



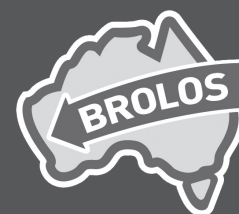
# CO-OPERATIVE RULES | 2017



**GERALDTON FISHERMEN'S CO-OPERATIVE LTD**  
Rules as at 22 June 2017

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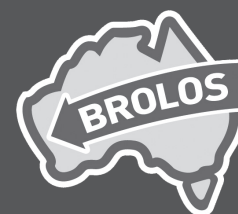
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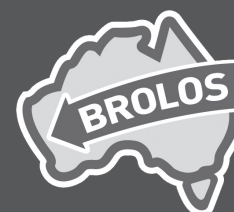
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# RULES 2017

## 1. INTERPRETATION

In these rules, unless the context otherwise requires –

**“the Act”** means the Co-operatives Act 2009 and includes any amendment or re-enactment of that Act, or any Act, code or other statutory instrument in substitution of that Act;

**“acting chairperson”** means a director acting as chairperson in the absence of the chairperson;

**“active member”** means a member who is in active membership under rule 7;

**“alter”** or similar word or expression used in relation to a rule amendment, includes add to, substitute, and rescind;

**“auditor”** means registered company auditor or auditors (within the meaning of that term in the Corporations Act) for the time being of the Co-operative;

**“banking account”** includes an account with a credit union or building society;

**“business day”** means a day that is not a Saturday, Sunday, public holiday or bank holiday in Western Australia;

**“board”** means the whole or any number of the directors assembled at a meeting of the directors or transacting business in accordance with rule 59 not being less than a quorum;

**“calendar month”** means a period commencing at the beginning of a day of one of the 12 months of the year and ending immediately before the beginning of the corresponding day of the next month or, if there is no such corresponding day, ending at the expiration of the next month;

**“chairperson”** means the director elected as

chairperson of the board;

**“Co-operative”** means Geraldton Fishermen’s Co-operative Ltd (ABN 52 425 663 385);

**“Co-operative capital unit”** and **“CCU”** has the meaning given to that term in section 257(1) of the Act;

**“Corporations Act”** means the Corporations Act 2001 of the Commonwealth of Australia (Cth);

**“Deferred Capital Unit”** means the class of co-operative capital unit issued in accordance with rule 35.1;

**“deputy chairperson”** means the director elected as deputy chairperson of the board;

**“director”** means any director of the Co-operative for the time being;

**“financial institution account”** means an account at a financial institution into which the Co-operative’s money may be paid;

**“financial year”** means the financial year of the Co-operative specified in rule a;

**“GST”** means the goods and services tax imposed by the A New Tax System (Goods and Services Tax) Act 1999 (Cth);

**“large co-operative”** means a co-operative that is not a small co-operative;

**“may”** or a similar word or expression, used in relation to a power of the board indicates that the power may be exercised or not at the board’s discretion;

**“member”** means a member of the Co-operative;

**“month”** means calendar month;

**“prescribed”** means prescribed by the Act or under the Act by Regulation;





**“provision”** in relation to the Act, means words or other matter that form or forms part of the Act, and includes -

- (i) a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph, sub-subparagraph or Schedule of or to the Act; and
- (ii) a section, clause, subclause, item, column, table or form of or in a Schedule to the Act; and
- (iii) the long title and any preamble to the Act;

**“Registrar”** means the Registrar of Co-operatives under that title or such other title as exists from time to time, or any person delegated the Registrar’s functions;

**“Regulation”** means a regulation made under the Co-operatives Regulations 2010 as amended;

**“remuneration”** means any money, consideration or benefit but does not include -

- (i) amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the Co-operative or any subsidiary of the Co-operative; or
- (ii) in relation to an employee director, remuneration received or due and receivable as an employee;

**“rules”** means the registered rules of the Co-operative as amended from time to time and reference to particular rules has a corresponding meaning;

**“Schedule 1”** means Schedule 1 of the Act;

**“secretary”** means any person appointed by the board as secretary of the Co-operative in accordance with section 206 of the Act and includes a person appointed to act as the secretary during the absence or incapacity of the

secretary;

**“section”** means as a section of the Act;

**“shall”** or a similar word or expression, used in relation to a power of the board indicates that the power must be exercised, subject to the Act or the rule granting the power;

**“share”** means share in the share capital of the Co-operative;

**“small co-operative”** means a co-operative of a class or description prescribed by the regulations (refer Reg 3A);

**“special resolution”** means a resolution of the type referred to in rule 49;

**“State”** means the State of Western Australia;

**“writing”** includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and “written” has a corresponding meaning;

words importing one gender include other genders;

words importing persons include corporations;

words in the singular include the plural, and vice versa;

words or expressions used have the same meanings as those given to them by the Act; and

a reference to an act of Parliament is a reference to that act as it may be amended from time to time.

## 2. RULES

### 2.1 Rules constitute a contract

The rules of the Co-operative have the effect of a contract under seal -

- (i) between the Co-operative and each member; and
- (ii) between the Co-operative and each director,

# RULES 2017

## 2. RULES (CONT.)

the chief executive officer and the secretary of the Co-operative; and

(iii) between a member and each other member.

*[Note: Refer Co-operatives Act 2009 section 97(1).]*

### 2.2 Effect of contract

Under the contract, each of those persons agrees to observe and perform the rules as in force for the time being so far as those provisions apply to the person.

*[Note: Refer Co-operatives Act 2009 section 97(2).]*

### 2.3 Alteration of rules

(a) These rules may be altered by a special resolution, by a resolution of the board in accordance with section 105 of the Act or as otherwise permitted by the Act.

(b) If alteration to these rules under section 28(3A) or section 103 of the Act requires prior approval of the Registrar following an order made under section 103(1B) of the Act, a proposed alteration cannot be put to a resolution unless it is approved by the Registrar.

(c) An alteration to these rules does not take effect until it is registered by the Registrar.

*[Note: Refer Co-operatives Act 2009 sections 103 and 106 and Schedule 1 clause 1(w).]*

### 2.4 Inspecting and copying of rules

(a) Any member may inspect a copy of these rules free of charge at the registered office during ordinary business hours.

(b) A member is entitled to obtain from the Co-

operative a copy of these rules on payment of \$11.60 for the first page and \$1.50 for each additional page up to a maximum of \$86.60, GST inclusive, or such lesser amount as the board may from time to time determine.

*[Note: Refer Co-operatives Act 2009 section 232.]*

### 2.5 Replacement of model rules

The Co-operatives Regulations 2010 Schedule 3 model rules expressly do not apply to the Co-operative, notwithstanding any omission from these rules of something contained in the model rules.

## 3. POWERS

### 3.1 Powers of a natural person

The Co-operative has, both within and outside the State, the legal capacity of an individual.

*[Note: Refer Co-operatives Act 2009 section 39(1).]*

### 3.2 Power to raise finance

The powers of the Co-operative to -

(i) obtain financial accommodation; and

(ii) give security for the repayment of money,

shall be exercised by the board according to the Act and Rule 33 (Debentures), but otherwise unlimited by the rules.

*[Note: Refer Co-operatives Act 2009 section 39(3).]*

## 4. NAME

### 4.1 Co-operative name

The name of the Co-operative is "Geraldton Fishermen's Co-operative Ltd".



[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(a).]

## 4.2 Origins of Co-operative

Co-operative is a transferred co-operative within the meaning of the Act and was first incorporated on the twelfth day of December in the year nineteen hundred and fifty.

## 4.3 Use of abbreviations

The Co-operative may abbreviate its name in accordance with section 239 of the Act.

## 4.4 Change of name

The Co-operative may change its name in accordance with section 241 of the Act.

## 5. REGISTERED OFFICE

The Co-operative must maintain a registered office. The office shall be at such place as the board of the Co-operative determines from time to time. Within 28 days after changing the address of its registered office, the Co-operative must give the Registrar written notice of the new address.

[Note: Refer Co-operatives Act 2009 section 243.]

## 6. POWER TO FORM COMPANIES AND ENTER INTO JOINT VENTURES

The Co-operative has the power –

- (i) to form or participate in the formation of a corporation or unit trust; and
- (ii) to acquire interests in and sell or otherwise dispose of interests in corporations, unit

trusts and joint ventures; and

- (iii) to form or enter into partnerships, joint venture or other association with other persons or bodies.

[Note: Refer Co-operatives Act 2009 sections 36 and 57.]

## 7. ACTIVE MEMBERSHIP PROVISIONS

### 7.1 Primary activity

Under Part 6 of the Act the –

acquisition of commodities or animals, from members for disposal or distribution as value added products,

is a primary activity of the Co-operative.

[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(b).]

### 7.2 Active membership

A member must deliver, or cause to be delivered, to the Co-operative during any immediately preceding period of 24 months, the commodities which the Co-operative requires for the purpose of its business.

[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(b).]

## 8. QUALIFICATIONS FOR MEMBERSHIP

### 8.1 Minimum shareholding

- (a) Every member must hold at least 2,000 ordinary shares or, subject to section 146, such other number as fixed by the board from time to time and at any time.

## 8. QUALIFICATIONS FOR MEMBERSHIP (CONT.)

- (b) In the case of a joint membership the minimum shareholding requirement applies to the joint membership and not the individual persons that comprise the joint membership.

*[Note: Refer Co-operatives Regulations 2010 regulation 5(1)(a) and (b).]*

### 8.2 Membership prerequisite

A person is not qualified to be admitted to membership of the Co-operative, unless there are reasonable grounds for believing the person will be an active member of the Co operative.

*[Note: Refer Co-operatives Act 2009 section 58(1)(a) and Schedule 1 clause 1(c).]*

### 8.3 Transition provisions

- (a) Despite rule 8.2, a person who was a member of the Co-operative immediately before the Co-operative became a transferred co-operative is a member of the Co operative despite the absence of reasonable grounds for believing that the person will be an active member of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 58(3).]*

- (b) The change of registration and incorporation does not affect the identity of the Co operative which is taken to be the same body after registration as a co operative as it was before and no act, matter or thing is affected by the change.

*[Note: Refer Co-operatives Act 2009 section 27(3).]*

- (c) Any shares held by the Co-operative in itself are cancelled on the day the Co operative is registered under the Act.

*[Note: Refer Co-operatives Act 2009 section 165(2).]*

## 9. MEMBERSHIP, SUBSCRIPTIONS, PERIOD FEES

### 9.1 Intending members

- (a) The board of the Co-operative must give each person intending or applying to become a member of the Co-operative and eligible to do so -
- (i) a consolidated copy of the rules of the Co-operative; and
  - (ii) a copy of all special resolutions applicable to the member and passed by the members of the Co operative since its last annual general meeting, except special resolutions providing for an alteration of the rules of the Co operative; and
  - (iii) a copy of the Co-operative's most recent financial information reported to members under Part 10A of the Act; and
  - (iv) written notice of entry fees or regular subscriptions payable by a member of the Co operative.
- (b) The board may comply with rule 9.1(a) by giving the person a notice stating any or all of the following -
- (i) that the person may request to inspect the documents referred to in paragraph (a) at an office of the co-operative nominated by the person;
  - (ii) that the person may request to be sent an electronic copy of the documents referred to in paragraph (a) by an electronic means nominated by the person;



- (iii) that the documents referred to in paragraph (a) are available on a website and specifying the direct address on the website where the documents may be accessed.
- (c) If a person makes a request under rule 9.1(b) (i) or (ii) the Co-operative must comply with that request.

*[Note: Refer Co-operatives Act 2009 sections 68 and 69.]*

## 9.2 Applications

- (a) Applications for membership must be lodged at the registered office in the application form approved by the board, together with either –
  - (i) the amount required to pay the shares fully or, if the shares are to be issued other than on a fully paid basis, the amount, if any, the board sets from time to time and at any time, as a deposit for each share applied for; or
  - (ii) an approved form of share transfer for the minimum number of shares required to be held by a member, signed by the transferors and applicants.
- (b) Every applicant is required to warrant that, if accepted as a member, they will fulfil their active membership requirements.
- (c) Every application must be considered by the board.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(c).]*

## 9.3 Joint membership

Where two or more persons are accepted as joint members of the Co-operative they shall be deemed to be joint tenants with the benefits of survivorship subject to the provisions following -

- (i) the joint holders of any share shall be liable severally as well as jointly in respect of all

- payments which ought to be made in respect of such share;
- (ii) on the death of any one joint holder the survivor or survivors shall be the only persons recognised by the Co-operative as having title to such share; and
- (iii) any one of the joint holders may give effectual receipt for any dividend bonus or return of capital payment to the joint holders.

*[Note: Refer Co-operatives Act 2009 section 59.]*

## 9.4 Applicants for joint membership

Application for a joint membership will be refused if each of the joint applicants is already a member of the Co-operative.

## 9.5 Joint member standing for office

- (a) Only one member of a joint membership can nominate for the position of member director.
- (b) All joint members must approve in writing to the board, any nomination for election to the board or appointment to fill a casual vacancy by one of their joint members.

## 9.6 Membership Approval

- (a) If the board approves of the application the board must -
  - (i) allot the shares applied for; or
  - (ii) approve the transfer of the minimum number of shares to be held by a member under these rules from an existing member to the applicant; and
  - (iii) have entered in the register of members within 28 days of the board's approval, the applicant's name, the number of

## 9. MEMBERSHIP, SUBSCRIPTIONS, PERIOD FEES (CONT.)

shares allotted or transferred and any other information required under the Act.

- (b) The applicant -
- (i) becomes a member and is entitled to the privileges attaching to membership, or to the holding of shares as is appropriate, as soon as the applicant's details are recorded according to subparagraph (a) (iii); and
  - (ii) must be notified in writing of the entry in the register.

*[Note: Refer Co-operatives Act 2009 section 66(2).]*

### 9.7 Right to refuse

- (a) The board may, at its discretion, refuse an application for membership.
- (b) The board need not assign reasons for the refusal. On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

### 9.8 Representatives of a corporate member

- (a) If a member is a corporation the member may by notice served on the Co operative appoint a person to represent it in relation to its membership.
- (b) A person is not qualified to be appointed a representative under this rule to represent a company that is not a listed corporation (within the meaning of the Corporations Act) unless the person is an officer, member or

employee of the company.

- (c) A person appointed under this rule can exercise the same rights as the member making the appointment and their presence at a meeting constitutes the presence of the member at that meeting.

*[Note: Refer Co-operatives Act 2009 section 61.]*

## 10. CEASING MEMBERSHIP

### 10.1 Membership ceases

A person ceases to be a member of the Co-operative in any of the following circumstances -

- (i) if the member's membership is cancelled under rule 23 (Inactive Members);
- (ii) if the member is expelled in accordance with these rules;
- (iii) where the member is natural person, if the member becomes bankrupt and the trustee of the member's estate disclaims any debt, contract, duty or liability of the member with the Co-operative;
- (iv) on death of the member;
- (v) if the contract of membership is rescinded on the ground of misrepresentation or mistake;
- (vi) if the member's total shareholding in the Co-operative is transferred to another person in accordance with these rules and the transferee is registered as the holder of the shareholding;
- (vii) if the member's total shareholding in the Co-operative is forfeited under these rules;
- (viii) if the member's total shareholding in the Co-operative is purchased by the Co operative under these rules;
- (ix) if the member's share in the Co-operative is sold by the Co-operative under any power in





these rules and the purchaser is registered as a shareholder in the member's place;

- (x) if the amount paid up on the member's share in the Co-operative is repaid to the member under these rules;
- (xi) having first given written notice to the secretary of an unqualified intention to resign from membership, on being removed from the register of members on a resolution of the board or on the expiry of 24 months' notice, whichever occurs first;

*[Note: A qualified notice of resignation could exist under section 146(3)(c) or section 255(3)(c).]*

- (xii) where the member is a corporation - if the corporation becomes insolvent or is deregistered;
- (xiii) if the member is in default of rule 26, non-payment of a regular subscription.

*[Note: Refer Co-operatives Act 2009 sections 63 and 64 and Schedule 1 clause 1(f).]*

## 10.2 Former shareholders to be taken to be shareholders for certain purposes

- (i) For the purposes of sections 132(1)(a), (b) and (c) of the Act the events contemplated must occur within 1 month after a person's shares were forfeited.
- (ii) For the removal of doubt -
  - (i) sections 132, 133 and 134 only apply where a person's membership is cancelled under rule 23 (Inactive Members); and
  - (ii) it is declared that any entitlement under paragraph (a) does not include an entitlement to vote on any matter.

*[Note: Even if a person's shares in the Co-operative*

*have been forfeited due to a failure by the member to remain an active member, the person is to be taken to be the holder of shares in the Co-operative in certain prescribed circumstances. Section 132 sets a default run off membership period of 24 months after a member ceases to be a member. This rule reduces the run off period to 1 month.]*

## 11. CANCELLATION OF MEMBERSHIP FOR BREACH OF OBLIGATIONS

### 11.1 Grounds for cancellation

A member may have their membership cancelled by a two-thirds majority decision of the board to the effect -

- (i) that the member has failed to discharge the member's obligations to the Co operative under these rules or a contract; or
- (ii) that the member has acted in a way that has -
  - (A) prevented or hindered the Co-operative in carrying out its primary activity or one or more of its primary activities; or
  - (B) brought the Co-operative into disrepute; or
  - (C) been contrary to one or more co-operative principles, as described in section 6 of the Act, and has caused the Co-operative harm.

### 11.2 Notice to affected member

The member must be given at least 28 day's written notice of the nature of the complaint; the proposed resolution and the date, time and place of the board meeting at which the resolution will be moved.

## 11. CANCELLATION OF MEMBERSHIP FOR BREACH OF OBLIGATIONS (CONT.)

### 11.3 Board meeting

The following procedures apply at the board meeting at which the rule 11.2 resolution is to be proposed -

- (i) the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross examine witnesses called against the member;
- (ii) if the member fails to attend at the time and place mentioned, without reasonable excuse, the act must be considered and the board may decide on the evidence before it, despite the absence of the member;
- (iii) once the act is considered, the board may by a two-thirds majority determine to cancel the member's membership;
- (iv) if the board resolves to cancel the membership, the secretary is to confirm the decision in writing to the member;
- (v) the cancellation takes effect 72 hours (Saturdays, Sundays or Public Holidays excluded) after the board's decision if the member does not appeal the decision; or immediately on any appeal being dismissed.

### 11.4 Right of appeal

- (a) A member may appeal a decision to cancel their membership within 72 hours (Saturdays, Sundays or Public Holidays excluded) of the decision by lodging written notice of appeal with the secretary.

- (b) Upon receipt by the secretary of a notice of appeal, the board is to convene a special general meeting of the Co-operative for the sole purpose of considering an ordinary resolution to confirm the board's decision to cancel the membership.
- (c) At the special general meeting of the Co-operative convened under paragraph (b) a decision must not be made, except by vote by secret ballot of the members present, in person or represented by proxy or by attorney.
- (d) If the resolution confirming the board's decision to cancel the membership is not passed, the board resolution is revoked.

### 11.5 Special general meeting costs

In the event of the member's appeal being dismissed the board can recover the costs of the special general meeting from the member and any of the member's joint members as a debt due by the member(s) to the Co-operative, otherwise the cost of the meeting is to be borne by the Co-operative.

### 11.6 Joint members

Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.

### 11.7 Re-admission

An expelled member must not be re-admitted as a member unless the re-admission is approved by a two-thirds majority vote of directors. A member re-admitted must not have restored to them any shares that were cancelled on their expulsion.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(e).]*





## 12. MONETARY CONSEQUENCES OF EXPULSION

- (a) In this rule -  
deficiency means the amount of accumulated loss, deficiency or significant change disclosed in the last balance sheet of the Co-operative, or subsequently reported prior to expulsion.

*[Note: Deficiency is in effect the shortfall, if any, in net assets measured against the paid up value of shares on issue.]*

- (b) If a member is expelled from the Co-operative, all amounts owing by the former member to the Co-operative become immediately payable in full.
- (c) The shares of an expelled member must be cancelled as at the day of expulsion and the cancellation must be noted in the register of shares.
- (d) Subject to paragraph (e) and the written terms of a class of share issued, the Co-operative must pay to the expelled member the amount of capital paid up on the former member's shares at the time of expulsion (less any amount owing by the former member to the Co-operative).
- (e) If a deficiency exists, an appropriate proportion of the loss, deficiency or significant change may be deducted from the amount of capital paid up on the shares of the expelled member. This is done having regard to the number of shares held by the expelled member immediately prior to expulsion in relation to the number of comparable shares in the Co-operative at the corresponding time.
- (f) Payment to the expelled member of any amount owing by the Co-operative to the former member -

- (i) must be made within 3 years from the date of expulsion and in accordance with this and other relevant rules; or
- (ii) may, at a time decided by the board but within one year from the date of expulsion, be applied in one of the following ways -
- (A) appropriated as a donation to the Co-operative if the former member consents in writing to the donation; or
- (B) the Co-operative may issue debentures or Deferred Capital Units, to the former member in satisfaction of the amount if the board and the former member agree, or if the board considers repayment would adversely affect the financial position of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 73(1)(a), 73(1)(b), 73(1)(c) and sections 73(2) to (4). A debenture or Deferred Capital Unit (i.e. a co-operative capital unit issued under this rule bears interest calculated in accordance with section 128 of the Act.]*

- (g) Notwithstanding any action to expel a member an expelled member remains liable to any fine imposed in accordance with rule 16.1.

## 13. SUSPENSION OF MEMBERSHIP

### 13.1 Grounds for suspension

The board of the Co-operative may suspend a member for not more than one year, who does any of the following acts -

- (i) contravene any of these rules;
- (ii) fails to discharge obligations to the Co-operative, whether under these rules or a contract;

## 13. SUSPENSION OF MEMBERSHIP (CONT.)

- (iii) act detrimentally to the interests of the Co-operative.

*[Note: This rule 13 applies separately to any suspension of a member's rights and entitlements determined in accordance with any code of conduct existing under rule 50.4.]*

### 13.2 Notice to affected member

The member must be given at least 7 days' written notice of the nature of the complaint, the proposed resolution and of the date, time and place of the board meeting at which the resolution will be moved.

### 13.3 Board meeting

The following procedures apply at the board meeting at which the rule 13.2 resolution is to be proposed -

- (i) the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross examine witnesses called against the member;
- (ii) if the member fails to attend at the time and place mentioned, without reasonable excuse, the act must be considered and the board may decide on the evidence before it, despite the absence of the member;
- (iii) once the act is considered, the board may by a simple majority determine -
  - (A) to suspend the member;
  - (B) the period of suspension; and
  - (C) any requirement on the member as part of having the suspension lifted;
- (iv) if the board resolves to suspend the member,

the secretary is to confirm the decision in writing to the member;

- (v) the suspension takes effect 72 hours (Saturdays, Sundays or Public Holidays excluded) after the board's decision if the member does not appeal the decision, or on any appeal being dismissed.

### 13.4 Right of appeal

- (a) A member whose membership has been suspended may appeal the decision within 72 hours (Saturdays, Sundays or Public Holidays excluded) of the decision by lodging written notice of appeal with the secretary.
- (b) Upon receipt by the secretary of a notice of appeal, the board is to convene a special general meeting of the Co-operative for the sole purpose of considering an ordinary resolution to confirm the board's decision to suspend the member.
- (c) At the special general meeting of the Co-operative convened under paragraph (b) a decision must not be made, except by vote by secret ballot of the members present, in person or represented by proxy or by attorney.
- (d) If the resolution confirming the board's decision to suspend the member is not passed, the board resolution is revoked.

### 13.5 Special general meeting costs

In the event of the member's appeal being dismissed the board can recover the costs of the special general meeting from the member and any of the member's joint members as a debt due by the member(s) to the Co-operative, otherwise the cost of the meeting is to be borne by the Co-operative.



## 13.6 Consequences of suspension

During the period of suspension, the member -

- (i) loses any rights (except the right to vote) arising as a result of membership; and
- (ii) is not entitled to a refund, rebate, relief or credit for membership fees paid, or payable, to the Co-operative; and
- (iii) remains liable for any fine that may be imposed; and
- (iv) remains liable to having their membership cancelled at any time in accordance with rule 11.

[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(e).]

## 14. PAYMENTS UPON RESIGNATION OF MEMBER

- (a) In this clause -

deficiency means the amount of accumulated loss, deficiency or significant change disclosed in the last balance sheet of the Co-operative, or subsequently reported prior to resignation.

[Note: Deficiency is in effect the shortfall, if any, in net assets measured against the paid up value of shares on issue.]

- (b) If a member resigns from the Co-operative, all amounts owing by the former member to the Co-operative become immediately payable in full.
- (c) The shares of a resigning member must be cancelled as at the day of the resignation and the cancellation must be noted in the register of shares.
- (d) Subject to paragraph (e) and (f), and the written terms of a class of share issued, the Co-operative must, however, pay to the

resigned member the amount of capital paid up on the former member's shares at the time of resignation (less any amount owing by the former member to the Co-operative).

- (e) If a deficiency exists an appropriate proportion of the loss, deficiency or significant change may be deducted from the amount of capital paid up on the shares of the resigning member. This is done having regard to the number of shares held by the resigning member immediately prior to resigning in relation to the number of comparable shares in the Co-operative at the corresponding time.
- (f) Payment to the resigning member of any amount owing by the Co-operative to the former member -
  - (i) must be made within 3 years from the date of resignation and in accordance with this and other relevant rules; or
  - (ii) may, at a time decided by the board but within one year from the date of expulsion, be applied in one of the following ways -
    - (A) appropriated as a donation to the Co-operative if the former member consents in writing to the donation; or
    - (B) the Co-operative may issue debentures or Deferred Capital Units to the former member in satisfaction of the amount if the board and the former member agree, or if the board considers repayment would adversely affect the financial position of the Co-operative.

[Note: Refer Co-operatives Act 2009 section 73(1)(a); 73(1)(b); 73(1)(c) and section 73(2) to (4). A debenture or Deferred Capital Unit (i.e. a co-operative capital unit) issued under this rule bears interest calculated in accordance with section 128 of the Act.]

## 15. DISPUTES AND MEDIATION

### 15.1 Procedure

- (a) The grievance procedure set out in this rule applies to disputes under the rules between a -
  - (i) member and another member; or
  - (ii) member or members and the Co-operative.
- (b) If a dispute arises, a party cannot commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.
- (c) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of -
  - (i) the dispute coming to the attention of each party; or
  - (ii) a party giving notice to each of the other parties involved, of the dispute or grievance.

### 15.2 Mediation

- (a) If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, then the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- (b) The mediator must be -
  - (i) a person chosen by agreement between the parties; or
  - (ii) in the absence of agreement -
    - (A) for a dispute between a member and another member, a person appointed by the board of the Co-operative; or
    - (B) for a dispute between a member(s)

and the Co-operative, a person appointed by the Supreme Court of Western Australia.

- (c) A member of the Co-operative can be a mediator.
- (d) The mediator cannot be a member who is a party to the dispute.
- (e) The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- (f) The mediator, in conducting the mediation, must -
  - (i) give the parties to the mediation process every opportunity to be heard; and
  - (ii) allow due consideration by all parties of any written statement submitted by any party; and
  - (iii) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- (g) The mediator cannot determine the dispute.
- (h) The mediation must be confidential and without prejudice.
- (i) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.

### 15.3 Excluded matters

- (a) Nothing in this rule extends to any dispute as to the construction or effect of any mortgage or any contract written or unwritten other than these rules.
- (b) Nothing in this rule extends to any dispute involving the cancellation or suspension of a membership or the imposition of a fine.
- (c) If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Act or otherwise at law.



## 16. FINES PAYABLE BY MEMBERS

### 16.1 Contravention of rules

The board may impose on a member a maximum fine of \$1,000, or such higher amount as prescribed by regulations, for a contravention of the rules.

*[Note: Refer Co-operatives Act 2009 section 71 and Co-operatives Act Regulations 2010 clause 5. As at February 2017 the maximum prescribed fine was \$1,000.]*

### 16.2 Procedural fairness to apply

A fine must not be imposed on a member under rule 16.1 unless -

- (i) written notice of intention to impose the fine and the reason for it has been given to the member; and
- (ii) the member has been given a reasonable opportunity to appear before the board in person (with or without witnesses), or to send to the board a written statement, to show cause why the fine should not be imposed.

*[Note: Refer Co-operatives Act 2009 section 71 and Schedule 1 clause 1(h).]*

### 16.3 Code of conduct breach

A breach of any code of conduct imposed under rule 50.4 constitutes a breach of the code and the member is liable under the code separately to this rule 16.

## 17. CAPITAL AND SHARES

- (a) The share capital of the Co-operative must be raised by -

- (i) the issue of ordinary shares of nominal value of \$2.00 each; plus
- (ii) any other class of share approved by a special resolution of the members from time to time, and at any time.

*[Note: Refer Co-operatives Act 2009 section 140(2) and Schedule 1 clause 2(a).]*

- (b) As a transferred co-operative the share classes in existence immediately before registration of the Co-operative under the Co-operatives Act 2009 are deemed approved classes of share as if approved by a special resolution.
  - (c) A member is not entitled to hold more than 40,000 shares in the Co-operative.
  - (d) The share capital varies in amount according to the nominal value of shares from time to time subscribed.
  - (e) A share must not be issued at a discount.
  - (f) A share can be issued at a premium to their nominal value as determined by the board from time to time and at any time and from one issue of a share to another issue of a share.
  - (g) The board may subject to paragraph (h) of this rule, require a member to take up or subscribe for additional shares under a proposal approved of by the members by special resolution passed by means of a special postal ballot.
- [Note Refer Co-operatives Act 2009 section 146 of the Act.]*
- (h) A proposal to require a member to take up or subscribe for additional shares must -
    - (i) be accompanied by a disclosure statement, approved by the Registrar, that explains the purpose for which the funds raised by the issue of the additional shares are to be used; and

## 17. CAPITAL AND SHARES (CONT.)

- (ii) clearly show the class of share and total number of additional shares to be issued and the basis on which the shares are to be apportioned among members; and
- (iii) be accompanied by a statement informing the member that the member may inform the board by notice on or before the date specified in the statement, being a date before the passing of the special resolution, that the member resigns on the passing of the special resolution.

*[Note: Refer to Co-operatives Act 2009 section 146(6) which states "Sections 16 (except subsection (3)) and 29 of the Act apply to the approval of a disclosure statement under this section with any necessary changes and in particular as if any reference in section 16 to a formation meeting were a reference to the special resolution".]*

- (i) A proposal approved under paragraph (g) of this rule, once registered by the Registrar, is binding on -
  - (i) all members of the Co-operative as of the date of registration, other than a member who has given a notice of resignation in accordance with paragraph (h); and
  - (ii) all persons who become members of the Co-operative after the date of registration and before the total number of shares to be issued under the proposal has been issued.

*[Note: Refer Co-operatives Act 2009 section 146(5) and 180(2).]*

- (j) Paragraphs (g), (h) and (i) of this rule do not apply to the issue of bonus shares to a member under rule (k)

*[Refer: Co-operatives Act 2009 section 146(7).]*

- (k) Subject to paragraph (l) of this rule, the Co-operative may issue bonus shares to members if assets of the Co-operative other than assets acquired for resale at a profit -
  - (i) have been sold at a profit; or
  - (ii) have been revalued at a greater value than that disclosed before the revaluation in the books of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 147.]*

- (l) Bonus shares issued under paragraph (k) of this rule are subject to the following restrictions -
  - (i) each issue must have been approved by a special resolution of the Co-operative, notice of which must have been given in accordance with paragraph (m) of this rule;
  - (ii) they are to be issued as fully paid up shares with no payment required to be made by a member of the Co-operative to whom they are issued;
  - (iii) they are to be issued only for shares of the same class of share that are fully paid up as at the date of issue of the bonus shares;
  - (iv) the total nominal value of bonus shares issued by the Co-operative in any one year cannot be more than 20%, or another percentage prescribed by the regulations, of the nominal value of the issued share capital of the Co-operative immediately before the date of issue of the bonus shares.

*[Note: Refer Co-operatives Act 2009 section 148.]*

- (m) Notice of the meeting or postal ballot at which a resolution is to be proposed as a special resolution for the purpose of approving a bonus share issue must be accompanied by -
  - (i) a statement of the value of the assets





concerned as disclosed in the books of the Co-operative before the sale or revaluation; and

- (ii) if the issue arises from, or partly from, a sale of assets, a statement of the price for which the assets were sold; and
- (iii) if the issue arises from, or partly from, a revaluation of assets, a certificate of value of the assets, being a certificate given in relation to a valuation made not more than 12 months before the date of the notice by a person prescribed by the regulations or a person having qualifications prescribed by the regulations; and
- (iv) particulars of acquisitions of shares in the Co-operative made within the 3 years immediately preceding the date of the notice by or on behalf of each of its directors and his or her spouse (or de facto partner) and the father, mother, children, brothers and sisters of each such director and spouse (or de facto partner); and
- (v) a certificate signed by 2 directors of the Co-operative stating that to the best of their knowledge and belief the issue of bonus shares would not be imprudent and that no circumstances are known to them as to why the issue should not take place.

*[Note: Refer Co-operatives Act 2009 section 149.]*

- (n) Shares of the Co-operative must not be quoted for sale or purchase at any stock exchange or in any other public manner whatsoever (within the meaning of the Income Tax Assessment Act 1936 (Cth)).
- (o) The Co-operative is authorised to require members to lend money to the Co-operative, under a proposal approved of by the members by special resolution of the

Co-operative passed by means of a special postal ballot.

*[Note: Refer Co-operatives Act 2009 section 255.]*

- (p) A proposal under paragraph (o) of this rule cannot require a loan to be for a term of more than 7 years or another term prescribed by the regulations.

*[Note: On registration of these rules Co-operatives Regulations 2010 clause 20 set a maximum term of 10 years.]*

- (q) A proposal under paragraph (o) must -
  - (i) be accompanied by a disclosure statement, approved by the Registrar, that explains the purpose for which the money raised by the Co-operative under the proposal is to be used, and includes any other information that the Registrar directs; and

*[Note: Refer to Co-operatives Act 2009 section 255(7) which states "Sections 16 (except subsection (3)) and 29 of the Act apply to the approval of a disclosure statement under this section with any necessary changes and in particular as if any reference in section 16 to a formation meeting were a reference to the special resolution.".]*

- (ii) show the total amount of the loan to be raised by the Co-operative and the basis on which the money required to be lent by each member is to be calculated; and
  - (iii) be accompanied by a statement informing the member that the member may inform the board by notice on or before the date specified in the statement, being a date before the passing of the special resolution by means of a special postal ballot, that the member resigns on the passing of the special resolution.
- (r) Once approved by means of a special postal ballot and registered by the Registrar, the proposal under paragraph (o) is binding on -

## 17. CAPITAL AND SHARES (CONT.)

- (i) all members of the Co-operative as of the date of registration, other than a member who has given a notice of resignation in accordance with paragraph (q) of this rule; and
- (ii) all persons who become members of the Co-operative after the date of registration and before the total amount of the loan to be raised under the proposal has been raised.

*[Note: As a transferred co-operative the Co-operative is allowed to issue shares at zero paid up value. Refer Co-operatives Act section 142(1).]*

## 18. LIABILITY OF MEMBERS TO CO-OPERATIVE

### 18.1 Liability for unpaid share capital and other charges

A member is liable to the Co-operative for the amount, if any, unpaid on the shares held by the member, together with any charges, including entry and periodic fees, payable by the member to the Co-operative under these rules.

*[Note: Refer Co-operatives Act 2009 section 67(2) and Schedule 1 clauses 1(d) and 1(g).]*

### 18.2 Entry fee and regular subscriptions

The board may require the payment by members of entry fees and regular subscriptions set by the board from time to time.

*[Note: Refer Co-operatives Act 2009 section 69 and Schedule 1 clause 1(g).]*

### 18.3 Liabilities on death of member

On the death of a member, the member's estate is subject to the same liability as the member would have been until the member's personal representative or some other person is registered in the member's place.

*[Note: Refer Co-operatives Act 2009 section 63(2) and Schedule 1 clause 1(g).]*

### 18.4 Joint members

Joint members are jointly and severally liable for any amount unpaid on shares and to any such charges under rule 18.1.

## 19. CALLS ON SHARES

### 19.1 Making calls

- (a) The board may from time to time make calls on the members for any amounts unpaid on the shares of the members (whether on the nominal value of the shares or by way of premium) and not by the terms of issue of the shares made payable at fixed times.
- (b) The directors may revoke or postpone a call.
- (c) A call is taken to have been made when the resolution of the directors authorising the call was passed and may be required to be paid by instalment.

*[Note: Refer Co-operatives Act 2009 section 142(2).]*

### 19.2 Payment of calls

- (a) Each member must, on receiving at least 14 days' notice of the time and place of payment, pay to the Co-operative, at the time and place specified, the amount called on the shares.
- (b) The joint holders of a share are jointly and





severally liable to pay all calls for the share.

### 19.3 Interest on unpaid calls

- (a) An amount that, under the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share or by way of premium, is for these rules taken to be a call made and payable on the day that, under the terms of issue, the amount becomes payable and, if the amount is not paid, all relevant provisions of these rules about payment of interest and expenses, forfeiture or otherwise apply as if the amount had become payable under a call properly made and notified.
- (b) If an amount called for a share is not paid before or on the day fixed for payment of the amount, the person from whom the amount is due must pay interest on the amount from the day fixed for the payment of the amount to the time of actual payment at the rate, not more than 16% per annum, the directors decide, but the directors may waive payment of all or part of the interest.

### 19.4 Differentiate between shareholders

The board may, in relation to the issue of shares, differentiate between the holders in the amount of calls to be paid and the times of payment.

### 19.5 Advance payment of calls

- (a) The board may accept from a member all or part of the money uncalled and unpaid on shares held by the member.
- (b) The board may authorise payment by the Co-operative of interest on all or part of an amount accepted under paragraph (a) until the amount becomes payable, at a rate agreed between the board and the member

paying the amount, of not more than 8% per annum or another rate fixed by the Co-operative by special resolution.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 2(d).]*

## 20. REPURCHASE OF MEMBERS' SHARES

- (a) The Co-operative may -
- (i) purchase any share of a member at the request of the member; and
  - (ii) repay to a member, with the member's consent, all or part of the amount paid up to the stated nominal value on any share held by the member when the amount repaid is not required for the activities of the Co-operative.

*[Note: Refer Co-operatives Act section 163.]*

- (b) The amount paid under this rule in purchasing shares or repaying an amount paid up to the stated nominal value on shares, or both, in any financial year of the Co-operative must not be more than the total of -
- (i) 5% of the nominal value of the issued share capital of the Co-operative immediately before the start of that financial year; and
  - (ii) the amount of any additional share capital of the Co-operative subscribed for during that year.
- (c) The members may by special resolution exempt the Co-operative from the operation of paragraph (b) in relation to a particular financial year, either unconditionally or on conditions.
- (d) The amount paid for a share when repurchased under this rule may be an amount decided by the board that is less than the nominal value of the share.
- [Note: Refer Co-operatives Act section 163(4).]*
- (e) This rule does not apply if the member has resigned or has been expelled from the Co-operative or the member's membership has

## 20. REPURCHASE OF MEMBERS' SHARES (CONT.)

been otherwise cancelled.

- (f) The Co-operative must cancel a share purchased or repaid in full by the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 165(1).]*

- (g) If the board and the member agree, or in the opinion of the board, payment of the repurchase price would adversely affect the financial position of the Co-operative, the board may allot or issue debentures or Deferred Capital Units of the Co-operative to the member in satisfaction of the amount.

*[Note: Refer Co-operatives Act 2009 section 164.]*

- (h) A debenture or Deferred Capital Unit issued under paragraph (g) -
  - (i) bears interest during any period as decided under section 164 of the Act; and
  - (ii) must be repaid to the member as soon as repayment would not, in the opinion of the board, adversely affect the financial position of the Co-operative, and in any case, within 10 years.

*[Note: Section 164 sets out a cascading sequence of benchmarks to arrive at the rate of interest payable.]*

## 21. TRANSFER AND TRANSMISSION OF SHARES

### 21.1 Execution by transferor and transferee

The instrument of transfer of a share must be

signed by or for the transferor (the giver) and the transferee (the receiver).

### 21.2 Transferor remains holder

The giver is taken to remain the holder of the share until the name of the receiver is entered in the register of members.

*[Note: Refer Co-operatives Act 2009 section 161.]*

### 21.3 Form of transfer

Shares must be transferred in the following form or another form approved by the board -

(ENTER NAME) CO-OPERATIVE LIMITED

I/we.....  
(the "transferor") of ..... in consideration of the sum of \$.....paid to me by .....  
(hereinafter called "the transferee") of..... transfer to the transferee ..... shares in the .....(the "Co-operative"), to hold for the transferee, the transferee's executors, administrators, and assigns, subject to the several conditions on which I/we hold the same at the time of the execution.

And I/we, the transferee(s), agree to take the said share (or shares) subject to the conditions of the Co-operative's rules.

Dated this..... day of .....20.....

Signed by..... transferor(s).

In the presence of ..... witness.

Signed by ..... transferee(s)..

In the presence of ..... witness.



## 21.4 Restrictions on Transfers

A share may not be sold or transferred except —

- (i) with the consent of the board, and to a person who is an existing member or who is qualified to be admitted to membership of the Co-operative under rules 7 and 8; or
- (ii) as otherwise provided by these rules or the Act.

*[Note: Refer Co-operatives Act 2009 section 158.]*

## 21.5 Refusing to register transfers

- (a) The board may decline to register a transfer of shares to a person not qualified to be a member or of whom they do not approve. The board may also decline to register a transfer of shares on which the Co-operative has a lien or charge. If the board refuses to register a transfer of shares it must send notice of the refusal to the transferee within 28 days after the day the board declined to register the transfer.
- (b) The board of the Co-operative must not consent to the sale or transfer of shares that would result in more than the nominal value of shares permitted under section 278 of the Act to be held by a member.

## 21.6 Transfer and evidence of title

The board may decline to recognise any instrument of transfer unless the instrument of transfer is accompanied by such evidence as the board may reasonably require to show the right of the transferor to make the transfer.

## 21.7 Record of transfer

The board must maintain a record of all transfers made in the proper books of the Co-operative.

## 21.8 Suspension of transfers

The board may suspend the registration of transfers during the 45 days immediately preceding the annual general meeting in each year.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 2(h).]*

## 22. EFFECT OF SALE, TRANSFER OR DISPOSAL OF SHARES

A member who has sold or transferred, or disposed of the beneficial interest in, the member's shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 170 and Schedule 1 clause 1(d).]*

## 23. FORFEITURE AND CANCELLATIONS - INACTIVE MEMBERS

### 23.1 Board to declare membership cancelled

Subject to rules 23.4 and 23.5, the board must declare the membership of a member cancelled if -

- (i) the whereabouts of the member are not presently known to the Co-operative and have not been known to the Co-operative for a continuous period of 24 months immediately prior to that date; or
- (ii) the member has not been an active member at any time during the continuous period of 24 months immediately prior to that date.

*[Note: Refer Co-operatives Act 2009 section 120.]*

## 23. FORFEITURE AND CANCELLATIONS - INACTIVE MEMBERS (CONT.)

### 23.2 Deferral of forfeiture by board

- (a) The board may by resolution defer cancellation of a member's membership for a period of up to 12 months (deferral period) -
- (i) if the board has reasonable grounds to believe that the member has ceased to be an active member because of unusual circumstances that prevent the member fulfilling their active membership obligations; or
  - (ii) if -
    - (A) the board thinks that during the deferral period an active membership resolution may be put to the members of the Co-operative; and
    - (B) the effect of the resolution would be relevant to the question of whether the member is an active member.
- (b) The board must review the resolution to defer within the deferral period to determine if a further resolution should be made under paragraph (a).

### 23.3 Prohibition of cancellation

Unless the regulations otherwise provide, the board must not declare the membership of a member to be cancelled under this rule -

- (i) if the Co-operative is insolvent; or
- (ii) if the Co-operative is under administration under the Corporations Act Part 5.3A as

applying under the Act; or

- (iii) if a compromise or an arrangement is being administered in relation to the Co-operative; or
- (iv) if the Co-operative is in the course of being wound up; or
- (v) if an appointment of a receiver, whether or not a receiver and manager, of any property of the Co-operative is in force; or
- (vi) if the Co-operative has, for the purposes of being registered as a company under the Corporations Act, lodged with the Registrar a copy of the entry made in the minute book of the Co-operative under section 185; or
- (vii) in other circumstances as may be prescribed by the regulations.

*[Note: Refer Co-operatives Act 2009 section 124.]*

### 23.4 Notice of intention to cancel

- (a) Unless paragraph (b) applies, the board of the Co-operative must ensure that notice of its intention to declare the membership of a member to be cancelled is given to the member not less than 28 days prior to the intended day of the cancellation.
- (b) Notice is not required to be given under paragraph (a) if -
- (i) the member's whereabouts are unknown to the Co-operative; or
  - (ii) the amount required to be repaid to the member in relation to the cancelled membership, whether because of the cancellation of shares or otherwise, does not exceed the amount prescribed by the regulations, or if an amount is not prescribed, \$100.

*[Note: Refer Co-operatives Act 2009 section 125. As at February 2017 the prescribed amount was \$100.]*



### 23.5 Shares forfeited, amount repaid and recorded

- (a) The board is to declare the shares of a member forfeited and cancelled at the same time as the membership is cancelled and the amounts payable for the forfeited and cancelled shares must be dealt with and repaid as if the member had resigned and was entitled to a payment under rule 14.
- (b) The Co-operative must keep a register of cancelled memberships under paragraph (a), that must include the particulars in the Co-operatives Regulations 2010, Schedule 4 clause 5.

## 24. FORFEITURE OF SHARES

- (a) If a member fails to pay a call or instalment of a call by the day appointed for payment, the board may, at any time any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest that may have accrued.
- (b) The notice must name a further day (not earlier than 14 days after the date of the notice) on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the shares for which the call was made will be liable to be forfeited.
- (c) If the requirements of the notice served under this rule are not complied with, any share in respect of which the notice has been given, may at any time (but before the payment required by the notice has been made) be forfeited by a resolution of the board.
- (d) Such a forfeiture must include all dividends

declared for the forfeited shares and not actually paid before forfeiture.

## 25. FORFEITED SHARES

### 25.1 Membership stops

- (a) A person whose shares have been forfeited under these rules stops being a member. The person nevertheless remains liable to pay to the Co-operative all amounts that are (as at the date of forfeiture) payable by him or her to the Co-operative for the shares.
- (b) A statutory declaration in writing by a director, the chief executive officer or secretary of the Co-operative stating that a share in the Co-operative has been forfeited on a date stated in the declaration is proof of that fact as against all persons claiming to be entitled to the share.

### 25.2 Forfeited shares to be cancelled

- (a) The Co-operative must cancel any share forfeited to the Co-operative in accordance with these rules.
- (b) Any shares held by the Co-operative in itself at the time the Co-operative is registered under the Act are cancelled under this rule.

*[Note: Refer Co-operatives Act 2009 section 165.]*

### 25.3 Charge over shares

The Co-operative has a charge on the paid up amounts of the forfeited shares and may appropriate those amounts under rule 29.1.

*[Note: Refer Co-operatives Act 2009 section 72.]*

## 26. FORFEITURE FOR NON PAYMENT OF SUBSCRIPTION

### 26.1 Shares may be forfeited

- (a) The shares of a member whose periodic fee (subscription) under rule 18.2 has not been paid may be forfeited and cancelled by resolution of the board.
- (b) Rule 25 applies to the forfeiture.

### 26.2 Notice requirement

Written notice of the proposed forfeiture must be given to the member at least 14 days before the date of the board meeting at which the resolution for forfeiture of the shares is to be moved and the member must be given an opportunity of being heard at the meeting.

### 26.3 Amount due

The amount and payment terms for shares forfeited under this rule are the same as if the member had resigned and was entitled to a payment under rule 14.

## 27. DEATH OF MEMBER

### 27.1 Jointly held share

On the death of a joint member the board must transfer the deceased member's share or interest in the Co-operative to the surviving joint members in accordance with rule 9.3.

### 27.2 Individual membership

- (a) Subject to section 159 of the Act, the board

must transfer a deceased member's share or interest in the Co-operative to -

- (i) the personal representative of the deceased, that is, an executor or administrator of the estate of the deceased; or
  - (ii) the person specified by the deceased's personal representative, in an application made to the Co-operative within 3 months after the death of the member.
- (b) The board may approve the transfer of a share to a person other than the executor or administrator if the board is satisfied that -
    - (i) there are reasonable grounds for believing the proposed transferee will be an active member of the Co-operative; or
    - (ii) the proposed transferee is qualified to be a member of the Co-operative under these rules; or
    - (iii) the transfer would not increase the proposed transferee's holding in the Co-operative beyond that allowed by the Act or these rules.
  - (c) If the total value of the deceased member's shares and interests in the Co-operative is less than \$10,000 or another amount fixed by the regulations, the board may transfer the share under section 76 of the Act if there has not been a grant of letter of administration or of probate of the deceased's will.
  - (d) For the purposes of paragraph (c) the board must decide the value of the shares and interest of a deceased member as the amount paid up on the shares together with any other amounts due to the deceased member less any amounts owing to the Co-operative by the deceased member.

*[Note: Refer Co-operatives Act 2009 sections 75, 76, 77, 158(2), 159 and 160. Transfer of a deceased member's interest in a share is without discount. A*





*request for the board to buy back a share of a sole deceased member will be processed as if the member had voluntarily resigned their membership.]*

## **28. DEALINGS OF MEMBERS WITH CO-OPERATIVE**

### **28.1 Contracting with members**

The Co-operative may make a contract with a member requiring the member to have specified dealings with the Co-operative for a fixed period.

*[Note: Refer Co-operatives Act 2009 section 70.]*

### **28.2 Content of contract**

The contract may require a member -

- (i) to sell products through or to the Co-operative; or
- (ii) to obtain supplies or services through or from the Co-operative; or
- (iii) to pay to the Co-operative specified amounts as liquidated damages for a contravention of a requirement authorised by this rule.

### **28.3 Liquidated damages and security therefore**

Any amount specified as liquidated damages is to be considered as a debt payable to the Co-operative for which the Co-operative has a charge on each of the following -

- (i) the share or interest in the capital and the credit balance and deposits of the member or past member;
- (ii) any dividend, interest, bonus or rebate payable to the member or past member;
- (iii) any entry and periodic fees required to be repaid to a member when the member ceases to be a member.

*[Note: Refer Co-operatives Act 2009 section 72.]*

## **28.4 Nature of security**

The charge created under section 72 of the Act shall be enforced under that section and rule 29.

## **29. CHARGE ON SHARES, CO-OPERATIVE CAPITAL UNITS AND DEBENTURES**

### **29.1 Charge and set off**

- (a) The Co-operative has in respect of any debt due from the member or past member to the Co-operative a charge on –
  - (i) the share or interest in the capital of the Co-operative including co-operative capital units, and any debentures standing in the name of the member or past member, and
  - (ii) on the credit balance and deposits of a member or past member, and
  - (iii) any dividend, interest, bonus or rebate payable to a member or past member.
- (b) The Co-operative may also set off any amount paid on account of that share or otherwise or any amount credited or payable to the member or past member in or towards payment of the debt.

*[Note: Refer Co-operatives Act 2009 section 72.]*

- (c) The charge may be enforced at any time after 7 days' notice to the member or past member, by the appropriation by the Co-operative of the capital, interest or deposit subject to the charge. Any share or co-operative capital unit or any debenture for which capital has been appropriated must be cancelled.

## 29. CHARGE ON SHARES, CO-OPERATIVE CAPITAL UNITS AND DEBENTURES (CONT.)

### 29.2 Right to sell

- (a) The Co-operative may sell, in the way the directors consider appropriate, all or any shares, co-operative capital unit or any debenture on which the Co-operative has a charge. However, no sale can be made unless some amount for which the charge exists is payable at the date of the sale. Also no sale can be made until the end of 14 days after a written notice (stating, and demanding payment of, the part of the amount for which the charge exists as is payable at the date the notice is given) has been given to the registered holder of the share, co-operative unit or any debenture or the person entitled to it because of death or bankruptcy. The notice must indicate that, on failure to make payment of the amount demanded within the time stipulated, the shares and the co-operative capital unit any or debenture will be sold by the board.
- (b) If the highest offer received by the board is less than the amount paid up on shares, co-operative capital units or any debenture to be sold, the board must, before accepting the offer, notify the member of the receipt of the offer and the amount of the offer, and of the board's intention to accept the offer at the end of 14 days, if no payment is made before then to the Co-operative of all amounts for which the charge exists.
- (c) From the proceeds of the sale the Co-operative may deduct the expenses, if any, associated with the sale and may apply the

balance to reduce the liability of the member. However, if a surplus remains after such deduction, the surplus is payable to the member whose shares were sold.

- (d) For giving effect to a sale the board may authorise a person to transfer the shares, co-operative capital units or any debenture sold to the purchaser of them.

## 30. REGISTRATION OF OFFICIAL TRUSTEE IN BANKRUPTCY

### 30.1 Registration of official trustee

If a member is declared bankrupt, the Official Trustee in Bankruptcy may be registered as the holder of the shares or other interests held by the bankrupt member.

*[Note: Refer Co-operatives Act 2009 section 154(2).]*

### 30.2 Equitable interests of bankrupt member

The board may register the Official Trustee in Bankruptcy as the holder of a share in which a bankrupt member has an entitlement in equity, with the consent of both the Co-operative and the holder of the share.

*[Note: Refer Co-operatives Act 2009 section 154(3).]*

### 30.3 Board right to decline

The board has the same right to decline or to suspend registration of a share as it would have had for a transfer of a share by the bankrupt person before the bankruptcy.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(d).]*





## 31. REGISTRATION AS ADMINISTRATOR OF ESTATE ON INCAPACITY OF MEMBER

A person appointed under a law of a State or a Territory to administer the estate of a member who, through mental or physical infirmity, is incapable of managing his or her affairs, may be registered as the holder of the member's share.

*[Note: Refer Co-operatives Act 2009 sections 153 and 158 and Schedule 1 clause 1(d).]*

## 32. ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, ADMINISTRATOR ETC

### 32.1 Entitlements of representatives prior to registration

A person becoming entitled to be a shareholder because of the death, bankruptcy or the incapacity of the holder is entitled to the dividends and other advantages to which that person would be entitled if he or she were the registered holder of the share or shares. However, before being registered as a member, the person is not entitled to exercise any right conferred by membership in relation to meetings of the Co-operative.

### 32.2 Liabilities of representatives

A person registered under rule 27, 30 or 31 has, while registered, the same liabilities in relation to the share or shares as those to which the dead

person, the bankrupt person or the incapable person would have been liable if he or she had remained a member with full legal capacity.

### 32.3 Board right to decline

The board has the same right to decline or to suspend registration of a share as it would have had for a transfer of a share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(d).]*

## 33. DEBENTURES

### 33.1 Ordinary debentures

- (a) The board may subject to this rule, issue or re-issue ordinary debentures upon such terms and conditions as it thinks fit.
- (b) The directors shall cause to be kept a Register of Ordinary Debentures containing details of all ordinary debentures on issue.
- (c) An entry in the Register of Ordinary Debentures is evidence of ownership of the debenture.
- (d) The Co-operative has a lien over ordinary debentures registered in the name of a member or a past member (whether solely or jointly) and all interest payable in respect of the debenture, for moneys owed to the Co-operative. The directors may appropriate all interest payable on an ordinary debenture to the reduction of the registered holder's debt to the Co-operative.
- (e) It is a condition of transfer that the board has at all times a lien and off-set rights, as set out in rule 29, for debts due to the Co-operative by a registered holder of a debenture.

## 33. DEBENTURES (CONT.)

- (f) On the allotment of an ordinary debenture the board is to give notice of the allotment to the receiver within 28 days of allotment.

### 33.2 Bonus debentures

- (a) The board may issue bonus debentures of not less than two dollars nominal value.
- (b) Interest accrues daily at the rate determined by the board at the time of issuing the bonus debenture and is payable at least annually to the registered owner of the bonus debenture on the date fixed by the board for the payment of interest or on the date of redemption.
- (c) Bonus debentures are an unsecured debt of the Co-operative.
- (d) Bonus debentures are to be issued in perpetuity but the board may redeem bonus debentures at any time without notice on payment of the face value to the registered proprietor.
- (e) The Co-operative has a lien over bonus debentures registered in the name of a member or past member (whether solely or jointly) and all interest payable in respect of the bonus debentures, for moneys owed to the Co-operative. The directors may appropriate all interest payable on a bonus debenture to the reduction of the registered holder's debt to the Co-operative.
- (f) It is a condition of transfer that the board has at all times a lien and off-set rights, set out in rule 29, for debts due to the Co-operative by a registered holder of a debenture.
- (g) The directors shall cause to be kept a Register of Bonus Debentures containing details of all bonus debentures on issue.
- (h) An entry in the Register of Bonus Debentures is evidence of ownership of the debenture.
- (i) On the allotment of a bonus debenture the board is to give notice of the allotment to the receiver within 28 days of the allotment.

## 34. TRANSFER AND TRANSMISSION OF DEBENTURES

- (a) On the written request of the transferor (the giver) of an ordinary debenture or bonus debenture, the Co-operative must subject to paragraphs (b), (c), (d) and (e) of this rule, enter in the appropriate register the name of the transferee (the receiver) in the same way and on the same conditions as if the application for entry were made by the receiver.
- (b) If the Co-operative refuses to register a transfer of debentures it must, within 28 days after the date on which the transfer was lodged with it, send to the receiver notice of the refusal.
- (c) An instrument of transfer of a debenture must be executed by or on behalf of the giver and the receiver. The giver is taken to remain the holder of the debenture until the debenture in the name of the receiver is entered in the register of debentures.
- (d) The board may decline to recognise an instrument of debenture and may decline to register a debenture unless -
  - (i) a fee of \$15.00 (or a lesser amount decided by the board from time to time) is paid to the Co-operative for the transfer registration; and
  - (ii) the instrument of transfer is accompanied by the relevant debenture(s) and any other evidence the board reasonably



requires; in particular, evidence showing the right of the giver to make the transfer; and

(iii) any government stamp duty payable is paid.

(e) On the death of a joint holder of a debenture interest in the debenture transfers to the surviving joint holders.

(f) The board must issue a notice to both the giver and the receiver setting out the transfer details as recorded in the relevant debenture register.

(g) Debentures must be transferred in the following form or in a form approved by the board -

I/We,..... (the transferor) of ..... in the State of ..... in consideration of the sum of \$..... paid to me by ..... (the transferee), of ..... in the State of ..... transfer to the transferee the following security ..... (enter type and quantity of the Debenture) to be held by the transferee, the transferee's executors, administrators, and assigns, subject to any conditions on which I/we hold the security and subject to any other conditions being terms of the transfer of the security.

And I/we, the transferee agree to take the debenture/s subject to the conditions mentioned.

Dated this ..... day of ..... 20.....

Signed by ..... transferor(s).

In the presence of ..... witness.

Signed by .....

transferee(s).

In the presence of ..... witness.

[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(p).]

## 35. ISSUE OF CO-OPERATIVE CAPITAL UNIT

### 35.1 Deferred Capital Unit

(a) A Deferred Capital Unit is a class of co-operative capital unit issued on the authority of the board under rule 12(f)(ii)(B), 14 (f)(ii)(B), 20(g), 23.5(a), or 26.3.

(b) Terms of issue of a Deferred Capital Unit are -

- (i) the paid up value of a unit is \$2.00 each;
- (ii) each unit ranks equally with every other Deferred Capital Unit on issue;

(iii) the unit must be redeemed -

(A) as soon as redemption would not, in the opinion of the board, adversely affect the financial position of the Co-operative; and in all cases

(B) within 10 years after the repurchase of the shares that gave rise to the issue of the unit; or

(C) on winding-up of the Co-operative;

(iv) the unit bears interest during any period -

(A) at the rate (or, if there is more than one rate, at the higher or highest rate) of dividend payable for that period on the share capital of the Co-operative; or

(B) if the rate of dividend payable for that period has not been decided, at the rate (or the higher or highest rate)

## 35. ISSUE OF CO-OPERATIVE CAPITAL UNIT (CONT.)

payable for the immediately preceding period for which a rate has been decided;

- (C) if a rate of dividend has never been decided for the share capital of the Co-operative, at the rate that the board of the Co-operative considers reasonable;
- (v) on a winding-up the unit ranks equally with ordinary shares in priority of payment; and
- (vi) there is no limit on the total holding of units that may be acquired by persons who are not members of the Co-operative.

### 35.2 Co-operative capital units – other

- (a) The board of the Co-operative may in addition to issuing co-operative capital units under rule 35.1 issue other classes of co-operative capital units that confer an interest in the capital of the Co-operative.

*[Note: Refer Co-operatives Act 2009 Part 10 Division 2.]*

- (b) Co-operative capital units cannot be issued under this rule 35.2 unless -
  - (i) the terms of issue have been approved by a special resolution of the Co-operative; and
  - (ii) the issue is made pursuant to an offer accompanied by a copy of a statement approved by the Registrar under section 262(3) of the Act; and
  - (iii) the Registrar approves of the terms of the issue under section 262(4) of the Act.

*[Note: Refer Co-operatives Act section 262(1).]*

- (c) The terms on which CCUs are issued under this rule 35.2 must include, but are not limited to the following information -
  - (i) details of entitlement to repayment of capital;
  - (ii) details of entitlement to participate in surplus assets and profits;
  - (iii) details of entitlement to interest on capital, including whether interest is cumulative or non-cumulative;
  - (iv) details of how capital and interest on capital are to rank for priority of payment on a winding-up;
  - (v) whether there is a limit on the total holding of CCUs that may be acquired by persons who are not members of the Co-operative and, if there is a limit, what the limit is.

*[Note: Refer Co-operatives Act 2009 section 262(2).]*

### 35.3 Co-operative capital units – generally

- (a) The board of the Co-operative may, subject to rule 35.2, issue CCUs to a person, whether or not that person is a member of the Co-operative.
- (b) Each holder of a CCU is entitled to one vote per CCU held at a meeting of the holders of CCUs.
- (c) The rights of the holders of CCUs may be varied only in the way and to the extent provided by their terms of issue and only with the consent of at least 75% of those holders of CCUs who, being entitled to do so, cast a formal vote to accept the variation at a meeting.
- (d) The holder of a CCU has, in the person's capacity as a holder of a CCU, none of the



rights or entitlements of a member of the Co-operative.

- (e) The holder of a CCU is entitled to receive notice of all relevant meetings of the Co-operative and all other documents in the same manner as the holder of a debenture of the Co-operative.
- (f) Multiple classes of co-operative capital units can be on issue at the one time provided each class is clearly distinguishable from every other class.

## 36. TRANSFER AND TRANSMISSION OF CCUs

- (a) Subject to this rule 36, the transfer and transmission of a CCU is to follow the same process and fee structure as for a debenture under rule 34.
- (b) Where the terms of issue of a CCU differ from rule 34 in respect to the manner of transfer or transmission, the terms of its issue prevail.
- (c) The board can refuse to transfer a co-operative capital unit if the board has a charge over the unit under rule 29.
- (d) If a transfer request is rejected any fees paid are refundable to the party that made the payment.
- (e) For the removal of doubt Deferred Capital Units are transferrable CCUs and can be held in the name of a member or non-member.

## 37. ANNUAL GENERAL MEETINGS

### 37.1 Timing of annual general meeting

An annual general meeting must be held each year at a place and on a date and a time, decided by the board, within 5 months after the close of the financial year of the Co-operative or within the further time allowed by the Registrar or fixed under a regulation.

*[Note: Refer Co-operatives Act 2009 section 190.]*

### 37.2 General meetings

A general meeting of the Co-operative other than the annual general meeting must be a special general meeting.

### 37.3 Requisition of meeting

If an annual general meeting is not held as required by rule 37.1, the members may, under rule 38, requisition a special general meeting.

*[Note: Refer Co-operatives Act 2009 section 105 and Schedule 1 clause 1(t).]*

## 38. SPECIAL GENERAL MEETINGS

### 38.1 Board may call on own motion

The board may, whenever it considers appropriate, call a special general meeting of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 191.]*

### 38.2 Board to call general meeting on requisition

- (a) The board must call a general meeting of the Co-operative on the requisition in writing by members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the Co-operative.

## 38. SPECIAL GENERAL MEETINGS (CONT.)

- (b) The requisition must -
- (i) state the objects of the meeting; and
  - (ii) be signed by the requisitioning members (and may consist of several documents in like form each signed by one or more of the requisitioning members); and
  - (iii) be served on the Co-operative by being lodged at the Co-operative's registered office.
- (c) A meeting requisitioned by members under these rules must be called and held as soon as practicable and in any case must be held within 2 months after the requisition is served.
- (d) If the board does not call a meeting within 35 days after the requisition is served, the following provisions apply -
- (i) the requisitioning members (or any of them representing at least half their total voting rights) may call the meeting in the same way, as nearly as possible, as meetings are called by the board;
  - (ii) for that purpose they may ask the Co-operative to supply a written statement of the names and addresses of the persons entitled, when the requisition was served, to receive notice of general meetings of the Co-operative;
  - (iii) the board must send the statement to the requisitioning members within 7 days after the request for the statement is made;
  - (iv) the meeting called by the requisitioning members must be held within 3 months after the requisition is served;

- (v) the Co-operative must pay the reasonable expenses incurred by the requisitioning members because of the board's failure to call the meeting;
- (vi) any amount required to be paid by the Co-operative is to be retained by the Co-operative out of amounts payable by the Co-operative for fees or other remuneration for their services to the directors who were in default.

*[Note: Refer Co-operatives Act 2009 section 195 and Schedule 1 clause 1(t).]*

## 39. NOTICE OF GENERAL MEETINGS

### 39.1 Issuing notice

- (a) At least 14 days' notice (not including the day on which the notice is served or taken to be served, but including the day for which notice is given) must be given to every member and the auditor, if any, of any general meeting, in the way stipulated in rule 82.

*[Note: Refer Co-operatives Act 2009 section 192 and section 197A.]*

- (b) Notice must be given to the persons who are, under these rules and the Act, entitled to receive notices from the Co-operative, but non-receipt of the notice does not invalidate the proceedings at the general meeting.

### 39.2 Notice to specify

The notice must state the place, day and hour of the meeting and, for special business, the general nature of the business.

### 39.3 Notice of special resolution





For a special resolution, notice of -

- (i) the intention to propose the special resolution; and
- (ii) the reasons for proposing the special resolution; and
- (iii) the effect of the special resolution being passed,

must be given at least 21 days before the meeting.

*[Note: Refer Co-operatives Act 2009 section 177(3) and Schedule 1 clause 1(t).]*

## 39.4 Members' business

- (a) Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the Co-operative and who have a resolution to submit to a general meeting must give written notice of it to the Co-operative at least 45 days before the day of the meeting.
- (b) In a notice calling a general meeting, the board must include any business that members have notified their intention to move at the meeting under paragraph (a) (provided the member's notification has been made under these rules and within time).

*[Note: Rule 39.4 exists as a governance measure allowing matters of concern to a reasonable number of members to be aired at a general meeting whilst reducing the prospect of an abuse of process by minority interests. Rule 39.4 does not prevent the board from acting in its own right and placing any matter before a general meeting.]*

# 40. BUSINESS OF GENERAL MEETINGS

## 40.1 Ordinary business

The ordinary business of the annual general meeting must be to receive from the board, auditors or officers of the Co-operative, as required by section 244Y of the Act -

- (i) the financial and other reports of the Co-operative for the financial year; and
- (ii) a report on the state of affairs of the Co-operative.

## 40.2 Special business

- (a) The annual general meeting may also transact special business of which notice has been given to members under these rules.
- (b) All business of a general meeting, other than business of the annual general meeting that is ordinary business, is special business.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(u).]*

## 40.3 Auditor's right to be heard at general meetings

- (a) The Co-operative's auditor, if any, is entitled to attend any general meeting of the Co-operative.
- (b) The auditor is entitled to be heard at the meeting on any part of the business of the meeting that concerns the auditor in the capacity of auditor.
- (c) The auditor is entitled to be heard even if -
  - (i) the auditor retires at the meeting; or
  - (ii) the meeting passes a resolution to remove the auditor from office.
- (d) The auditor may authorise a person in writing as the auditor's representative for the purpose of attending and speaking at any general meeting.

## 40. BUSINESS OF GENERAL MEETINGS (CONT.)

*[Note: Refer Co-operatives Act 2009 section 197B.]*

### 40.4 Proceedings at annual general meeting

- (a) The chairman of an annual general meeting must allow a reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the Co-operative.
- (b) If the Co-operative's auditor, if any, or their representative is at the meeting, the chairman of the annual general meeting must allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor or the auditor's representative questions relevant to -
  - (i) the conduct of the audit; and
  - (ii) the preparation and content of the auditor's report; and
  - (iii) the accounting policies adopted by the Co-operative in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit;and
  - (v) allow a reasonable opportunity for the auditor or their representative to answer written questions submitted to the auditor.

### 40.5 Tabling written answers

If -

- (i) the Co-operative's auditor or their representative is at the annual general

meeting; and

- (ii) the auditor has prepared a written answer to a written question submitted to the auditor,

the chairman of the annual general meeting may permit the auditor or their representative to table the written answer to the written question.

### 40.6 Access to written answers

The board must make the written answer tabled under rule 40.5 reasonably available to members as soon as practicable after the annual general meeting.

## 41. QUORUM AT GENERAL MEETINGS

### 41.1 Quorum number

- (a) An item of business cannot be transacted at a general meeting unless a quorum of members is present when the meeting is considering the item.
- (b) Unless these rules state otherwise -
  - (i) 10 members present in person, or attorney and being entitled to exercise a vote, constitute a quorum for a general meeting other than a special general meeting requisitioned by members;
  - (ii) the number of members required to be present in person, or attorney, to constitute a quorum for a special general meeting requisitioned by members is the same number of members required to requisition a special general meeting.

*[Note: Rule 41.1(b)(ii) is a governance measure allowing a reasonable number of members to requisition a general meeting but reduces the prospect of an abuse of process by requisitioners not committed to attending the meeting. The quorum number is of the overall*





*membership and can comprise requisitioning and non-requisitioning members.]*

- (c) If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
- (d) If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the members present constitute a quorum.

*[Note: Refer Co-operatives Act 2009 section 193(2) and Schedule 1 clause 1(t).]*

## 41.2 Consequences of not maintaining a quorum

If at any stage after the opening of the meeting a quorum is not present the chairperson shall adjourn the meeting for 15 minutes at the conclusion of which the chairperson shall -

- (a) if a quorum is present, resume the meeting; or
- (b) if a quorum is not present -
  - (i) and the meeting was called on the requisition of members - declare the meeting closed; or
  - (ii) declare the meeting closed - if there is no unfinished business; or
  - (iii) adjourn the meeting to the same day in the next week at the same time and place to complete business left unfinished but no other business, and at the adjourned meeting if a quorum is not present within half an hour after the time appointed for the meeting the members present constitute a quorum.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(u).]*

## 42. CHAIRPERSON AT GENERAL MEETINGS

### 42.1 Chairperson of board presides

The chairperson, if any, of the board may preside as chairperson at every general meeting of the Co-operative.

### 42.2 Members to choose if board chairperson not present or willing

If there is no chairperson or acting chairperson, or if neither is present within 15 minutes after the time appointed for holding the meeting or neither is willing to act as chairperson, then the members present must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).

### 42.3 Conduct of meeting

The chairperson shall determine the procedures for conducting a general meeting having regard to any specific governance requirements set out in these rules.

### 42.4 Adjournment of meetings

The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting from time to time and from place to place. However, the only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, notice of the adjourned meeting must be given just as

## 42. CHAIRPERSON AT GENERAL MEETINGS (CONT.)

for the original meeting. Apart from this it is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(u).]*

## 43. ATTENDANCE AND VOTING AT GENERAL MEETINGS

### 43.1 Voting

- (a) The right to vote attaches to membership and not shareholding.
- (b) Joint members have only one vote between them.
- (c) Every joint member is entitled to attend and be heard at a general meeting.
- (d) In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney) the joint member whose name appears first in the register of members will vote.

### 43.2 Decision

- (a) A resolution, other than a special resolution, must be decided by simple majority.

*[Note: Refer Co-operatives Act 2009 section 176. The requirements for a special resolution are in section 177 of the Act.]*

- (b) Subject to paragraph (c) and (d), at any general meeting a question for decision must be decided on a show of hands of members present at the meeting and entitled to vote.

*[Note: Refer Co-operatives Act 2009 section 194(1).]*

- (c) A poll may be demanded on any question for decision.
- (d) Where before a vote is taken or before or immediately after the declaration of the result on a show of hands -
  - (i) the chairperson directs that the question is to be determined by a poll; or
  - (ii) at least 5 members present in person or represented by proxy and entitled to vote, demand a poll,

the question for decision must be determined by a poll.

*[Note: Refer Co-operatives Act 2009 section 194(4).]*

- (e) Subject to paragraph (f), the poll must be taken when and in the manner that the chairperson directs.
- (f) A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
- (g) Once the votes on a show of hands or on a poll have been counted then, subject to paragraph (d), a declaration by the chairperson that a resolution has been carried (unanimously or by a particular majority) or lost is evidence of that fact.
- (h) The result of the vote must be entered in the minute book.

## 44. VOTING ON A SHOW OF HANDS

On a show of hands at a general meeting, subject to rule 43.1(b), each member -



- (i) present; or
- (ii) represented by a non-member acting under a power of attorney; or
- (iii) represented by a non-member appointed under rule 9.8,

may exercise only one vote.

[Note: Refer Co-operatives Act 2009 section 194.]

## 45. VOTING ON A POLL

On a poll called at a general meeting, subject to rule 43.1(b), each member -

- (i) present; or
- (ii) represented by a proxy; or
- (iii) represented by a person acting under a power of attorney; or
- (iv) represented by a person appointed under rule 9.8,

has one vote.

[Note: Refer Co-operatives Act 2009 section 194.]

## 46. DETERMINING OUTCOME WHERE EQUALITY OF VOTES

- (a) Where the members votes in favour and against a resolution are equal the vote is taken to have been decided in the negative.
- (b) The chairperson does not have a second or casting vote.

[Note: Refer Co-operatives Act 2009 section 194(5).  
The chairperson of the meeting who is a member of the Co operative can vote as member, but does not have a casting vote.]

## 47. PROXY VOTES

- (a) The instrument appointing a proxy must

be in writing signed by the appointer or the appointer's attorney properly authorised in writing.

- (b) An instrument appointing a proxy may direct the way the proxy is to vote in relation to a particular resolution and, if an instrument of proxy directs, the proxy is not entitled to vote on the resolution other than as directed in the instrument.
- (c) A person must not act as a proxy unless the person is -
  - (i) a member of the Co-operative; or
  - (ii) a person appointed under rule 9.8; or
  - (iii) a non-member chairperson of the meeting.
- (d) An instrument appointing a proxy may be in the following form, or another form the board approves -

### PROXY FORM

.....  
(name of Co-operative)

I/we..... (name)  
of..... (address)  
being a member/s of the Co-operative appoint  
..... (name)  
of..... (address)  
as my/our proxy or, in that person's absence, the  
chairperson of the meeting as my proxy,

to vote for me/us and on my/our behalf at the  
\*annual general/\*special general meeting of the  
Co-operative, to be held on the..... day  
of..... 20..... and at any  
adjournment of the meeting

\*Strike out as applicable.

I/We direct my/our proxy to vote in respect of  
the following resolutions to be considered as  
indicated with an "X" below i.e. as a directed

## 47. PROXY VOTES (CONT.)

proxy, and to vote or abstain from voting in respect of any procedural resolution that comes before the meeting as my/our proxy thinks fit.

	FOR	AGAINST
<i>[ordinary/special] resolution No. 1</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>[ordinary/special] resolution No. 2</i>	<input type="checkbox"/>	<input type="checkbox"/>

If no direction is given above, this is an open proxy and I/we authorise my/our proxy to vote or abstain from voting as my/our proxy thinks fit in respect of any and every matter to be considered by the meeting and any adjournment of the meeting.

I/we acknowledge that proxy votes will only be counted if a matter is to be determined by a poll or where expressly stated in the rules.

Dated .....

Signature(s)  
 .....  
 .....

Corporate members must execute in accordance with Corporations Act 2001 or by attorney.

(e) Any member may by power of attorney duly executed appoint an attorney (who must be a member of the Company) to act on his behalf at all meetings of the Company and such power of attorney or proof thereof to the satisfaction of the Board shall without prejudice to paragraph (f) be produced for inspection at the office together with such evidence of the due execution thereof as the Board may require before the attorney shall be entitled to act thereunder and such attorney may be authorised to appoint a proxy for the member granting the power of attorney.

- (f) An instrument appointing a proxy is not valid until the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of the power or authority, are deposited, at least 48 hours (Saturdays, Sundays or Public Holidays excluded e.g. for meeting to be held noon Tuesday after Easter proxies must be lodged by noon Wednesday before Easter) before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, at the registered office of the Co-operative or at another place specified for the purpose in the notice calling the meeting.
- (g) A vote given in accordance with an instrument of proxy or a power of attorney is valid despite the previous death or unsoundness of mind of the principal, the revocation of the instrument (or of the authority under which the instrument was executed) or the power, if no intimation in writing of the death, unsoundness of mind or revocation has been received by the Co-operative at the registered office before the start of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

## 48. POSTAL BALLOTS

- (a) A postal ballot or special postal ballot must be held when required by the Act, these rules or when the members by ordinary resolution approve one.

*[Note: Section 187 of the Act lists a number of matters for which a special postal ballot must be conducted. Section 188(1) of the Act requires the board to conduct a postal ballot or a special postal ballot for the passing of a special resolution on the written requisition of such number of members who together are able to cast at least 20% (or less if the rules provide) of the total number of votes able to be cast at a meeting of the*



*co-operative. Members proposing to give the board a written requisition should familiarise themselves with the requirements in section 188(2).]*

- (b) Subject to this rule and satisfying the notice provision of section 186 of the Act and this rule, a postal ballot or special postal ballot is to be conducted in the way prescribed by regulation 9A of the Co-operatives Regulations 2010.
- (c) A postal ballot or special postal ballot may incorporate one or more methods of electronic voting.
- (d) The board is to appoint a returning officer to conduct the postal ballot or special postal ballot or, in default of such appointment, the secretary is the returning officer.
- (e) Subject to paragraph (h) ballot papers must be provided to members at least 21 days prior to the closing date of a postal ballot or special postal ballot, giving -
  - (i) particulars of the business in relation to which the postal ballot or special postal ballot is being conducted; and
  - (ii) an explanation of how to lodge a valid vote and the majority required to pass the vote; and
  - (iii) notice of the closing date and closing time of the postal ballot.

*[Note: Refer Co-operatives Act 2009 section 186(3) requirement for a disclosure statement containing specified information to be included with the other material sent to members in connection with a special postal ballot.]*

- (f) Subject to paragraph (h) the returning officer shall receive, validate and, once the ballot closes, count the votes and advise the Board of -
  - (i) the number of formal votes cast in favour of the proposal concerned; and
  - (ii) the number of formal votes cast against

the proposal concerned; and

- (iii) the number of informal votes cast.
- (g) On declaration of the result of the ballot, the secretary must enter the paragraph (f) details in the minute book of the Co-operative.
- (h) Paragraphs (e), (f) and (g) do not apply to a postal ballot conducted to elect member directors.
  - (i) If the board decides to conduct a secret postal ballot it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(v).]*

## 49. SPECIAL AND ORDINARY RESOLUTIONS

- (a) A special resolution is a resolution of which the notice set out in paragraph (b) has been given of the intention to propose the resolution as a special resolution and that is passed -
  - (i) by two-thirds of the members who vote in person or by proxy or attorney, at a general meeting; or
  - (ii) by a two-thirds majority in a postal ballot; or
  - (iii) by three-quarters of the members who cast formal votes in a special postal ballot of members.

*[Note: Refer Co-operatives Act 2009 section 177(1).]*

- (b) A resolution is not taken to have been passed as a special resolution unless not less than 21 days' notice has been given to the members of the Co-operative stating -
  - (i) the intention to propose the special

## 49. SPECIAL AND ORDINARY RESOLUTIONS (CONT.)

resolution; and

- (ii) the reasons for proposing the special resolution; and
- (iii) the effect of the special resolution being passed.

*[Note: Refer Co-operatives Act 2009 section 177(3).]*

- (c) A special resolution has effect from the date it is passed, however a special resolution required to be passed by special postal ballot has no effect until registered by the Registrar and no amendment to these rules is to take effect until the amendment is registered by the Registrar.

*[Note: Refer Co-operatives Act 2009 sections 106(1) and 180.]*

- (d) An ordinary resolution is one passed by a simple majority and has effect from the date it is passed.

*[Note: Refer Co-operatives Act 2009 section 176.]*

## 50. BOARD OF DIRECTORS

### 50.1 Number of member directors

- (a) The board must have no less than 3 and no more than 6 member directors, each of whom must be an individual, whether as a member of the Co-operative, or as a representative of a corporation member, and at least 18 years old.
- (b) At least 2 of the directors must be ordinarily resident in Australia.

*[Note: Refer Co-operatives Act 2009 Part 9 Division 1 and Schedule 1 clause 1(k). The acts of a director are valid despite any defect that may afterwards be*

*discovered in his or her appointment or qualification.]*

### 50.2 General powers

- (a) The business and operations of the Co-operative are to be managed and controlled by the board of directors, and for that purpose the board has and may exercise the powers of the Co-operative as if expressly conferred on the board by a general meeting of the Co-operative.
- (b) For the removal of doubt the board has the power to establish, revoke, vary from time-to-time and at any time, terms of trade covering amongst other things -
  - (i) the delivery and grading of commodities acquired;
  - (ii) the amount of consideration paid for commodities acquired, which in the case of suppliers who are members can include amounts based on product quality and supplier loyalty;
  - (iii) the timing and form of consideration paid, which in the case of members can include the issue of bonus shares, ordinary debentures or bonus debentures; and
  - (iv) the level of an individual member's patronage of goods and services available through the Co-operative.
- (c) The powers of the board are subject to any restrictions imposed by the Act or by these rules.

*[Note: Refer Co-operatives Act 2009 section 197 and Schedule 1 clause 1(j).]*

### 50.3 Defect in appointment

The acts of a director are valid despite any defect that may afterwards be discovered in his or her





appointment or qualification.

## 50.4 Power to impose code of conduct

The board has power to impose a code of conduct, by whatever name, relating to the conduct of members or to the operations of the Co-operative, and includes but is not limited to business rules, quality assurance programmes, operating instructions and business procedures as laid down by the board from time to time;

- (i) are not inconsistent with the Act, Regulations or these rules;
- (ii) are binding on members at all times; and
- (iii) can include monetary and non-monetary penalties or a combination of both for infringement of a code as set out in the code.

## 50.5 Copying and inspecting members' code of conduct

A member can -

- (i) inspect any rule 50.4 code of conduct free of charge at the Co-operative's registered office or principal place of business during ordinary business hours;
- (ii) take copies of a code; and
- (iii) obtain from the Co-operative a copy of a code on payment of a sum not exceeding \$10.00 plus GST, if applicable.

## 50.6 Management contract

- (a) The Co-operative must not enter into a management contract, unless that contract has first been approved by special resolution.
- (b) A Management Contract means a contract or other arrangement under which -

- (i) a person who is not an officer of the Co-operative agrees to perform the whole, or a substantial part, of the functions of the Co-operative, whether under the control of the Co-operative or not, or
- (ii) the Co-operative agrees to perform the whole or a substantial part of its functions -
- (iii) in a particular way; or
- (iv) in accordance with the directions of any person; or
- (v) subject to specified restrictions or conditions.

[Note: Refer Co-operatives Act 2009 section 219.]

# 51. QUALIFICATIONS OF DIRECTORS AND COMPOSITION OF BOARD

## 51.1 Qualification

A person is not qualified to be appointed or remain a director of the Co-operative unless the person is -

- (i) a member of the Co-operative who in the immediately preceding 24 months has dealt exclusively with the Co-operative; or
- (ii) a representative of a corporation that is a member of the Co-operative which in the immediately preceding 24 months has dealt exclusively with the Co-operative; or
- (iii) qualified under rule 53 to be an independent director; or
- (iv) an employee of the Co-operative appointed under rule 54 to be an independent director; and



## 51. QUALIFICATIONS OF DIRECTORS AND COMPOSITION OF BOARD (CONT.)

not a disqualified person within the meaning of the Act.

*[Note: Refer Co-operatives Act 2009 section 199(2) and Part 9 Division 2A which details the circumstances in which a person is disqualified from acting as a director. The board should insist on any person offering themselves for election or appointment to the office of director, warranting that they are not a disqualified person within the meaning of the Act or these rules.]*

### 51.2 Conflict of interest

- (a) An employee of the Co-operative is not qualified to hold office as a member director on the grounds of a conflict of interest.
- (b) Paragraph (a) does not act to prevent a director from holding the position of non executive Secretary.

## 52. MAINTAINING MINIMUM NUMBER OF DIRECTORS

### 52.1 Number of member directors

There shall be not less than 3 and no more than 6 member directors in office at any one time.

### 52.2 Right to act

If at any time, the number of directors in office is less than the required minimum number of directors under these rules -

- (i) the board may appoint sufficient directors so that the number of directors is not less than

the minimum number; and

- (ii) for the purpose only of enabling the board to make such an appointment, the number of directors required to constitute a quorum is the number of directors in office at that time.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(f).]*

## 53. INDEPENDENT DIRECTORS

### 53.1 Board to appoint

- (a) The board may appoint up to 2 persons with special skills to be independent directors of the Co-operative on the conditions and for the period the board decides.
- (b) The special skills required of an independent director may be specified by the board, and may be varied by the board from time to time, or from appointment to appointment.

*[Note: Refer Co-operatives Act 2009 section 199(2)(b).]*

- (c) An independent director is, subject to this rule, a director of the Co-operative for the period of the appointment.
- (d) Independent directors are not subject to any requirement for directors to retire by rotation.
- (e) The majority of directors must be member directors.

*[Note: Refer Co-operatives Act 2009 section 199(3).]*

- (f) Unless this rule provides otherwise, an independent director is subject to all other rules relating to directors.
- (g) On the termination of appointment as independent director by death, retirement, resignation or another way, the independent director stops being a director of the Co-operative.
- (h) An independent director is entitled to attend



any general meeting of the Co-operative and be heard on any part of the business of the meeting.

- (i) An independent director cannot be required to be an active member of the Co-operative.

### 53.2 When not to vote

- (a) An independent director is not entitled to vote at a meeting of directors on a motion about the terms and conditions of his or her appointment, conditions of service or termination of service but may be permitted by the chairperson of the board to speak in relation to the motion.
- (b) Despite anything else in these rules a vote is not valid if taken at a meeting of the board of directors unless, when the vote is taken, the number of independent directors present is less than the number of member directors present.

### 53.3 Ratification and removal

- (a) Despite the term of appointment fixed under rule 53.1(a), the appointment of an independent director must be ratified by the members of the Co-operative at the general meeting next after the appointment of the independent director. Ratification must be by a simple majority of members of the Co-operative present and voting at the meeting.
- (b) If the appointment of an independent director is not ratified by the members of the Co-operative, anything done by the independent director since the appointment and up to that time is taken to have been validly done.
- (c) Despite the terms of appointment, the members of the Co-operative may, by an ordinary resolution passed at a general meeting of members in accordance with section 206A of the Act, terminate the

appointment of an independent director.

## 54. FIRST AND SUBSEQUENT DIRECTORS

### 54.1 First member directors

- (a) The first member directors of the Co-operative under these rules are the member directors in office immediately prior to the date of registration under the Act.

*[Note: Refer Co-operatives Act 2009 section 198(2)(b).]*

- (b) The initial term of office of the first member directors is not to extend past the third annual general meeting after the date of registration under the Act (in this rule “the registration date”).
- (c) The board of the Co-operative must, within one month of the registration date, determine and minute which 2 of the first member directors shall retire at -
  - (i) the first annual general meeting following the registration date;
  - (ii) the second annual general meeting following the registration date; and
  - (iii) the third annual general meeting following the registration date.
- (d) A retiring member director is eligible for re-election.

### 54.2 Term of office of subsequent member directors

The term of office of a member director elected after the registration date, other than elected to fill a casual vacancy, ends on the conclusion of the third annual general meeting following their election.

## 54. FIRST AND SUBSEQUENT DIRECTORS (CONT.)

### 54.3 Method of election of member directors

The method of election of member directors shall be by postal ballot.

### 54.4 Appointment of returning officer and fixing of dates

(a) Notwithstanding the requirements of rule 48 and subject to paragraph (b), the Directors for the purposes of conducting elections to fill member director positions as they become vacant by rotation, shall at the one time -

- (i) appoint a returning officer;
- (ii) fix the time, date and place, if other than the registered office, for the closing of nominations; and
- (iii) fix the time, date and place, if other than the registered office, for the closing of the poll,

having regard to the date and place of the annual general meeting at which the poll is to be declared.

(b) At the absolute discretion of the board a late nomination can be received up until 5.00 pm on the second business day after the close of nominations.

### 54.5 Calling for nominations

The returning officer shall at least 14 days before the date fixed in accordance with rule 55.4(ii) advise all members eligible to stand for election of the vacancies, including any casual vacancy to be filled, stating the time and date on which

nominations are to close.

### 54.6 Close of nominations

Following the close of nominations the returning officer shall -

- (i) if the number of eligible candidates is not greater than the vacancies to be filled, including any casual vacancy to be filled, declare each candidate a "director elect" and determine a term of office for each director elect with a retiring member director returning to the board to be afforded the longest appointment term available with all terms to commence at the conclusion of the next annual general meeting, or
- (ii) if the number of eligible candidates is greater than the vacancies to be filled, including any casual vacancy to be filled, prepare and post in a timely manner to each member eligible to vote at the election a ballot paper and candidate profile together with notification of the hour and date of the close of the poll with directions for the completion and return of the ballot paper and any other material deemed appropriate by the board or the returning officer.

### 54.7 Ballot

- (a) The returning officer shall -
  - (i) have control over any ballot required;
  - (ii) take control of the voting papers and candidate material;
  - (iii) count the votes cast;
  - (iv) declare the result of the ballot at the annual general meeting in the year of election with such declaration final and conclusive; and
  - (v) have the right to appoint and delegate to one or more assistant returning officers.



- (b) A board vacancy not filled at the annual general meeting at which it ought to have been filled becomes a casual vacancy at the close of that meeting.

## 54.8 Counting method

- (a) Any ballot shall be counted using the first-past-the-post method.
- (b) A ballot paper that casts votes for more candidates than there are vacancies is an invalid vote.
- (c) The candidate receiving the highest number of votes is to be declared elected to fill the longest term of office of the vacancies to be filled, the candidate receiving the second highest number of votes is to be declared elected for the next longest term and so on until all vacancies are filled.
- (d) In the event of an equality of votes the returning officer shall determine the successful candidate by the drawing of lots.

## 54.9 Nomination

- (a) Subject to paragraph (b) the following provisions apply with respect to a candidate wishing to stand for election as a member director -
  - (i) In the case of a candidate who is a rule 9.8 representative of a corporate member -
    - (A) the candidate must be nominated by two members who are eligible to vote in the election, other than the member appointing the representative;
    - (B) the candidate must accept the nomination in writing before the close of nominations; and
    - (C) the member by signing the nomination is taken to have confirmed that the candidate is the rule 9.8

representative of the member.

- (ii) in the case of a candidate who is a member in their own right or a joint member authorised to stand for office in accordance with rule 9.5, the candidate must be nominated by two members who are eligible to vote in the election, other than the candidate himself or herself or any member with whom the candidate shares a joint membership.
- (b) A sitting member director can nominate for re-election without needing to be nominated by two members.
- (c) Nomination papers must -
  - (i) include details of the qualifications and experience of the person nominated;
  - (ii) be in such form as may be prescribed by the directors; and
  - (iii) be signed by the nominators (if applicable);
  - (iv) be signed by the candidate as being true and correct in all respects;
  - (v) warrant that the candidate is not a disqualified person within the meaning of rule 51.1 or Part 9 Division 2A of the Act; and
  - (vi) be received by the returning officer prior to the close of nominations.

## 54.10 First independent directors

An independent director of the Co-operative in office immediately before the date of registration under the Act continues in office for the balance of their term of office.

*[Note: Refer Co-operatives Act 2009 section 198(2)(b). These rules do not make provision for the appointed of alternate directors under the Co-operatives Act 2009 section 203.]*

## 55. REMOVAL FROM OFFICE OF MEMBER DIRECTOR

The members of the Co-operative can remove a member director before the end of the member director's period of office by passing a simple majority resolution in accordance with section 206A of the Act, provided -

- (i) if removal of the director would cause the number of directors to fall below the minimum number required under rule 50.1, the same resolution must appoint a qualified replacement director; or
- (ii) if removal of the director would not cause the number of directors to fall below the minimum number required under rule 50.1, the meeting may by a separate simple majority resolution, notice of which was given as if it was a special resolution, appoint another person in place of the removed member director; and
- (iii) any person appointed must retire when the removed member director would otherwise have retired.

[Note: Refer Co-operatives Act 2009 section 205(2).]

## 56. VACATION OF OFFICE OF DIRECTOR

A director vacates office if -

- (i) the director dies or is permanently incapacitated;
- (ii) the director is disqualified or otherwise unable to be a director under Part 9 Division 2A of the Act; or
- (iii) the director absents himself or herself from 3 consecutive ordinary meetings of the board without its leave; or

- (iv) the director resigns from the office of director by written notice given by the director to the Co-operative; or
- (v) the director is removed from office by a resolution passed in accordance with section 206A of the Act of the Co-operative; or
- (vi) the person ceases to hold a qualification that qualified the person to be a director; or
- (vii) an administrator of the Co-operative's affairs is appointed under Part 12 Division 5 of the Act.

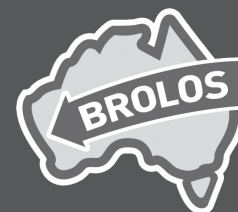
## 57. FILLING OF CASUAL VACANCIES

### 57.1 Casual vacancy arises

For the purposes of this rule, a casual vacancy arises if the office of director is vacated under rule 57.

### 57.2 Member director

- (a) A casual vacancy in the office of a member director is as far as is practicable to be filled by election at the next annual general meeting after the position of member director became vacant.
- (b) An election to fill a casual vacancy is to be conducted as part of a single election of member directors conducted in accordance with rule 55.
- (c) The term of office of a person elected to fill a casual vacancy is the balance of the term of office that the original member director would have served had there not been a casual vacancy.
- (d) The board may appoint a qualified person to fill a casual vacancy in the office of a member



director but only until the next annual general meeting.

- (e) If a member director appointed in accordance with paragraph (d) is not elected by the members of the Co-operative at the annual general meeting at which the director retires, anything done by the director since the appointment and up to that time is taken to have been validly done.

### 57.3 Independent director

A casual vacancy in the office of an independent director can only be filled by the board making an appointment in accordance with rule 53 or rule 54.

*[Note: Refer Co-operatives Act 2009 section 198(3).]*

## 58. REMUNERATION

- (a) The directors must not receive remuneration for their services as directors other than fees, concessions and other benefits approved at a general meeting of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 215.]*

- (b) All necessary expenses incurred by the board members in the business of the Co-operative must be refunded to them.
- (c) As a transferred co-operative, the directors' fees approved immediately prior to registration under the Act are deemed approved as if they had been approved at a general meeting.
- (d) The amount approved for the payment of remuneration to directors shall not be increased except where notice of the suggested increase has been given to members in the notice convening the general meeting.

## 59. PROCEEDINGS OF THE BOARD

- (a) Meetings of the board (including meetings conducted under rule 61) are to be held as often as may be necessary for properly conducting the business and operations of the Co-operative and must be held at least quarterly.

*[Note: Refer Co-operatives Act 2009 section 201(2).]*

- (b) A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.

*[Note: Refer Co-operatives Act 2009 section 201(4).]*

- (c) Questions arising at a meeting must be decided by a majority of votes.
- (d) If the votes in favour and against a resolution are equal the vote is taken to have been decided in the negative.
- (e) The chairperson does not have a second or casting vote.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(l).]*

- (f) A meeting of the board of directors may be called by a director giving notice individually to every other director.

*[Note: Refer Co-operatives Act 2009 section 201(3).]*

- (g) Other than in special circumstances decided by the chairperson, at least 48 hours' notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.



## 60. TRANSACTION OF BUSINESS OUTSIDE BOARD MEETINGS

- (a) The board may transact any of its business -
- (i) by the circulation of papers among all the members of the board, and a resolution in writing by a majority of the members is taken to be a decision of the board; or
- [Note: Refer Co-operatives Act 2009 section 202(2) and Schedule 1 clause 1(l).]
- (ii) at a meeting at which members (or some members) participate by telephone, closed-circuit television or other means, but only if a member who speaks on a matter before the meeting, can be heard by the other members.

[Note: Refer Co-operatives Act 2009 section 201(4) and Schedule 1 clause 1(l).]

- (b) For the purposes of this rule the chairperson of the board and each member of the board have the voting rights they have at an ordinary meeting of the board.

[Note: Refer Co-operatives Act 2009 section 202(4) and Schedule 1 clause 1(l).]

- (c) A resolution approved under subparagraph (a)(i) is to be recorded in the minutes of the meetings of the board.

[Note: Refer Co-operatives Act 2009 section 202(2) and Schedule 1 clause 1(l).]

- (d) The secretary may circulate papers among members of the board for subparagraph (a)(i) by fax or other transmission of the information in the papers concerned.

[Note: Refer Co-operatives Act 2009 section 202(7) and Schedule 1 clause 1(l).]

## 61. DUTIES AND LIABILITIES OF DIRECTORS

The minimum duties and liabilities of directors are those duties and liabilities set out in Part 9 Division 3 of the Act.

## 62. DECLARATION OF INTEREST BY DIRECTORS

- (a) A director who is or becomes in any way, whether directly or indirectly, interested in a contract, or proposed contract with the Co-operative must declare the nature and extent of the interest to the board in accordance with Part 9 Division 5 of the Act.

[Note: Refer Co-operatives Act 2009 sections 220 to 223. All directors and the board secretary must be fully conversant with the requirements of Part 9 Division 5 of the Act. Serious financial and imprisonment penalties apply for breaches of the Division.]

- (b) Every declaration under paragraph (a) is to be recorded in the minutes of the meeting at which it was made.

[Note: Refer Co-operatives Act 2009 section 221.]

- (c) The interest in a contract, or proposed contract that a director is required to declare does not include an interest in -
- (i) a contract or proposed contract for a purchase of goods and services by the director from the Co-operative; or
  - (ii) a lease of land to the director by the Co-operative; or
  - (iii) a contract or proposed contract for the sale of commodities or animals by the director to the Co-operative; or
  - (iv) a contract or proposed contract that,





under these rules, may be made between the Co-operative and a member; or

- (v) a contract or proposed contract of a class of contracts prescribed by the regulations,

but only if the contract is made in good faith, in the ordinary course of the business of the Co-operative, and on the terms that are usual and proper in similar dealings between the Co-operative and its members.

*[Note: Refer Co-operatives Act 2009 section 223.]*

## 63. QUORUM FOR BOARD MEETINGS

- (a) The quorum for a meeting of the board is half the number of directors (or if half is not a whole number the whole number next higher than one-half).
- (b) The number of independent directors must be fewer than the number of member directors present at a meeting of the board.

## 64. CHAIRPERSON OF BOARD

- (a) The chairperson of the board is to be elected by the board.
- (b) If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.

*[Note: The board can fill and re-fill a standing position of deputy chairperson to have first call on filling any absence of the chairperson.]*

- (c) The chairperson may be removed, and a new

chairperson elected by ordinary resolution of the board.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1 (f).]*

## 65. DELEGATION AND BOARD COMMITTEES

### 65.1 Delegation by board

The board may by resolution delegate to -

- (i) a director; or
- (ii) a committee of 2 or more directors; or
- (iii) a committee of members of the Co-operative; or
- (iv) a committee of members of the Co-operative and other persons if members form the majority of persons on the committee; or
- (v) a committee of directors and other persons,

the exercise of the board's powers (other than this power of delegation) specified in the resolution. The Co-operative or the board may by resolution revoke all or part of the delegation.

*[Note: Refer Co-operatives Act 2009 sections 204.]*

### 65.2 Delegation within terms of delegation

- (a) A power delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.

*[Note: Refer Co-operatives Act 2009 section 204(3).]*

- (b) A delegation under this rule may be made subject to conditions or limitations as to the exercise of any of the functions delegated, or as to time or circumstance.

*[Note: Refer Co-operatives Act 2009 section 204(4).]*

## 65. DELEGATION AND BOARD COMMITTEES (CONT.)

### 65.3 Board's powers on delegation

Despite any delegation under this rule, the board may continue to exercise the power delegated.

*[Note: Refer Co-operatives Act 2009 section 204(5).]*

### 65.4 Delegation to a director

If a power is exercised by a director (alone or with another director) and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in his or her own name on behalf of the board, the power is taken to have been exercised by the board. This is so whether or not a resolution delegating the exercise of the power to the director was in force when the power was exercised, and whether or not any conditions mentioned in rule 66.2(b) were observed by the director exercising the powers.

### 65.5 Chairperson of committees

A committee may elect a chairperson of their meetings. If no chairperson is elected, or, if at a meeting the chairperson is not present within 15 minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairperson of the meeting.

### 65.6 Meetings of committees

- (a) A committee may meet and adjourn as it thinks appropriate.
- (b) Questions arising at a meeting must be decided by a majority of votes of the members present and voting.

- (c) If the votes in favour and against a resolution are equal the vote is taken to have been decided in the negative.
- (d) The committee chairperson does not have a second or casting vote.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(l).]*

### 65.7 Committee minutes

Minutes of each meeting of a committee to which a board function has been delegated must be entered in the appropriate books within one month after the meeting and signed by the chairperson of the meeting or chairperson of the next meeting.

*[Note: Refer Co-operatives Act 2009 section 196(1)(c)]*

## 66. OTHER COMMITTEES

- (a) The board may by resolution appoint committees of members or other persons or both, to act in an advisory role to the board and to committees of directors.
- (b) Rule 66.5 and 66.6 apply to committees appointed under this rule, with the changes approved of by the board.
- (c) The quorum for a meeting of the committee is half the number (or if half is not a whole number the whole number next higher than one-half).

## 67. SECRETARY

### 67.1 Appointment

- (a) The Co-operative must have a secretary.
- (b) The board of the Co-operative is to appoint the secretary.
- (c) The board may appoint a person to act



as the secretary during the absence or incapacity of the secretary.

- (d) A person is not qualified to be appointed as, or to act as, the secretary unless the person is an adult who ordinarily lives in Australia and is not a disqualified person within the meaning of Part 9 Division 2A of the Act.

## 67.2 Responsibility of secretary

The secretary of the Co-operative must take all reasonable steps to ensure that the Co-operative does not contravene a provision of the Act that is prescribed by the regulations for the purposes of section 207A of the Act.

*[Note: Refer Co-operatives Act 2009 Part 9 Division 2A which details the circumstances in which a person is disqualified from acting as an officer of a co-operative. The board should therefore insist on any person being appointed to the office of secretary, warranting that they are not a disqualified person within the meaning of the Act.]*

## 68. MINUTES

- (a) The board must cause to be entered in the appropriate books, within one month after the meeting, minutes of -
- (i) each general meeting; and
  - (ii) each meeting of the board; and
  - (iii) each meeting of a committee to which a board function has been delegated under section 204(1).
- (b) Minutes must be kept in the English language and signed within a reasonable time after the meeting by either -
- (i) the chairman of the meeting; or
  - (ii) the chairman of the next meeting.
- (c) The minutes of each general meeting must be available for inspection by members.

*[Note: Refer Co-operatives Act 2009 section 196.]*

## 69. FINANCIAL YEAR

The financial year of the Co-operative ends on the thirtieth day of June each year.

## 70. SEAL

### 70.1 Authentication of document or proceeding

This rule applies if the Co-operative chooses to authenticate a document under the common seal of the Co-operative.

### 70.2 Description of seal

The name of the Co-operative and any Australian Business Number allocated to the Co-operative, must appear in legible characters on its common seal and any official seal.

*[Note: Refer Co-operatives Act 2009 sections 46 and 47 and Schedule 1 clause 1(m).]*

### 70.3 Custody of seal

The common seal must be kept at the registered office in such custody that the board directs.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(m).]*

### 70.4 Official seal

The Co-operative may have for use in place of its common seal outside the State, one or more official seals. Each of the additional seals must be a facsimile of the common seal with the addition on its face of the name of the place where it is to be used.

*[Note: Refer Co-operatives Act 2009 section 47]*

## 70. SEAL (CONT.)

### 70.5 Restrictions on affixing seal

The seal of the Co-operative must not be affixed to any instrument other than under a resolution of the board. Two directors, or one director and the secretary must be present and must sign all instruments sealed while they are present.

### 70.6 Authentication need not be under seal

A document or proceeding requiring authentication by the Co-operative may be authenticated by the signature of two people, one of whom is a director of the Co-operative and one of whom is a director or the secretary of the Co-operative and need not be authenticated under the seal of the Co-operative.

*[Note: Refer Co-operatives Act 2009 section 48.]*

## 71. CUSTODY AND INSPECTION OF RECORDS AND REGISTERS

### 71.1 Inspection of registers etc

The Co-operative must have at its registered office and available during normal office hours for inspection by any member free of charge the following -

- (i) a copy of the Act and the regulations;
- (ii) a copy of the rules of the Co-operative and any attachments under section 345 of the Act;
- (iii) Co-operative's most recent annual return under section 244ZB of the Act;
- (iv) a copy of the most recent financial information reported to members under Part 10A of the Act;
- (v) the register of directors, members and shares;
- (vi) the register of names of persons who have given loans or deposits to or hold securities or debentures or CCUs by whatever name, given or issued by the Co-operative;
- (vii) the register of memberships cancelled under rule 23 (Inactive Members) required to be kept under section 230(1)(g) of the Act;
- (viii) the register of notifiable interests required to be kept under section 284 of the Act;
- (ix) a copy of the minutes of each general meeting;
- (x) the other registers required under the Act or the regulations to be open for inspection.

*[Note: Refer Co-operatives Act 2009 section 232.]*

### 71.2 Copying register of members, directors and shares

A member may make a copy of the entries in a register mentioned in rule 72.1 during normal office hours for a fee of \$11.60 GST inclusive, for the first page and \$1.50 GST inclusive, for each additional page, up to a maximum of \$86.60 GST inclusive, or such lesser fee as the board may set from time to time.

*[Note: Refer Co-operatives Act 2009 section 232(4).]*

### 71.3 Use of information on registers

- (a) A person must not -
  - (i) use information about a person obtained from a register kept under the Act to contact or send material to the person; or



- (ii) disclose information of that kind knowing that the information is likely to be used to contact or send material to the person,

unless that use or disclosure of the information is -

- (iii) relevant to the holding of the directorship, membership, shares, loans, securities, debentures, co-operative capital units or deposits concerned or the exercise of the rights attaching to them; or
  - (iv) approved by the board; or
  - (v) necessary to comply with a requirement of the Act.
- (b) A person who contravenes paragraph (a) is liable to compensate anyone else who suffers loss or damage because of the contravention.
- (c) A person who makes a profit from a contravention of paragraph (a) owes a debt to the Co-operative.
- (d) The amount of the debt is the amount of the profit.

*[Note: Refer Co-operatives Act 2009 section 233.]*

## 72. FINANCIAL INSTITUTION ACCOUNTS

### 72.1 Bank accounts

The board must have a financial institution account or accounts, electronic or otherwise, in the name of the Co-operative, into which all amounts received must be paid as soon as possible after receipt.

### 72.2 Signatories

- (a) All cheques drawn on the accounts and all

drafts, bills of exchange, promissory notes, and other negotiable instruments for the Co-operative, must be signed by 2 directors or any 2 persons authorised by the board or authorised by the chief executive officer.

- (b) The board is authorised to make suitable arrangements to enable the Co-operative to initiate and manage the inflow and outflow of cash electronically.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(n).]*

## 73. SAFE KEEPING OF SECURITIES

Shares, debentures, charges and any other certificates or documents or duplicates of them pertaining to securities must be safely kept by the Co-operative in the way and with the provision for their security the board directs.

*[Note: Refer Co-operatives Act 2009 Schedule 1 clause 1(o).]*

## 74. TERMS OF APPOINTMENT, REMUNERATION AND REMOVAL OF AUDITORS

The appointment, remuneration, protection and removal of an auditor must comply with Part 10A Division 12 of the Act.

## 75. ACCOUNTING AND AUDITING STANDARDS

The accounting and auditing standards of the Co-operative are to be in accordance with Part 10A Division 13 of the Act.

## 76. FINANCIAL REPORTS DIRECTOR REPORTS AND AUDIT

### 76.1 Reports

Financial and other reporting shall be in accordance with Part 10A of the Act.

*[Note: Refer to section 244V for detail on communication options for annual reporting to members.]*

### 76.2 Member choice

- (a) A member may in accordance with section 244X(1) of the Act, request the Co-operative -
  - (i) not to send them the material required by rule 77.1; or
  - (ii) to send them a full financial report and the directors' report and auditor's report.
- (b) A request under rule 77.2(a) may be a standing request or for a particular financial year.
- (c) A member is not entitled to a report for a financial year earlier than the one before the financial year in which the request is made.
- (d) The Co-operative must comply with a request under this rule 77.2 by the later of -
  - (i) the day that is 7 days after the request; or
  - (ii) the day by which the Co-operative is required to report to members under rule 77.1 i.e. section 244V of the Act.
- (e) When sending a full financial report, directors' report and auditor's report, the Co-operative must do so free of charge unless the member has already received a copy of them free of charge.
- (f) A member can choose to receive financial reports and the directors' reports and

auditor's reports electronically in accordance with section 244V(5) of the Act.

## 77. CO-OPERATIVE FUNDS

- (a) The board may resolve to retain all or part of the surplus arising in any year from the business of the Co-operative, to be applied for the benefit of the Co-operative.
- (b) Any part of the surplus arising in a year from the business of the Co-operative or any part of the reserves may be -
  - (i) paid to a member by way of rebate in proportion to the value of business done by each member with the Co-operative or to profits earned by the Co-operative on business done by each member with the Co-operative; or
  - (ii) applied by the issue of bonus shares and/or bonus debentures to a member in proportion to the value of business done by each member with the Co-operative, to profits earned by the Co-operative on business done by each member with the Co-operative or to shares held by the member; or
  - (iii) paid to a member by way of a dividend of not more than the prescribed amount for the shares held (a limited dividend).
- (c) The amount of a rebate or dividend payable to a member under subparagraph (b)(i) and (iii) may, with the consent of the member, be applied -
  - (i) in payment for the issue to the member of bonus shares; or
  - (ii) as a loan to the Co-operative.
- (d) Any part of the surplus arising in any year from the business of the Co-operative may be credited to any person who is not a member, but is qualified to be a member, by





way of rebate in proportion to the business, or to profits earned by the Co-operative on business done by him or her with the Co-operative, if -

- (i) the person was a member at the time the business was done and the membership has lapsed; or
  - (ii) the person has applied for membership after the business was done.
- (e) Nothing in this rule precludes the payment of a bonus to an employee under the terms of the employee's employment.
- (f) A part of the surplus, not more than 1%, arising in any year from the business of the Co-operative may be applied for -
- (i) charitable purposes; or
  - (ii) supporting any activity approved by the Co-operative.
- (g) In this rule -
- surplus means the excess of income over expenditure after making appropriate allowance for taxation expense, depreciation in value of the property of the Co-operative and future contingencies.
- (h) A dividend, rebate or share bonus that accrues to the holder of shares, on which all calls payable have been paid, must be paid to the holder. However, a dividend or rebate that accrues to the holder of partially paid up shares must be applied to paying off any subscriptions or calls on shares that may (when the dividend or rebate becomes payable) be payable and unpaid by the holder.
- (i) If several persons are registered as joint holders of a share, any one of them may give a valid receipt for any dividend or other money payable on or for the share.
  - (j) Unless the Act otherwise provides, interest

does not accrue to a member on a dividend or rebate held by the Co-operative for a member.

*[Note: Refer Co-operatives Act 2009 sections 268 to 272.]*

## 78. ACQUISITION AND DISPOSAL OF ASSETS THAT REQUIRE SPECIAL POSTAL BALLOTS

- (a) Any acquisition and disposal of assets, other than assets bought and sold in the ordinary course of business, to be in accordance with Part 10 Division 6 of the Act.
- (b) For the purposes of the Act section 273(2)(a)(ii), the prescribed percentage is the 50%.
- (c) For the purposes of the Act section 273(2)(b), the prescribed percentage is 5%.
- (d) For the purposes of the Act section 273(2)(c), the prescribed percentage is 50%.

*[Note: Refer Co-operatives Act 2009 section 273 and Co-operatives Regulations 2010 clause 25. Section 273(2)(a)(ii) relates to selling, or leasing as a going concern all or part of the assets of the Co-operative that relates to its primary activity. Section 273(2)(b) relates to the acquisition from or disposal of to, a director or employee of the Co-operative, or a related party, property the value of which represents the percentage prescribed by the regulations, or more, of the total value of all the assets of the Co-operative that relate to its primary activity. Section 273(2)(c) relates to the acquisition of assets if the acquisition would result in the co operative starting to carry on an activity that is not one of its primary activities.]*

## 79. METHOD AND NOTICE OF PAYMENTS

- (a) Any payment of funds by the Co-operative to a member may be effected exclusively



## 79. METHOD AND NOTICE OF PAYMENTS (CONT.)

by direct electronic funds transfer to an Australian domiciled financial institution.

- (b) Members are required to provide details of their nominated financial institution and account number for the receipt of funds from the Co-operative.
- (c) Each member of a joint membership must be party to nominating the paragraph (b) financial institution and account details.
- (d) Members are to be provided with details of all dividend, bonus, rebate and other payments made by the Co-operative within 28 days of payment.

## 80. PROVISION FOR LOSS

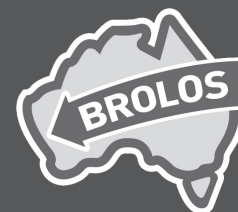
The board must make provision for loss that may result from transactions of the Co-operative.

## 81. NOTICES

- (a) A notice or other document, other than reports to be provided to members under rule 77, required under the Act, the regulations or these rules to be given to a member of the Co-operative may be given -
  - (i) personally; or
  - (ii) by leaving it with a person who appears to be 16 years of age or more at the member's address; or
  - (iii) by post; or
  - (iv) by faxing it or emailing it to a fax number or email address provided by the person; or
  - (v) by sending it to the member by other electronic means (if any) nominated by

the member; or

- (vi) by publishing the notice in a newspaper circulating generally in this State or in the area served by the Co-operative, if -
  - (A) the member's whereabouts are unknown to the Co-operative; or
  - (B) the Registrar permits notice to be given to members of the Co-operative in that way.
- (b) A document may be served on the Co-operative -
  - (i) by post addressed to the registered office; or
  - (ii) by leaving it at the registered office of the Co-operative with a person who appears to be 16 years old or older.
- (c) If a notice is sent by post, service is taken to be effected by properly addressing, prepaying and posting a letter containing the notice. For a notice of a meeting, service is taken to be effected at the end of 24 hours after the letter containing the notice is posted. Otherwise, service is taken to be effected when the letter would be delivered in the ordinary course of post and, in proving service, it is enough to prove that the envelope containing the notice was properly addressed and posted.
- (d) A notice or other document directed to a member and advertised in the newspaper is taken to be given to the member on the day the advertisement appears.
- (e) A notice given by fax or other electronic means is taken to have been served, unless the sender's fax or other electronic device indicates a malfunction in transmission, on the day the notice is sent, if sent on a business day, otherwise on the next business day.
- (f) A notice may be given by the Co-operative



to the joint holders of a share by giving the notice to the joint holder named first, in the register of members and shares, for the share.

- (g) A notice may be given by the Co-operative to the person entitled to a share because of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to the person by name. Alternatively it can be addressed to the person by the title of representative of the deceased, or incapacitated person, or trustee of the bankrupt, or by any similar description. The address should be the address given for the purpose by the person claiming to be entitled. Alternatively, if no address has been given, the notice can be given in the way it could have been given if the death, incapacity or bankruptcy had not happened.
- (h) Notice of every general meeting must be given in the same way as authorised in this rule to -
- (i) every member of the Co-operative other than members who have not supplied to the Co-operative an address for giving notices to them; and
  - (ii) every person entitled to a share because of the death, incapacity or bankruptcy of a member, who, but for the member's death, incapacity or bankruptcy, would be entitled to receive notice of the meeting; and
  - (iii) every independent director.
- (i) Except as provided in this rule and in rule 39.1(a) no other person is entitled to receive notices of general meetings.

## 82. WINDING UP

- (a) The winding up of the Co-operative must be in accordance with Part 12 of the Act.

- (b) If, on the winding up or dissolution, there remains any property after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the shares), this must be paid to, or distributed among, the members of the Co-operative in proportion to the value of business done by the member with the Co-operative during the immediately preceding 5 completed financial years.

## 83. SCHEDULE OF CHARGES

Copy book of rules	Rule 2.4(b)
Copy of code of conduct	Rule 50.5(iii)
Copying entries in register	Rule 72.2
Maximum fine	Rule 16.1
Transfer/register of debenture	Rule 34(d)(i)
Transfer/register of co-operative capital unit	Rule 36



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