fact we do not even have a draft Bill for consideration. The delay is causing substantive problems, including concerns of a commercial and administrative nature, both within WA and nationally.

The reason for the delay is that cabinet has not allocated the legislation a sufficiently high priority for drafting to commence. The actual legislation has few areas for dispute because it

A] must include the Core Consistent Provisions (CCP) (approximately 95 per cent of the Act) of the legislation already introduced by all other state jurisdictions and;

B] will have the support of the opposition parties.

Representations have been made to Minister Kobelky, who is very supportive, and the Department, which is always very helpful, but Cabinet continues to overlook the importance of this legislation to a large part of the WA economy.

To address this problem, the Federation will be writing to all co-operatives and other interested parties setting out the case for early introduction of the legislation and a suggested course of action. The WA co-operative sector must get on the front foot if it is to remain a credible and relevant force in co-operative developments occurring nationally and the priority is adoption of the CCP legislation.

The New Legislation

There is no indication from the government when the Core Consistent Provision Co-operative Legislation (CCP) will be introduced in WA. Without definite advice about this we will have to wait but in the meantime, at the request of some co-operatives, material areas of change will be noted in this and future editions of the newsletter.

One of the main reasons for the new legislation is to enable co-operatives to raise capital by promoting cross-border membership without breaching the Corporations Law. The Federal Government agreed to change the Corporations Law if there was consistency of co-operative legislation between all the state jurisdictions. WA, by continuing not to adopt the legislation, is delaying this important amendment.

Consequently, with the introduction of new legislation by all other jurisdictions, WA, because of the consistency requirements, has virtually no chance of making substantive changes when considering its legislation.

This is compensated in part by WA having been an initiator or supporter of some of the more material amendments made to the legislation in the other jurisdictions, which will make it more acceptable in WA.

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Material Changes

Types of co-operatives

Trading: must have share capital and gives returns or distributions on surplus or share capital (a distributing co-operative)—this is the current commercial co-operative.

Non-trading: may or may not have a share capital and must not give returns or distributions on surplus or share capital other than the nominal value (if any) on a winding up a new type of co-operative in WA, more suited to the ‘not-for-profit’, sector.

Doctrine of *ultra vires* abolished

Currently a co-operative has no legal capacity unless provided by the Memorandum of Association. This will change to having the legal capacity of a natural person.

Rules

Rules will replace the Memorandum of Association and Articles of Association. Co-operatives will be given a period of two years in which to comply with this requirement, providing an excellent opportunity for a complete review of the applicability and effectiveness of the current document.

Membership

Active members: Rules must contain active membership provisions requiring a member to utilise or support a primary activity of the co-operative. The rules must specify at least one primary activity. Currently this is not a legislative requirement and is provided for in the rules.

Inactive members: If a member becomes inactive, the board *must* cancel the membership and declare the members shares forfeited. Failure to do so makes the directors guilty of an offence. The amount

owing to the inactive member on cancellation of his shares must be repaid within 12 months, or if the repayment is likely to adversely effect the financial position, interest bearing debentures can be issued with a maximum of 10 years. Currently this is not a legislative requirement.

FUTURE DIRECTION: NEW STRATEGIC PLAN

Federation Council is reviewing the strategic plan adopted in 1998 and in so doing will be taking into account the many new pressures and changes influencing/effecting co-operatives. These new pressures and changes include new legislation, pressure on large co-operatives to corporatise, the global commercial focus, a necessity for funding from sources other than members, the emphasis on corporate governance and director, management and employee development.

The proposed new Co-operative Legislation introduces the ‘Non Trading’ (non distributing) type of co-operative. The Federation recognises the importance of this new type of co-operative and intends to give it special attention when formulating the strategic plan.

Co-Operative Auditors Require Approval (cont)

The cost of compliance is minimal. Non-complying co-operatives should ensure their auditors are registered or, if they are not, they resign. The directors should then appoint registered auditors to enable the financial statements to be audited. The annual return can then be lodged on time and will be accepted by the Department.

For further clarification or information please contact John Booth at the Federation, or Dr D Blakeway, at the Department of Consumer and Employment Protection, telephone 9282 0614.

FROM THE EXECUTIVE OFFICER

Council vacancies

The nomination and subsequent appointment to council of four new co-operatives is very rewarding, particularly because of the expertise they offer through their diverse commercial activities and also because there was no 'persuasion' involved. Each of the new council members has a very interesting story to tell and will be profiled in more detail in forthcoming newsletters.

Victorian Co-operative Federation

Owing to a shortage of funds, the Victorian Co-operative Federation has been restructured. Graeme Charles has been appointed Manager Co-operative Development & Training, the position of Executive Officer has been abolished and the office is moving to Frankston under the supervision of David Griffiths. To contact David Griffiths tel. 03 9785 6704, e-mail cfdv@impaq.com.au

CFWA web page: www.cfwa.org

Our original web page suffered the same fate as our original server—disappeared on takeover. The Federation is using the services of Mark Dixon, one of the highly regarded presenters at the 2001 Annual Conference, to develop a user-friendly

interactive site. It is proposed that the new site, containing the original information, will eventually include such items as the newsletter, legislation updates, workshop details and items of local, national and international interest.

Newsletter circulation

In addition to WA co-operatives, our newsletter is distributed to other interested parties in WA, Australia and New Zealand.

Other publications

National Co-op Update is a highly recommended bimonthly publication that keeps its subscribers in touch with the diverse industries, issues and developments shaping the co-operative sector in nationally and internationally.

For further information contact John Booth at the Federation or Chris Greenwood tel. (03) 9329 3535 – or email winwood@ozemail.com.au

NOTICE TO READERS

Every effort is made to ensure the accuracy of information presented in this newsletter. However, no responsibility is accepted for any errors, or for views expressed, which may not necessarily reflect those of the Co-operative Federation of Western Australia Inc.