

What do we mean by a cooperative?

A cooperative is an enterprise
 that has been freely established,
is owned and controlled by a group of legal persons
 for the purpose of equitably
providing themselves with mutual benefits
 arising from the activities of the enterprise
and not primarily from their investment in it.

A cooperative is an enterprise	<ul style="list-style-type: none"> • it is an economic organisation • it is not a charity • it operates within a market-based economy • it is not a cartel • it is an organisation based on self-help
that has been freely established,	<ul style="list-style-type: none"> • membership is entirely voluntary • membership is not based upon any other affiliation (e.g. political, religious, racial)
is owned and controlled by a group of legal persons	<ul style="list-style-type: none"> • it is controlled in a way that reflects the relationship the members have to the activity of the group – voting may be one person/one vote or according to the volume of business transacted • it is owned and controlled by the persons who benefit from the activities it undertakes • the organisation may be comprised of individuals and/or other legal entities – e.g. other cooperatives or companies • it is based on a stakeholder group with a mutual interest – e.g. consumers, farmers, workers, tenants • to function properly the solidarity of the group needs to be maintained and developed – through communication, education and training
for the purpose of equitably	<ul style="list-style-type: none"> • not based on one set of members gaining benefits from other members of the group • based on the concept that benefits are shared fairly between members on the basis of their economic participation in the enterprise
providing themselves with mutual benefits	<ul style="list-style-type: none"> • primarily intended to benefit those who are members, it is not based on exploiting others • benefits from further collaboration between other similar groups may also be sought
arising from the activities of the enterprise	<ul style="list-style-type: none"> • it undertakes activities that benefit the members • the activity of the enterprise is the primary basis of the benefits to members, not the surplus arising from activities
and not primarily from their investment in it.	<ul style="list-style-type: none"> • other than for fixed interest, benefits are not allocated to members on the basis of their investments • participation in control is not based on the level of investment • a fair market rate of return should be made to those, including members, who invest in the business