

**Devenish Community Hotel Co-operative Ltd**  
**“If you want a thing well done do it yourself”**

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**Co-operative Federation of Victoria Ltd**

**Devenish** has a population of about 120 and is located 30 kilometres north of Benalla in North East Victoria.

**Primary Activity:** “In accordance with Part 6 of the Act, the operation of a community hotel is a primary activity of the co-operative.”

**Active Membership Requirements:** “A member shall purchase an alcoholic or non alcoholic beverage or a meal or other food, or use meeting facilities at least once over a three year period in order to establish active membership of the co-operative.”

**Number of Directors:** 5 male

### **Background to Formation 2000:**

After a long period of gradual loss of just about every business typically associated with small rural towns, by 1999 the only services left operating in Devenish were the general store and the hotel.

The Devenish Hotel had been owned and operated by the one family for many years. Due to a combination of circumstances, the family had attempted, unsuccessfully, to sell the hotel for some time. A local resident, who later became chairman of the co-operative, “floated” the idea of a number of people contributing \$10,000 each, and purchasing the hotel. There was not enough response to that proposal. Meanwhile the hotel trade continued to decline, and for some time the possibility existed, that it might close its doors for good.

In February 2000 at a meeting of the Devenish Sports committee, the talk got around, as was often the case at that time, to “what can we do about the pub?” A brainstorm session resulted which threw up the notion of forming a co-operative to purchase the hotel. The suggestion was made that minimum capital per shareholder be set at \$1000, to enable as many residents as possible, to join the co-operative.

A group of four residents, “the working party”, was asked to do some “leg-work” and research the co-operative idea.

### **Formation of the Co-operative:**

A public meeting was held about a fortnight later which found enough interested people prepared to commit themselves to membership of the co-operative and provide the capital required to effect the purchase of the hotel. Formation advice was sought and received from a local solicitor and accountant.

The Disclosure Statement required from every intending Trading co-operative, and often used as an excuse for avoiding the co-operative model, was prepared in the main by the Co-operative’s foundation secretary. The Registry of Co-operatives, and the Yinnar Community Hotel Co-operative Ltd. also provided great assistance, and the Devenish Community Hotel Co-operative was formed in June 2000 with 69 member/shareholders contributing various amounts of capital, consisting of a combination of shares purchased in, and loans made to, the co-operative. This meant that approximately half the town’s population became shareholders.

The nominal value of shares is set at \$1, with each member being required to purchase a minimum of 1000 shares, partly-paid to 10 cents. Simultaneously, the member is obligated to lend the co-operative an amount equal to 90% of the nominal value of the shares purchased. This capital raising approach was suggested by the co-operative’s accountant, citing taxation advantages for members.

While this was happening the “working party” had negotiated the purchase of the hotel, on behalf of the co-operative.

### **Post-formation:**

The co-operative has prepared its own business plan and employed a trainee manager for the hotel.

Trading figures are consistent with budget projections. Volunteers drawn from the membership fulfil a variety of roles, integral to the hotel’s operation. Volunteers are likely to be called upon until the hotel’s trade increases its viability. The co-operative’s existence has encouraged and enabled people to discover talents they didn’t know they possessed. Another “spin-off” of the volunteer program has been the development of community relationships, crossing the traditional groups that friendships and relationships usually develop in, e.g. football club, farmer organisations and town versus out-of-town residents. Those associated with the co-operative say that the success of this co-operative venture has resulted in people growing in confidence, and having pride in their collective achievement.

The Board of Directors meets monthly, but interestingly, the co-operative also conducts monthly shareholder meetings. These shareholder meetings facilitate communication and build on the member/co-operative relationship. Generally the shareholder meetings are attended by anything from 12 to 30 or more members.

The bar has become a big meeting place for the town, with people who had never before set foot in the hotel now calling in on a regular basis, not necessarily for a drink, but to support its future in whatever way they can. As of February 2004, the board has reaffirmed the importance of communication as a key to the success of the co-operative and members are encouraged to attend board meetings. This has been successful and up to 30-40 members have attended board meetings.

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