What we mean by a cooperative

An enterprise, freely established,
that 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 investment in it.

An enterprise	• 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 upon self-help
freely established	• membership is entirely voluntary • membership is not based upon any other affiliation (e.g. political, religious, racial)
that is owned and controlled by a group of legal persons	• it is controlled in a way that reflects the relationship the members have to the activity of the group (e.g. 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 cooperative companies) • it is based on a stakeholder group with a mutual interest (e.g. all consumers, farmers, workers, tenants, etc.) • to function properly the solidarity of the group needs to be maintained and developed (e.g. by communication, education and training)
for the purpose of equitably	• 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	• it is primarily intended to benefit those who are members, but 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	• it undertakes activities that benefit the members • the activity of the enterprise is the primary basis of the benefits to members – not any surplus that may arise from its activities
and not primarily from investment in it	• other than for any 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 • this does not mean that a fair market rate of return should not be made to those, including members, who invest in the business

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