
**RULES OF
NARARA ECOVILLAGE CO-OPERATIVE LTD**

A TRADING CO-OPERATIVE

REGISTERED UNDER THE CO-OPERATIVES ACT 1992 (NSW)

DATED 2019

TABLE OF CONTENTS

GENERAL STATEMENT ON RULES AND THEIR LEGAL EFFECT	4
1. DEFINITIONS AND NAME	5
2. ACTIVE MEMBERSHIP PROVISIONS.....	8
3. ADMISSION TO MEMBERSHIP	9
4. MEMBERS	10
5. CANCELLATION AND EXPULSION OF MEMBERS	11
6. CEASING MEMBERSHIP	14
7. CHARGES OR SUBSCRIPTIONS PAYABLE BY A MEMBER.	14
8. FINES PAYABLE BY MEMBERS	15
9. GRIEVANCE PROCEDURES FOR SETTling DISPUTES	16
10. POWERS OF THE CO-OPERATIVE AND THE BOARD	16
11. BOARD OF DIRECTORS	17
12. MEETINGS OF THE BOARD	22
13. SEAL	23
14. CO-OPERATIVE FUNDS	24
15. CONTRIBUTIONS EXPENSES AND RESERVES	24
16. ESTABLISHMENT OF RESERVES	26
17. CUSTODY OF SECURITIES BELONGING TO THE CO-OPERATIVE	26
18. TRANSFER OF DEBENTURES	27
19. FINANCIAL YEAR	27
20. AUDIT	27
21. PROVISION FOR LOSS	28
22. GENERAL MEETINGS	28
23. PROCEDURE AT MEETINGS	31
24. POSTAL BALLOT	36
25. RULE ALTERATIONS	36
26. CAPITAL AND SHARES	36
27. SHARES TO BE FORFEITED PURSUANT TO SALE OF LAND CONTRACT.....	39
28. TERMS OF ISSUE OF SHARES	39
29. PAYING FOR SHARES	39
30. DEFAULT IN PAYMENT OF CALLS	40
31. DISTRIBUTION OF SURPLUS	40
32. WINDING UP	42
33. FORFEITURE, CHARGES AND SALE OF SHARES	42

34. TRANSFER AND TRANSMISSION OF SHARES43

35. DEATH, BANKRUPTCY OR INCAPACITY OF MEMBERS44

36. CO-OPERATIVE CAPITAL UNITS (CCUS)45

APPENDIX 1 – RULE 23.8 PROXY FORM47

APPENDIX 2 – RULE 34.1 SHARE TRANSFER FORM48

SCHEDULE 1 - FEES49

GENERAL STATEMENT ON RULES AND THEIR LEGAL EFFECT

These Rules have the effect of a contract under seal between the co-operative and each of its Members, as well as between a Member and each of the other Members. Each Member, office-bearer, and Director must agree to observe and perform the requirements of the Rules applicable to them.

The Rules should be read in conjunction with the current provisions in the *Co-operatives Act 1992* (NSW) and the Regulation to that Act. The Act and the Regulation are available for inspection at the registered office of the co-operative and can be accessed by Members, prospective Members and the public.

The Schedules provide information specific to the co-operative and are linked to the Rules. The Rules and Schedules should be read together.

In the application of a Rule, the interpretation that would best achieve the purpose of the Rule and the objects of the co-operative, as well as co-operative principles, is to be used in preference to any other interpretation.

1. DEFINITIONS AND NAME

1.1. Definitions

In these Rules, unless the context otherwise requires:

- (a) **“Act”** means the co-operatives Act 1992;
- (b) **“active Member”** means a Member who is in active Membership within the provisions of Rule 2.2;
- (c) **“alter”** or a similar word or expression used in relation to a Rule amendment includes add to, substitute and rescind;
- (d) **“auditor”** means the auditor or auditors for the time being of the co-operative appointed in accordance with Rule 20;
- (e) **“Board”** means the Board of Directors of the co-operative and includes a committee of management of the co-operative;
- (f) **“business day”** means a day that is not a Saturday, Sunday, public holiday or bank holiday in New South Wales;
- (g) **“By-Laws”** mean the By-Laws approved by Members pursuant to Rule 10.2;
- (h) **“Contributions”** mean the contributions for asset maintenance and renewals which the Board must set on an annual basis under Rule 15, to be paid by Members in accordance with the methodology set out in the By-Laws;
- (i) **“Director”** includes:
 - (i) a person who occupies or acts in the position of a Director or Member of the Board of the co-operative, whether or not the person is called a Director and whether or not the person is validly appointed or duly authorised to act in the position; and
 - (ii) a person in accordance with whose directions or instructions the Directors or Members of the Board of the co-operative are accustomed to act;
- (j) **“Landowner”** means the registered proprietor (or joint registered proprietors) of a lot at the Property and includes any mortgagee, chargee or encumbrancee, of the whole of the lot, who has entered into and is in possession of the whole of the lot or a lessee where the lease provides that the lessee is responsible for the payment of the contributions in which case the lessee is considered to be the landowner to the exclusion of the registered proprietor for the term of the lease.

- (k) **“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 exercised at the Board's discretion;
- (l) **“Member”** means a member of the co-operative;
- (m) **“month”** means a calendar month;
- (n) **“Narara Development”** means subdivision and mixed development of residential housing and commercial facilities as part of an ecovillage that promotes social, environmental and economic sustainability;
- (o) **“prescribed”** means prescribed by the Act or under the Act by Regulation;
- (p) **“Property”** means the parcel of land at Narara in the Local Government Area of Gosford, Parish of Gosford, County of Northumberland and being lot 13 in Deposited Plan 1126998 and being the whole of the land in Certificate of Title (Folio Identifier) 13/1126998 and comprising 62.97 hectares as at 1 July 2012;
- (q) **“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;
- (r) **“Registrar”** means the Registrar of co-operatives or any person to whom the Registrar's functions are delegated from time to time;
- (s) **“Regulation”** means any Regulation made under the Act, and any Regulation that applies to a co-operative by way of a transitional Regulation made under the Act;
- (t) **“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;

- (u) **“Rules”** means these Rules;
- (v) **“Schedule”** means a Schedule to these Rules;
- (w) **“secretary”** means any person appointed by the Board as secretary of the cooperative in accordance with section 219 of the Act;
- (x) **“Share”** means a Share in the capital of the co-operative;
- (y) **“special business”** means all business of a general meeting other than the ordinary business of the annual general meeting;
- (z) **“special general meetings”** means all general meetings of the co-operative other than the annual general meeting;
- (aa) **“will”** 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;
- (bb) **“writing”** includes printing, typing, lithography, electronic and other modes of representing or reproducing words in a visible form, and **“written”** has a corresponding meaning;
- (cc) **“Year”** means financial year in accordance with Rule 19.

1.2. Definitions – Interpretation provisions

- (a) Words importing one gender include the other gender.
- (b) Words importing persons include bodies corporate.
- (c) Words in the singular include the plural, and vice versa.
- (d) Words or expressions used have the same meanings as those given to them by the act and regulation.
- (e) A reference in these Rules to **“the Act”** includes a reference to the Act as originally enacted and as amended from time to time since its original enactment.
- (f) A reference in these Rules to a provision in **“the Act”** includes a reference to:
 - (i) the provision as originally enacted and as amended from time to time since the original enactment;

- (ii) if the provision has been omitted and re-enacted since the enactment of the reference, the provision as re-enacted and as amended from time to time since its re-enactment; and
 - (iii) if the provision has been omitted and replaced with a new provision dealing with the same area of law or procedure, the new provision as enacted and as amended from time to time since its enactment.
- (g) In the interpretation of a Rule, or paragraph of a Rule, the interpretation that will best achieve the purpose of the Rule is to be preferred to any other interpretation. This provision applies whether or not the purpose is expressly stated in the Rule or paragraph of the Rule.
- (h) In these Rules, unless the context indicates a contrary intention, headings are for convenience and do not affect interpretation.

1.3. Name

The name of the co-operative is the Narara Ecovillage Co-operative Ltd.

1.4. Objects

The objects of the co-operative are to:

- (a) purchase the Property and undertake the Narara Development;
- (b) undertake the Narara Development using processes, procedures and technology to establish an ecovillage that promotes and enhances social, environmental and economic sustainability; and
- (c) to purchase hire or otherwise acquire, and to work on behalf of its members or other persons agricultural implements or machine.

1.5. Trading co-operative

The co-operative is a trading co-operative within the meaning of section 14 of the Act.

2. ACTIVE MEMBERSHIP PROVISIONS

2.1. Primary activity

The primary activities of the co-operative are:

- (a) to design, develop and establish an ecovillage at Narara with residential housing and commercial facilities;

- (b) to operate, lease or licence commercial facilities at Narara; and
- (c) to maintain and renew commercial facilities at Narara.

2.2. Active Membership requirements

In order to establish active Membership of the co-operative, a Member must comply with the following requirements:

- (a) provide confirmation in writing of the Member's intention to acquire a lot on the Property, or be a Landowner of a lot on the Property; and

undertake a minimum of 52 hours of volunteer work per Year as approved by the Board.

3. **ADMISSION TO MEMBERSHIP**

3.1. Qualifications for Membership

In order to qualify for Membership of the co-operative, there must be reasonable grounds for believing that the person will be an active Member of the co-operative.

3.2. Application for Membership

- (a) The Board, or a person authorised by the Board, shall provide applicants for Membership of the co-operative with:
 - (i) the documents specified in sections 146A (unless exempt under section 146C) and 76A of the Act; and
 - (ii) a written notice of any intending or prescribed entry or periodic fees that a person or an organisation will be liable to pay on becoming a Member of the co-operative.
- (b) Applications for Membership shall be lodged with the secretary in a format approved by the Board.
- (c) The Board shall consider every application. If the applicant is admitted to Membership, the applicant's name, date of admission and any other information required under the Act shall be entered in the Register of Members and Shares. The applicant shall be notified in writing of the entry in the Register within 14 days of the approval.
- (d) The Board may, at its discretion, refuse admission to Membership and need assign no reasons for such refusal. Upon refusal, any deposit made by the applicant shall be refunded without interest.

- (e) In considering an application for Membership, the Board will ensure that a person or an organisation is not admitted as a Member unless there are reasonable grounds for believing that the person or organisation will be an active Member.

4. MEMBERS

4.1. Members of the co-operative

The Members of the co-operative are those persons or bodies corporate who:

- (a) signed the application for registration of the co-operative; or
- (b) are admitted to Membership by the Board; or
- (c) become Members by:
 - (i) a transfer of engagements to the co-operative;
 - (ii) a scheme of arrangement; or
 - (iii) operation of law.

4.2. Rights and liabilities of Members

- (a) The Rules of the co-operative have the effect of a contract under seal:
 - (i) between the co-operative and each Member;
 - (ii) between the co-operative and each Director, the principal executive officer and the secretary of the co-operative; and
 - (iii) between a Member and each other Member.
- (b) Under the contract, each of those persons agrees to observe, perform or abide by:
 - (i) the provisions of the Rules applicable to that person; and
 - (ii) the provisions of the Act and the Regulation in force and as amended from time to time.
- (c) A Member shall be entitled on demand to a copy of the Rules upon payment of the prescribed fee. Any person may inspect a copy of these Rules free of charge at the registered office during all reasonable hours.

- (d) The co-operative may, in accordance with section 78 of the Act, make a contract with a Member requiring the Member to have specified dealings with the cooperative for a fixed period.
- (e) A Member shall not, as a Member of the co-operative, be under any personal liability to a creditor of the co-operative.
- (f) A Member shall, in accordance with sections 76 and 77 of the Act, be liable to the co-operative for the amount, if any, unpaid on the Shares held by that Member, together with any charges, including entry and periodic fees, payable by the Member to the co-operative as required by these Rules.
- (g) 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. The Board will follow the provisions in Division 3 Part 4 of the Act in dealing with a deceased Member's estate.

5. CANCELLATION AND EXPULSION OF MEMBERS

5.1. Cancellation of Membership

- (a) Pursuant to section 127 of the Act, the Board will, after giving notice in accordance with section 132 of the Act, declare the Membership of a Member cancelled if:
 - (i) the whereabouts of the Member are not presently known to the cooperative and have not been known to the co-operative for a continuous period of at least 12 months, before the date of cancellation; or
 - (ii) the Member is not presently an active Member and has not been an active Member at any time during the period specified in paragraph (a)(i) above immediately before the date of cancellation.
- (b) The Board is to declare the Shares of a Member forfeited at the same time as the Membership is cancelled and the amounts due in respect of that cancellation and forfeiture shall be dealt with and repaid in accordance with sections 134 – 136 (inclusive) of the Act.
- (c) The Board shall not be required to give notice if the Member's whereabouts are unknown to the co-operative and the amount required to be repaid to the Member in respect of the cancelled Membership (whether by reason of the cancellation of Share or otherwise) does not exceed \$50, or such other amount as may be prescribed.

5.2. Expulsion of Members

- (a) A Member may be expelled from the co-operative by special resolution for:
 - (i) failing to discharge the Member's obligations to the co-operative, whether prescribed by these Rules or arising out of any contract; or
 - (ii) conducting themselves in a manner prejudicial or detrimental to the interests of the co-operative; or
 - (iii) ceasing to be qualified as a Member as specified in Rule 3.1.
- (b) A notice of special resolution to expel a Member shall be forwarded to the Member not less than 21 days before the date of the meeting at which the special resolution is to be moved. The notice shall state the date, time and place of the meeting and shall also state the nature of the relevant act or omission.
- (c) At the meeting, the Member shall be afforded a reasonable opportunity to be heard. If the Member is not able to attend, they may make a written statement for the consideration of Members present at the meeting. If the Member fails to attend at the time and place mentioned without reasonable excuse, the act or omission shall be considered and the co-operative may decide on the evidence before it, in spite of the absence of the Member. Following such consideration, the Members of the co-operative may decide to expel the Member.
- (d) The Members of the co-operative shall not make a decision on an expulsion, except by vote by secret ballot. A motion for that decision shall not be deemed to be passed unless two-thirds of the Members so present and so entitled, vote in favour of the motion.
- (e) If the co-operative resolves to expel the Member, the secretary must, within 7 days after the meeting, cause written notice to be given to the Member of the decision.
- (f) Expulsion of a Member shall not be effective until the special resolution expelling the Member is registered.
- (g) The Shares of any Member expelled shall be cancelled as at the date the expulsion is effective and the cancellation shall be noted in the register of Shares.
- (h) In accordance with section 81 of the Act, the co-operative shall pay to the expelled Member the amount of capital paid up on the Member's Shares at the time of expulsion (less any amount owing by the Member to the co-operative).
- (i) An expelled Member shall not be re-admitted as a Member unless such readmission is approved by special resolution. A Member so re-admitted shall not have the Shares restored that were cancelled on the Member's expulsion.

5.3. Suspension of Members

- (a) A Member may be suspended by a resolution passed by the Board, for a period not exceeding six months, for any of the following:
 - (i) infringing any of the Rules or By-Laws of the co-operative; or
 - (ii) failing to discharge obligations to the co-operative, whether prescribed by these Rules or arising out of contract; or
 - (iii) conducting themselves in a manner prejudicial or detrimental to the interests of the co-operative.
- (b) Where the Board receives a complaint that a Member has committed any act referred to in paragraph (a), the Board may meet within 21 days of the occurrence of the act to consider the complaint.
- (c) Where the Board is to meet pursuant to paragraph (b), the following procedure will apply:
 - (i) At least 7 days written notice stating the date, time and place of the Board meeting will be given to any Member against whom a complaint has been received. The written notice will also state the nature of the complaint.
 - (ii) At the meeting, the Member shall be afforded a reasonable opportunity to be heard. If the Member is not able to attend, they may make a written statement for the consideration of the Members of the Board. If the Member fails to attend at the time and place mentioned without reasonable excuse, the complaint shall be considered and the Board may decide on the evidence before it, in spite of the absence of the Member. Once the complaint has been considered, the Board may decide to suspend the Member.
 - (iii) A resolution on the complaint or on a suspension shall not be deemed to be passed unless two-thirds of the Directors so present vote in favour of the resolution.
- (d) If the Board resolves to suspend the Member, the secretary must, within 7 days after the meeting, cause written notice to be given to the Member of the decision and of the Member's right to appeal.
- (e) The suspension does not take effect:
 - (i) until the expiration of the period within which the Member is entitled to appeal against the Board's decision; or
 - (ii) if within that period the Member exercises the right of appeal, unless and until the co-operative confirms the Board's decision;

whichever is the later.

5.4. Right of appeal of suspended Member

- (a) A Member who has been suspended by resolution of the Board may appeal to the co-operative in general meeting within 7 days after notice of the decision is served on the Member, by lodging a notice of appeal with the secretary.
- (b) On receipt of the notice of appeal, the secretary must notify the Board, which is to convene a general meeting of the co-operative to be held within 28 days after the date on which the secretary received the notice of appeal, to consider a special resolution to confirm the Board's decision to suspend the Member.
- (c) At the general meeting of the co-operative convened under paragraph (b):
 - no business other than the question of appeal is to be transacted; and
 - (ii) the Board and the Member must be given the opportunity to state their respective cases orally or in writing, or both; and
 - (iii) the Members present are to vote by secret ballot on the question of whether the Board's decision should be confirmed.
- (d) If the special resolution confirming the Board's decision to suspend the Member is passed, the Member's suspension shall take effect from that time. If the special resolution confirming the Board's decision to suspend the Member is not passed, the Board resolution is revoked.

5.5. Rights of suspended Member

A Member who has been suspended shall not be entitled to the rights of Membership and use of the co-operative's facilities but remains liable for all their obligations as a Member under these Rules and the Act.

6. CEASING MEMBERSHIP

Membership of the co-operative ceases in the circumstances set out in sections 70 and 71 of the Act.

7. CHARGES OR SUBSCRIPTIONS PAYABLE BY A MEMBER

7.1. Entrance fees

- (a) Every applicant for Membership may be required to pay a once only entrance fee. The entrance fee may be fixed by the Board but must not exceed the sum specified in Schedule 1.

- (b) A Member whose Membership ceases may apply to the Board for a refund of all or part of the entrance fee. Any refund will be at the discretion of the Board.

7.2. Annual subscriptions

- (a) Members may be required to pay an annual subscription which shall:
 - (i) be in addition to any other charges payable under the Rules;
 - (ii) be determined by the Board from time to time with any increase in the annual subscription to be announced at the annual general meeting in accordance with Rule 22.8;
 - (iii) be payable, in advance, within the period set by the Board; and
 - (iv) not exceed the sum specified in Schedule 1 in any Year.
- (b) Notwithstanding paragraph (a)(iii), the Board may in the event of unusual circumstances, either generally or in a specific case, extend a period for the payment of the annual subscription, even though the previous period has expired.
- (c) A Member whose Membership ceases may apply to the Board for a refund of any pre-paid subscriptions. Any refund will be at the discretion of the Board.
- (d) An annual subscription is a debt due from the Member to the co-operative for the purpose of Rule 7.3.

7.3. Charges

The co-operative has a charge in respect of any debt due from a Member or past Member to the co-operative, as specified by section 80 of the Act. The Board may act in respect of any such charge on Shares in accordance with section 80 of the Act and Rule 30.4.

7.4. Compulsory loans from Members

- (a) The co-operative may, in accordance with section 268 of the Act, require its Members to lend money to the co-operative, with or without security, in accordance with a proposal approved by the Members by special resolution.
- (b) Any such proposal must be accompanied by a disclosure statement approved by the Registrar.

7.5. Exit Fees

Existing Memberships may be required to pay a once-only exit fee. The exit fee may be fixed by the Board but must not exceed the sum specified in Schedule 1.

8. FINES PAYABLE BY MEMBERS

The Board may impose on a Member a maximum fine specified in Schedule 1 for any infringement of the Rules or By-Laws. No fine exceeding \$20 is to be imposed unless the provisions of section 79 of the Act have been complied with.

9. GRIEVANCE PROCEDURES FOR SETTLING DISPUTES

(a) In this Rule:

(i) “party” includes:

- (A) a Member of the co-operative;
- (B) any aggrieved person who has ceased to be a Member in the last six months;
- (C) any person claiming through or under a Member or any aggrieved person referred to in subparagraph (a)(i)(B); and
- (D) the co-operative, including the Board or any other officer of the cooperative;

(ii) “dispute” may only refer to a matter affecting a person of the type mentioned in subparagraphs (a)(i)(A)-(C).

- (b) If a dispute arises, a party shall not commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this Rule, except where the person seeks urgent interlocutory relief.
- (c) A party claiming that a dispute has arisen must give written notice to the other party or parties specifying the nature of the dispute.
- (d) On receipt of that notice by that other party or parties, the parties must endeavour to resolve the dispute expeditiously, using the mediation Rules of the NSW Law Society.
- (e) If the parties do not agree within seven days of receipt of the notice (or any further period as agreed in writing between them) as to:
 - (i) the timetable for all steps in the procedures; and
 - (ii) the selection and compensation of the independent person required for mediation;

the dispute shall be settled by arbitration in accordance with the Commercial Arbitration Act 1984.

- (f) Nothing in this Rule will extend to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these Rules.

10. POWERS OF THE CO-OPERATIVE AND THE BOARD

10.1. Legal capacity and limitation of powers

The co-operative shall have the legal capacity of a natural person and have all the powers allowed by or under the Act.

10.2. By-Laws

The Board shall have power to make By-Laws, not inconsistent with the Act, the Regulation or the Rules, relating to the conduct of Members or to the operations of the co-operative. A breach of a By-Law shall be deemed to be an infringement of the Rules for the purposes of fines.

10.3. By-Laws relating to Member's Contributions

The Members may, by ordinary resolution, approve the methodology of apportioning Member's contributions to be included in the By-Laws for the:

- (a) asset maintenance and renewals; and
- (b) operations and administration;

of the co-operative to be applied by the Board on an annual basis when determining Member's Contributions under Rule 15.

10.4. Guidelines and Procedures

The Board may issue Guidelines and Procedures not inconsistent with the Act, Regulations or Rules.

11. BOARD OF DIRECTORS

11.1. Board

- (a) There shall be a Board of Directors, each of whom shall be a natural person and at least 18 years old. In accordance with section 204 of the Act, the business of the co-operative will be managed by the Board of Directors.

- (b) At the formation meeting three (3) Directors will be elected. The co-operative will have a minimum of three (3) and a maximum of eight (8) Directors.
- (c) The positions on the Board will consist of:
 - (i) a minimum of three (3) Member Directors: and
 - (ii) subject to section 206(3) of the Act, no more than two (2) independent Directors.
 - (iii) The maximum term of office of a Director is three (3) years or to the next annual general meeting three years after coming to office. A retiring Director may stand for re-election.
 - (iv) The number of Directors of the co-operative may only be changed by special resolution of the Members at a general meeting.
- (d) Subject to Rule 11.6, the Directors shall hold office until the end of the annual general meeting at which their term expires.

11.2. Qualifications of Directors

A person is eligible to be elected as Director of the co-operative provided the person:

- (a) is an active Member of the co-operative (Active Member Director); or
- (b) is a representative of a body corporate, that is an Active Member of the cooperative (active Member Director); or
- (c) is an employee of the co-operative (independent Director); or
- (d) holds the qualifications in accounting, finance, law, corporate governance, environmental science or engineering (independent Director).

11.3. Election of Directors

- (a) Board Members will be elected in the manner specified in this Rule. At an annual general meeting at which a Director retires, the vacated office may be filled in the manner specified in this Rule.
- (b) At least six (6) weeks before an annual general meeting, the Board must:
 - (i) notify all Members of the number of Directors retiring at the annual general meeting; and
 - (ii) advise the Members of:

- (A) their eligibility to nominate as a Director;
 - (B) the duties and responsibilities of a Director;
 - (C) the anticipated remuneration (if any); and
 - (D) the nomination and election procedures.
- (c) A notice must also be displayed at the place of business of the co-operative, inviting nominations of nominees to serve as Directors.
- (d) A nomination must:
- (i) be signed by two (2) or more Members;
 - (ii) provide details of the qualifications and experience of the person nominated; and
 - (iii) be accompanied by a notice in writing signed by the nominee consenting to their nomination.
- (e) The nomination and the notice of consent must be lodged with the secretary of the co-operative at least 21 days before the annual general meeting.
- (f) The secretary, or an officer nominated by the Board, shall give details of each person who has been nominated to Members with the notice of the annual general meeting. Details to be provided to Members must include the nominee's:
- (i) name;
 - (ii) qualifications and experience; and
 - (iii) length of any previous service as a Director of the co-operative or with any other co-operative.
- (g) Where the number of nominees equals the number of vacancies, the nominees will be declared elected at the annual general meeting.
- (h) If there are insufficient nominees to fill all vacancies, the nominees will be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies shall be called from the floor and a ballot held if required.
- (i) Where the number of nominees exceeds the number of vacancies, the election of Directors shall be conducted at the meeting by ballot as follows:
- (i) A returning officer is elected at the meeting. The Directors, secretary, or anyone who has an interest in the election, are not eligible to be the returning officer;
 - (ii) All nominees are to be listed on the ballot form in alphabetical order;

- (iii) The returning officer is responsible for determining the validity of and counting of the votes;
 - (iv) If there is an equality of votes, the outcome shall be determined by lot;
 - (v) The returning officer is to declare the election results.
- (j) If any vacancies remain at the end of the meeting, such vacancies shall be casual vacancies and shall be filled in accordance with Rule 11.6.

11.4. First meeting of the Board

At the first meeting of the Board following the annual general meeting, the Directors shall:

- (a) elect persons from their number to fill any vacancies in the positions specified in
- (b) Part 1 of Schedule 4; and
- (c) appoint a person to act as the co-operative's secretary as specified in section 219 of the Act if necessary.

11.5. Vacation of office of Director

A Director vacates office in the circumstances provided in the section 218 of the Act.

11.6. Filling of casual vacancies

A casual vacancy on the Board may be filled as specified in section 212 of the Act or by appointment by the Board in accordance with section 205(3) of the Act.

11.7. Retirement of Directors

- (a) At the first annual general meeting of the co-operative, and at the annual general meeting in each subsequent year, the Directors shall retire as follows:
 - (i) At the first annual general meeting one third of the Directors elected at the formation meeting (rounded up) will retire and will be eligible for reelection;
 - (ii) At the second annual general meeting one half of the Directors (rounded up) longest in office will retire and will be eligible for re-election;
 - (iii) At the third annual general meeting Directors filling the remaining Director's positions where the person originally in that position has not previously been required to retire, will retire and will be eligible for reelection;

(iv) At each annual general meeting after the third annual general meeting one third of Directors longest in office must retire in each year at the annual general meeting

(b) The Directors to retire in any year shall (subject to the provision as to filling casual vacancies) be those who have been longest in office since their last election. Retirement of persons who became Directors on the same day, shall (unless they otherwise agree among themselves) be determined by lot. In such case, the order for retirement shall be the order in which the names are withdrawn.

11.8. Removal of Director from office

The co-operative may, by ordinary resolution, remove any Director before the expiration of the Director's period of office. The resulting vacancy shall be filled as provided under Rule 11.6.

11.9. Directors' remuneration

The Directors shall receive the remuneration for their services that is determined at a general meeting, and all necessary expenses incurred by them in the business of the cooperative shall be refunded to them.

11.10. Delegation and Board committees

- (a) The Board may, by resolution in accordance with section 213 of the Act, delegate the exercise of any of the Board's functions (other than this power of delegation).
- (b) The Board may by resolution appoint committees comprising Directors, Members or Members and other persons, to act in an advisory role to the Board and to any committees of Directors in accordance with section 213 of the Act.
- (c) A committee may elect a chairperson, may meet and adjourn as it thinks proper, and will follow the procedures specified for Board meetings in Rule 12.
- (d) The Board may establish a General Management Committee consisting of all or specified chairpersons of committees established under Rule 11.

11.11. Deputy Directors

- (a) A Director may, from time to time, apply in writing for any active Member (other than an employee of the co-operative, the Auditor or a partner or employer or employee of the auditor) to be appointed by the Board as a Deputy Director to sit in the Director's place on the Board.

- (b) A person appointed as a Deputy Director must have similar qualifications to the absent Director.
- (c) A Deputy Director shall be entitled to notice of meetings of the Directors. In the absence of the nominating Director, the Deputy Director is entitled to attend and vote at Board meetings and to sign resolutions and to exercise such powers, authorities, and discretions as are vested in or would otherwise be exercisable by the nominating Director. The attendance of the Deputy Director at any meeting of the Board shall be deemed to be attendance by the nominating Director.
- (d) The remuneration of any Deputy Director shall be payable out of the remuneration payable to the nominating Director and shall consist of such portion of the Director's remuneration as shall be agreed between the Deputy Director and the nominating Director.
- (e) A Deputy Director shall vacate office if the nominating Director ceases to be a Director or on a majority of the other Directors removing him or her from office. An appointment or removal under this Rule must be in writing and notice of the appointment removal must be served on the Deputy Director and the appointment or removal shall take effect forthwith upon the service of that notice. Service of any such notice may be effected in accordance with these Rules.
- (f) A Deputy Director whilst acting in the absence of the nominating Director will not be an agent of the nominating Director and the nominating Director will not be liable for the actions of the Deputy Director.

12. MEETINGS OF THE BOARD

12.1. Meetings

- (a) Meetings of the Board will be held at least once every three (3) months in accordance with section 209 of the Act and as often as the Board considers necessary.
- (b) Questions arising at any meeting shall be decided by a majority of votes.
- (c) The quorum for a meeting of the Board shall be 50% of the number of Directors provided Active Member Directors present outnumber independent Directors present by at least one (1).
- (d) A Director shall not vote in respect of any contract or proposed contract with the co-operative in which the Director is in any way interested or in respect of any matter arising out of such a contract or proposed contract.

12.2. Chairperson of Board

- (a) The Board shall elect one of their number to act as the chairperson of the Board.
- (b) The chairperson may be removed as chairperson by a resolution of the Board. Such a person remains a Director after their removal as chairperson.
- (c) If:
 - (i) the chairperson is not present within 10 minutes after the time appointed for holding the meeting; or
 - (ii) the chairperson is unwilling to act as chairperson of the meeting;

then the Directors present may choose one of their number to be chairperson of the meeting until such time as the chairperson attends and is willing to act in that capacity.

12.3. Transaction of business outside Board Meetings

The Board may transact any of its business in a manner specified in section 210 of the Act.

12.4. Minutes of meetings

- (a) In accordance with section 203 of the Act, the Board shall have minutes of meetings recorded in books provided for the purpose within 28 days after the meeting, and in particular of:
 - (i) all appointments of officers and employees made by the Directors;
 - (ii) the names of the Directors present at each meeting of the Board and of any committee of the Board; and
 - (iii) all resolutions and proceedings at all meetings of the co-operative and of the Board and of committees.
- (b) The confirmation of such minutes, signed by the chairperson, shall be taken as the first business at the next succeeding meeting of the co-operative, Board, or committee to which the minutes relate. If it is impracticable for the minutes to be confirmed at that meeting, the minutes shall be confirmed at the next succeeding meeting.
- (c) Directors present at any meeting shall sign their name in a book to be kept for that purpose.
- (d) The minutes of Board meetings and subcommittee meetings are only to be made available for inspection by Members where the Board considers it appropriate.

13. SEAL

- (a) The co-operative shall, as required by section 258(1)(a) of the Act, have the name of the co-operative appear in legible characters on its common seal. The common seal shall be kept at the registered office in such custody as the Board shall direct. The co-operative may have one or more official seals in accordance with section 49 of the Act.
- (b) The common seal or official seal of the co-operative shall not be affixed to any instrument except by resolution of the Board. The seal must be affixed by a Director of the co-operative in the presence of another Director or officer of the co-operative and be authenticated by the signature of both persons.
- (c) The person affixing the official seal shall certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.
- (d) The co-operative may, in accordance with section 48 of the Act, by writing under its common seal, empower its agent or attorney (either generally or in respect of a specified matter or specified matters) to execute deeds on its behalf.

14. CO-OPERATIVE FUNDS

14.1. Accounts

- (a) The Board shall have the accounts, statements and Directors' report prepared in accordance with the Corporations Act 2001, as applied by the Act and the Regulation.
- (b) The Board shall submit those accounts, statements and report, together with the Auditors' report on those accounts, to the annual general meeting of the cooperative, in accordance with the Corporations Act 2001 as applied by the Act and the Regulation.
- (c) The Board shall send a copy of all documents required to be submitted to each Member at least 14 days before the date of the annual general meeting.

14.2. Banking

- (a) The Board shall have a banking account or accounts in the name of the cooperative, into which all money received shall be paid as soon as possible after receipt.
- (b) All cheques drawn on such accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the co-operative, shall be signed by 2 Directors or by any 2 persons authorised by the Board.

15. CONTRIBUTIONS EXPENSES AND RESERVES

15.1. The Board must on the last Business Day of the financial year, determine the:

- (a) Fixed Contributions;
- (b) Variable Contributions;

in accordance with the By-Laws and notify Members of those determinations in the form of a Contribution Notice.

15.2. In determining Contributions for a Year the Board must calculate Contributions so as to cover costs and expenses and overheads of the co-operative in carrying out its primary activities, including, but not limited to:

- (a) any outstanding amounts payable by the co-operative;
- (b) the anticipated costs of the operation by the co-operative and the performance of the co-operative of its functions for the relevant year;
- (c) costs of regular repairs, refurbishment, maintenance and construction in relation to the co-operative's assets for the Year;
- (d) amounts sufficient to allow accumulation of reserves at rates sufficient to meet anticipated expenses and liabilities of the co-operative in future Years, including:
 - (i) a fund to be known as the "Asset Maintenance Fund" to cover maintenance and refurbishment expenses on the co-operative's assets; and
 - (ii) such other reserves as the co-operative may from time to time determine are prudent and reasonable to permit the co-operative to carry out its primary activities; and
 - (iii) the costs and expenses of the co-operative in delivering services to Members.

15.3. The Board may at any time vary any Contribution, whether or not the Member has paid that Contribution, for any reason including but not limited to:

- (a) an error however described having been made in the Contribution or in its calculation;
- (b) the provision of any additional services; and
- (c) any other factor, matter or circumstance determined by the Board.

- 15.4. The Board will notify the Member of any variation in Contributions. Any variation will take effect from the date on which the relevant notice is delivered to the Member or any other date as may be specified by the Board in the notice.

16. ESTABLISHMENT OF RESERVES

- 16.1. The Board must cause separate accounts to be kept for the Reserves established under Rule 15.
- 16.2. Subject to the Rules, moneys to the credit of the Reserves may only be utilised for the purposes stated (in respect of each particular reserve) in Rule 15.2.
- 16.3. Moneys to the credit of the Reserves may only be expended for a purpose other than those stated (in respect of each particular reserve) in Rule 15.2, if approved by an ordinary resolution of Members at a general meeting.

17. CUSTODY OF SECURITIES BELONGING TO THE CO-OPERATIVE

- 17.1. Custody of the securities and records

A person or persons appointed by the Board annually will have the custody of the securities and records of the co-operative. For the purposes of this Rule, "securities" includes, but is not limited to, Shares and debentures held by the co-operative.

- 17.2. Registered office

The co-operative shall have a registered office, the address of which is recorded in the public register maintained by the Registrar. The Board will ensure that the record is accurate by notifying the Registrar of any change of address within 28 days after the change, in the form approved by the Registrar.

- 17.3. Documents to be kept

- (a) The co-operative shall keep at the registered office, or another location as specified in section 250 of the Act, available during all reasonable hours for inspection by any person free of charge:
- (i) a copy of the Act and the Regulation;
 - (ii) a copy of the Rules of the co-operative; and
 - (iii) a copy of the last annual report of the co-operative under section 252 of the Act.

- (b) The co-operative shall keep at the registered office, or another location as specified in section 250 of the Act, available during all reasonable hours for inspection by any Member free of charge, all the registers specified in section 251 of the Act.
- (c) A Member is entitled to make a copy of entries in a register specified in subparagraph (b) on payment of the prescribed fee.

18. TRANSFER OF DEBENTURES

- (a) A debenture of the co-operative cannot be sold or transferred except with the consent of the Board.
- (b) The instrument of transfer of any debenture will be executed by or on behalf of the transferor and the transferee. The transferor will be deemed to remain the holder of the debenture until the name of the transferee is entered in the register of debentures held by the co-operative.
- (c) Debentures will be transferred in a form approved by the Board.
- (d) The Board may decline to register any transfer of debentures. If the Board refuses to register a transfer of debentures, it shall send notice of the refusal to the transferee within 2 weeks after the date on which the Board declined to register the transfer.
- (e) The Board may decline to recognise any instrument of transfer unless:
 - (i) the fee specified in Schedule 1 is paid to the co-operative for the transfer; and
 - (ii) 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.
- (f) The Board shall have a record of all transfers made in the appropriate register.

19. FINANCIAL YEAR

The financial year of the co-operative shall end on 30 June each year.

20. AUDIT

- 20.1. The accounts of the co-operative must be audited annually in accordance with the Corporations Act 2001 as applied by the Act and the Regulation.

20.2. One or more Auditors shall be appointed, hold office, be remunerated, and have qualifications, duties, and responsibilities in accordance with the Corporations Act 2001 as applied by the Act and the Regulation.

21. An Auditor must not be replaced except in accordance with the procedure set out in the Corporations Act 2001 as applied by the Act and the Regulation.

22. PROVISION FOR LOSS

The Board shall account for any loss that may result from the transactions of the cooperative in accordance with Accounting Standards as adopted by the Regulation.

23. GENERAL MEETINGS

23.1. Convening special general meetings

The Board may, whenever it thinks fit, convene a special general meeting of the cooperative.

23.2. Requisition of general meetings

The Board will convene and hold, as soon as practicable, a general meeting of the cooperative in accordance with section 202 of the Act, on the requisition in writing by at least 20% of active Members entitled to vote.

23.3. Member resolutions

Any Member who has a resolution to submit to a general meeting will give written notice of the terms of the resolution to the co-operative not less than 28 days prior to the date of the meeting.

23.4. Notice of general meetings

- (a) Subject to Rule 22.5, at least 14 days notice (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) will be given of any general meeting.
- (b) Notice will be given to those persons who are, under these Rules entitled to receive such notices from the co-operative, but the non-receipt of the notice by any Member shall not invalidate the proceedings at a general meeting. The notice must specify the place, day and hour of the meeting and the general nature of any special business.

- (c) The Board will have inserted in any notice convening a general meeting any proper business that a Member has notified the intention to move and for which notification has been given in accordance with Rule 22.3.
- (d) Notice of every general meeting will be given to:
 - (i) Members of the co-operative, by the method specified in Rule 22.6; and
 - (ii) every person entitled to a Share in consequence of the death, incapacity or bankruptcy of a Member who, but for that Member's death, incapacity or bankruptcy, would not be entitled to receive notice of the meeting; and
 - (iii) the Auditor or Auditors of the co-operative.
- (e) Except as provided in these Rules, no other person will be entitled to receive notice of general meetings.

23.5. Notice of special resolutions

Notice of a special resolution, in accordance with section 189 of the Act, shall be given to those persons entitled to receive notice at least 21 days (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) before the general meeting.

23.6. Notices

- (a) Unless exempted under section 440A, a notice must be in writing and may be given by the co-operative to any Member:
 - (i) personally;
 - (ii) by post to a listed address or an alternate address supplied by the Member; or
 - (iii) by some other form of technology, for example by facsimile or e-mail, where the Member has given consent and notified the co-operative of the relevant contact details.
- (b) Where a notice is sent by post, service shall be deemed to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving such service, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (c) A notice forwarded by some other form of technology shall be deemed to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.

- (d) A notice may be given by the co-operative to joint Members by giving the notice to the joint Member named first in the Register of Members and Shares.
- (e) A notice may be given by the co-operative to the person entitled to a Share in consequence of the death, incapacity or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to that 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 like description. The address should be that supplied for the purpose by the person claiming to be entitled. Alternatively, if no address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.
- (f) For the purpose of this Rule, "listed address" means the address of the Member as appearing in the Register of Members and Shares.

23.7. Annual general meetings

- (a) The first annual general meeting of the co-operative will be held at any time within 18 months after the registration of the co-operative. Subsequent annual general meetings will be held within five (5) months after the end of financial year, or within such other period as specified in section 198 of the Act.
- (b) If an annual general meeting is not held in accordance with paragraph (a), the Members may requisition such a meeting, in accordance with Rule 20.2.

23.8. Business of annual general meetings

- (a) The ordinary business of the annual general meeting will be:
 - (i) to confirm minutes of the preceding general meeting (whether annual or special);
 - (ii) for the Board, Auditors, or any officers of the co-operative to present reports upon the transactions of the co-operative during the Year, including balance sheet, income statement, cash flow statement, and the state of affairs at the end of that Year;
 - (iii) to announce the annual subscription, if any, for the following Year;
 - (iv) to elect the Directors;
 - (v) to determine the remuneration, if any, of Directors;
 - (vi) to declare the rates of dividends and rebates;

- (vii) to appoint (if necessary) an Auditor; and
 - (viii) to allow Members a reasonable opportunity to ask questions about or comment on the management of the co-operative and to ask the Auditor or their representative, if present, questions relevant to the conduct of the audit and the preparation and content of the Auditor's report and the accounting policies adopted by the co-operative in relation to the financial statements.
- (b) The annual general meeting may also transact special business of which notice has been given to Members in accordance with these Rules.

24. PROCEDURE AT MEETINGS

24.1. Standing orders

- (a) The following standing orders will be observed at the co-operative's meetings, subject to any suspension of, or amendment to, or addition to, these orders adopted for the purposes of that meeting by the Members present at a meeting:
- (i) the mover of a motion will not speak for more than 10 minutes. Subsequent speakers shall be allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may, however, by simple majority, extend in a particular instance the time permitted by this Rule;
 - (ii) whenever an amendment to an original motion is proposed, no second amendment will be considered until the first amendment is disposed of;
 - (iii) if an amendment is carried, the motion as so amended will displace the original motion and may itself be amended;
 - (iv) if an amendment is defeated, a further amendment may be moved to the original motion. However, only one amendment will be submitted to the meeting for discussion at one time;
 - (v) the mover of every original motion, but not of an amendment, will have the right to reply. Immediately after this, the question will be put from the chair. No other Member will speak more than once on the same question, unless permission is given for an explanation, or where the attention of the chairperson is called to a point of order; and
 - (vi) any discussion on a motion or amendment may be closed by a resolution "that the question be now put" being moved, seconded and carried. The resolution will be put to the meeting without debate.
- (b) Any motions and amendments will be submitted in writing if requested by the chairperson.

- (c) Any Member, or any visitor invited to attend the meeting by the Board, may speak on any issue at a meeting with the permission of the chairperson provided that the permission may be conditional.
- (d) Standing orders may be suspended for any period by ordinary resolution.

24.2. Quorum at general meetings

- (a) No item of business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting is considering that item. A quorum is constituted by 50% of the active Members, being a number no less than five (5), present in person and entitled to vote.
- (b) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall be adjourned to the same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting, the Members present shall constitute a quorum.

24.3. Chairperson at general meetings

The chairperson of the Board shall preside as chairperson at every general meeting of the co-operative. If at any meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the Members present shall choose one of their number to be chairperson until such time as the chairperson attends or is willing to act in that capacity.

24.4. Adjournment of general meetings

- (a) The chairperson may, with the consent of any meeting at which a quorum is present (and will if so directed by the meeting), adjourn the meeting from time to time and from place to place. The only business that can be transacted at any adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
- (b) Where a meeting is adjourned for 14 days or more, notice of the adjourned meeting shall be given just as in the case of the original meeting. Apart from this requirement it, will not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

24.5. Voting rights

- (a) Members will have the right to vote as specified in Division 1 of Part 8 of the Act.
- (b) Except as provided in Rule 23.6(g), an active Member of the co-operative who is entitled to vote will have one vote only in respect of any question or motion arising at a general meeting of the co-operative.
- (c) A Member's right to vote is a personal right and is not attached to, or conferred by, any Share held by the Member in the co-operative.
- (d) A Member of the co-operative is not entitled to vote at a meeting of the cooperative:
 - (i) if the person is not an active Member of the co-operative or a delegate for a body corporate that is an active Member; or
 - (ii) the person is excluded from voting under the Act or these Rules.
- (e) A person is not entitled to exercise, under a power of attorney, a Member's power to vote if the person has that power of attorney in respect of another Member under another power of attorney.
- (f) In the case of joint Membership, the joint Members will have one (1) vote only between them and that vote may only be exercised (subject to the grant of any proxy in accordance with Rule 21.8 or power of attorney) by the joint Member whose name appears first in the register of Members and Shares.
 - (i) A Member is not entitled to vote if another person (whether or not a Member of the co-operative) has a relevant interest in any Share held by the Member or in the right to vote of the Member in accordance with section 178 of the Act.
 - (ii) Pursuant to section 286 of the Act, a person (whether or not a Member of the co-operative) must give notice in accordance with the Regulation to the co-operative within 5 business days of becoming aware that the person has, or has ceased to have, a relevant interest in the right to vote of a Member in the co-operative.
 - (iii) The co-operative is to keep a register of notifiable interests pursuant to section 294 of the Act, which shall be open for inspection:
 - (A) by any Member, free of charge; and
 - (B) by any other person on payment of the fee prescribed in the Regulation.

24.6. Attendance and voting at general meetings

- (a) A Member whose Membership is required to be cancelled under Rule 5.1 is not entitled to attend any meeting of the co-operative.
- (b) At any general meeting, a resolution put to the vote of the meeting shall be decided by show of hands unless a poll is demanded in accordance with section 201 of the Act.
- (c) If no poll is demanded before the declaration of the result, a declaration by the chairperson that a resolution has been carried, or lost, and an entry to that effect included in the book of the proceedings of the co-operative, shall be evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of, or against, that resolution.
- (d) If a poll is demanded, it shall be taken in a manner that the chairperson directs. Unless the meeting is adjourned, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (e) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.
- (f) A poll demanded may be withdrawn.
- (g) In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, may have a casting vote.
- (h) A simple majority will determine all resolutions except special resolutions.

24.7. Special resolutions

- (a) A special resolution is passed:
 - (i) at a general meeting where two-thirds of the Members who, being entitled to do so, vote in favour of the special resolution; or
 - (ii) in a postal ballot where two-thirds of the Members who, being entitled to do so, cast formal votes in favour of the special resolution; or
 - (iii) in a special postal ballot where three-quarters of the Members who, being entitled to do so, cast formal votes in favour of the special resolution.
- (b) A special resolution has effect from the date it is passed except in the following circumstances:
 - (i) the removal of an Auditor;
 - (ii) the expulsion of a Member;

- (iii) the alteration of a Rule; or
- (iv) any matter for which a special resolution is required to be passed by special postal ballot pursuant to section 194A of the Act (other than a special postal ballot in favour of a voluntary winding up);

in which case it has effect from the time it is registered by the Registrar.

24.8. Proxy votes

- (a) The instrument appointing a proxy shall be duly authorised in writing under the hand of the appointer, or of the appointer's attorney. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument. An instrument appointing a proxy shall be deemed to confer authority to demand, or join in demanding, a poll.
- (b) An instrument appointing a proxy may be in the form given in Appendix 1 to these Rules or any other form which the Board shall approve.
- (c) Where an instrument of proxy is signed by all of the joint Members, the vote of the proxy so appointed shall be accepted as the vote of the joint Member whose name appears first in the register of Members and Shares.
- (d) No person shall act as a proxy unless the person is an active Member.
- (e) No person shall act as proxy for more than 10 persons unless the instrument appointing a proxy specifies the manner in which the proxy is to vote in respect of a particular resolution.

24.9. Instrument appointing proxy to be lodged at registered office

- (a) An instrument appointing a proxy is not valid unless:
 - (i) the instrument; and
 - (ii) if the instrument is signed by the appointer's attorney, the authority under which the form was signed, or a notorially certified copy of the authority;is deposited at the registered office of the co-operative.
- (b) The documentation required to be given under this Rule must be deposited at the registered office:
 - (i) at least 48 hours before the meeting at which the proxy may be used; or

- (ii) in the case of a poll, at least 24 hours before the taking of the poll.

24.10. Revocation of instrument appointing proxy

A vote given in accordance with the terms of an instrument of proxy, or of a power of attorney, is valid notwithstanding 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 commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

25. POSTAL BALLOT

The co-operative may hold a postal ballot to determine any issue or proposal by the Members. Postal ballots, including special postal ballots as required by section 194A of the Act, must be conducted in the manner prescribed in Schedule 2 of the Regulation.

26. RULE ALTERATIONS

- 26.1. The Rules may be altered by special resolution or by a resolution of the Board in accordance with section 112 of the Act.
- 26.2. A change to the active Membership provision cannot be proposed at a meeting unless prior written approval has been obtained from the Registrar.
- 26.3. Resolutions altering the Rules shall be lodged with the Registrar in accordance with section 113 of the Act.
- 26.4. No alteration to these Rules takes effect until the Registrar registers the alteration.

27. CAPITAL AND SHARES

27.1. Nominal value of Share capital

- (a) The capital of the co-operative shall be raised by the issue of Shares which shall be of one class, all ranking equally, and be of nominal value of the one dollar (\$1.00).
- (b) The capital shall vary in amount according to the nominal value of Shares from time to time subscribed.

27.2. Minimum shareholding

Every Member will, on admission to Membership of the co-operative, hold at least thirty thousand (30,000) Shares.

27.3. Applications for additional Shares

- (a) Applications for additional Shares will be lodged with the secretary in a format approved by the Board and will be accompanied by sufficient funds to pay for the Shares.
- (b) The Board will consider every application. If the Shares are issued, the issue is to be noted in the Register of Members and Shares. The Member will be notified in writing within 14 days of the issue.
- (c) The Board may, at its discretion, refuse to issue additional Shares and need assign no reasons for its refusal. Upon refusal, any deposit made by the Member will be refunded without interest.

27.4. Compulsory Share acquisition

The Board may require a Member to take up or subscribe for additional Shares in accordance with section 155 of the Act.

27.5. Bonus Shares

Bonus Shares may be issued by the co-operative in accordance with section 156 of the Act.

27.6. Purchase of Members' Shares

- (a) Subject to section 172 of the Act and Rule 26.2, 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, the whole or any part of the amount paid up on any Share held by the Member when the sum repaid is not required for the activities of the co-operative.
- (b) The co-operative will cancel any Share purchased or repaid in full by the cooperative.
- (c) Section 172 of the Act does not apply to any Member who has been expelled or whose Membership has been cancelled under Rule 5.1.
- (d) If the Board is of the opinion that to pay the repurchase price would adversely affect the financial position of the co-operative it can allot or issue debentures or CCUs of the co-operative to the Member in satisfaction of the amount.
- (e) A debenture or CCU issued pursuant to paragraph (d) will:

- (i) bear interest during any period in accordance with section 173 of the Act; and
- (ii) be repaid to the Member as soon as, in the Board's opinion, the repayment would not adversely affect the financial position of the co-operative, and in any case within 10 years.

27.7. Shares to be forfeited to remedy contravention of maximum level of Share interest

- (a) Where a person (whether or not a Member of the co-operative) contravenes Rule 28.1(a), the Board will declare to be forfeited sufficient number of the Shares in which the person has a relevant interest to remedy the contravention.
- (b) The Shares to be forfeited pursuant to this Rule are:
 - (i) the Shares nominated by the person for the purpose; or
 - (ii) in the absence of such nomination, the Shares in which the person has had a relevant interest for the shortest time.
- (c) A declaration of the Board that Shares are forfeited operates to forfeit the Shares concerned.
- (d) The provisions of sections 134 - 136 (inclusive) of the Act will apply to and in respect of Shares forfeited under this Rule as if the Shares had been forfeited under Rule 5.1(b).

27.8. Notice to be given of substantial Share interest and substantial change in Share interest

Pursuant to section 287, a person must give notice in writing to the co-operative within five (5) business days after becoming aware that the person has a substantial Share interest in the co-operative and after becoming aware that a substantial change has occurred in that interest.

28. SHARES TO BE FORFEITED PURSUANT TO SALE OF LAND CONTRACT

Subject to the repurchase and repayment provisions of the Act:

- (a) Shares may be voluntarily forfeited by a Member pursuant to a Sale of Land contract between the Member as the purchaser and the co-operative as the vendor, on completion of which the Member will become a Landowner.
- (b) The Shares to be forfeited pursuant to this Rule are the Shares nominated by the person and the Sale of Land contract will be taken as written consent of the forfeiture.

- (c) Execution of the Sale of Land contract operates to forfeit the Shares concerned.
- (d) The Co-operative may offset Shares forfeited pursuant to this Rule against the purchase price of the land in the Sale of Land contract.

29. TERMS OF ISSUE OF SHARES

29.1. Terms of issue of Shares

- (a) No person, whether or not a Member, will hold or have a relevant interest in more than 20% of the nominal value of issued Share capital of the co-operative, except in accordance with section 289 of the Act.
- (b) The co-operative may issue Shares at a premium in accordance with section 151 of the Act.
- (c) Shares of the co-operative will not be quoted for sale or purchase at any stock exchange or in any other public manner whatever, within the meaning of the Income Tax Assessment Act 1936 (Cwlth).
- (d) A Share is not to be issued at a discount.

29.2. Statement of Shares

- (a) Every person whose name is entered as a Member in the Register of Members and Shares shall be given, after application and without payment, a statement certifying the number of Shares held by the person and the amount paid up on those Shares.
- (b) If a Share statement is defaced, lost or destroyed, a duplicate may be issued by the co-operative on payment of the fee, if any, specified in Schedule 1, and on any terms as to evidence and indemnity as the Board thinks fit.

30. PAYING FOR SHARES

- 30.1. No Share is to be allotted (other than a bonus Share) unless the amount of the nominal value of the Share specified in Rule 29.2 has been paid.
- 30.2. Shares may be issued by the Board as partly paid at a minimum payment of ten cents (10c) for each one dollar (\$1.00) Share.
- 30.3. The Board may issue a call on a Member to pay up the remaining balance of any partly paid Share by providing the Member with 28 days notice in writing.

- 30.4. Each Member must pay to the co-operative, at the time or times so specified, the amount called on their Shares.
- 30.5. The joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share.
- 30.6. If a sum called in respect of a Share is not paid before or on the day appointed for payment, the person from whom the sum is due must pay interest upon the sum. This interest is at the rate determined by the Board, after giving due consideration to prevailing commercial bank interest rates, from the day appointed for the payment to the time of actual payment. However, the Board is at liberty to waive payment of that interest wholly or in part.
- 30.7. When Shares are issued the Board may in its discretion prescribe conditions of issue which differ between shareholders with respect to:
- (a) the amount of calls made on the Shares of those shareholders; and
 - (b) the time in which payment must be made.
- 30.8. The Board may, if it thinks fit, receive from any Member willing to advance it, all or any part of the money uncalled and unpaid upon any Shares held by that Member.

31. DEFAULT IN PAYMENT OF CALLS

- 31.1. If a Member fails to pay any call or instalment of a call by the day appointed for payment the Board may, while any part of the call or instalment remains unpaid, serve a notice on the Member requiring payment of the unpaid amount together with any interest which may have accrued.
- 31.2. The notice must name a further day (not earlier than 28 days from the date of the notice) by which the payment required by the notice is to be made. The notice must also state that if there is no payment by that time the Shares for which the call was made may be forfeited.
- 31.3. If the requirements of the notice are not complied with by the Member, then any Share in respect of which the notice was given may be forfeited by a resolution of the Board.
- 31.4. The co-operative has a charge upon the paid up amounts of the forfeited Shares and may appropriate those amounts pursuant to that Rule.

32. DISTRIBUTION OF SURPLUS

32.1. Distribution of Surplus

- (a) The Board may resolve to retain all or part of the Surplus arising in a Year from the business of the co-operative to be applied for the benefit of the co-operative.
- (b) The Board may apply part of the Surplus arising in a Year from the business of the co-operative or any part of the reserves in accordance with sections 282 and 283 of the Act.
- (c) A part of the Surplus, not more than 10%, 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.
- (d) “Surplus” means the excess of income over expenditure after making appropriate allowance for taxation expense, depreciation in value of the property of the cooperative and for future contingencies.

32.2. Declaration of dividend or rebate

- (a) A dividend or rebate will be declared at any general meeting of the co-operative but will not exceed the amount recommended by the Board, nor exceed the percentage permitted by the Act or Regulation.
- (b) Notice of any dividend or rebate that may have been declared will be given by displaying it at the registered office of the co-operative and in any other manner the Board will determine.

32.3. Payment of dividend or rebate

- (a) Subject to section 153(5) of the Act, any dividend or rebate which will accrue to the holder of Shares shall be paid to that holder.
- (b) In accordance with section 283 of the Act, 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.
- (c) No dividend or rebate shall bear interest against the co-operative.

32.4. Determination of dividend

The Board may recommend:

- (a) a higher rate of dividend in respect of Shares held by a Member in excess of a specified number of Shares; or
- (b) different rates of dividend on Shares based on the business done by shareholders with the co-operative;

to be declared at a general meeting in accordance with Rule 31.2 and if declared, the Board shall be authorised to pay the dividend to Members, subject to the provisions of Rule 31.3.

33. WINDING UP

- (a) The winding up of the co-operative will be in accordance with Part 12 of the Act.
- (b) If on the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the Shares) any property, this shall be paid to or distributed among the Members of the co-operative in proportion to Members' shareholdings.
- (c) If on the winding up or dissolution there is a deficiency, Members will be liable to contribute towards this deficiency to the extent of any amount unpaid on the Shares held by the Member and any charges payable by the Member to the cooperative as required by these Rules.
- (d) Former Members may also Share in the distribution of any Surplus or be liable to contribute to the property of the co-operative in accordance with sections 139 and 331 of the Act and the applied provisions of the Corporations Act 2001.

34. FORFEITURE, CHARGES AND SALE OF SHARES

34.1. Forfeited Shares

- (a) A person whose Shares have been forfeited pursuant to these Rules will cease to be a Member in respect of the forfeited Shares. However, that person will remain liable to pay to the co-operative all amounts that (as at the date of forfeiture) were payable by the person to the co-operative in respect of the Shares, in addition to the calls in default.
- (b) A statutory declaration in writing by a Director of the co-operative stating that a Share in the co-operative has been forfeited on a date stated in the declaration will be conclusive evidence of that fact as against all persons claiming to be entitled to the Share.
- (c) A Share that is forfeited in accordance with these Rules will be cancelled and the date of cancellation noted in the Register of Members and Shares.

34.2. Charges on Shares

- (a) The co-operative may appropriate the capital of any Share in respect to which it has a charge, in accordance with section 80 of the Act.
- (b) The co-operative may sell in such manner as the Directors think fit all or any Shares on which the co-operative has a charge, pursuant to section 80 of the Act. However, no sale will be made unless a sum in respect of which the charge exists is payable at the date of the sale. Also, no sale will be made until the expiration of 14 days after a notice in writing (stating and demanding payment of any part of the amount in respect of which the charge exists as is payable at the date when the notice is given) has been given to the registered holder of the Share or the person entitled to it by reason of death or bankruptcy. The notice will indicate that, upon failure to make payment of the sum demanded within the time stipulated, the Shares will be sold by the Board.
- (c) Where the highest offer received by the Board is less than the amount paid up on the Shares to be sold, the Board will notify the Member of the receipt of such offer, the amount of the offer and of the Board's intention to accept the offer at the expiration of 14 days if no payment is made before then to the co-operative of all amounts in respect of which the charge exists.
- (d) From the proceeds of any such 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 shall be payable to the Member whose Shares were sold.
- (e) For giving effect to any such sale, the Board may authorise a person to transfer the Shares sold to the purchaser.

35. TRANSFER AND TRANSMISSION OF SHARES

35.1. Transfer of Shares

- (a) The instrument of transfer of any Share will be executed by or on behalf of the transferor and the transferee. The transferor will be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members and Shares.
- (b) Shares will be transferred in the form given in Appendix 2 to these Rules or any other form which the Board will approve.
- (c) A Share may not be sold or transferred except:

- (i) with the consent of the Board and to a person who is qualified to be admitted to Membership of the co-operative under Rule 3.1; or
 - (ii) as otherwise provided by these Rules or the Act.
- (d) The Board may decline to register any transfer of Shares to a person of whom they do not approve. The Board may also decline to register any transfer of Shares on which the co-operative has a lien or charge. If the Board refuses to register a transfer of Shares it shall send notice of the refusal to the transferee within two (2) weeks after the date on which the Board declined to register the transfer.
- (e) The Board of the co-operative will not consent to the sale or transfer of Shares to a person where it would result in a contravention of Rule 28.1(a).
- (f) The Board may decline to recognise any instrument of transfer unless:
- (i) the fee, if any, specified in Schedule 1, is paid to the co-operative for the transfer; and
 - (ii) the instrument of transfer is accompanied by any evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- (g) The Board will have a record of all transfers made in the appropriate register.
- (h) The Board may suspend the registration of transfers during the 14 days immediately preceding the annual general meeting in each Year.

35.2. Effect of sale, transfer or disposal of Shares

A Member who has sold, transferred or disposed of the beneficial interest in their Shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the cooperative.

36. DEATH, BANKRUPTCY OR INCAPACITY OF MEMBERS

36.1. Death of Member

- (a) The Board may register as the holder of a Share, a trustee, executor or administrator of the estate of a dead person who was the registered holder of the Share in the co-operative, or where the deceased Member is entitled in equity to a Share, with the consent of the holder of the Share in accordance with section 164 of the Act.
- (b) On the death of a Member, the Member's Share in the co-operative cannot be transferred to a person other than an administrator or executor except with the

consent of the Board of the co-operative in accordance with sections 82 and 170A of the Act.

- (c) For the purposes of section 86:
 - (i) the value of the Shares held by the deceased Member will be the paid up amount on those Shares;
 - (ii) the value of any other interest of a deceased Member will be determined by the instrument creating that interest.

36.2. Registration of Official Trustee in Bankruptcy

Where a Member is declared bankrupt, the Official Trustee in Bankruptcy may be registered as the holder of the Share held by the bankrupt Member in accordance with section 166 of the Act.

36.3. Registration as administrator of estate on incapacity of Member

A person appointed under a law of a State or Territory to administer the estate of another person who, through mental or physical infirmity, is incapable of managing their affairs, may be registered as the holder of a Share held by the incapable person whose estate the appointed person is administering in accordance with section 165 of the Act.

36.4. Rights attaching to Shares in relation to death, bankruptcy or incapacity of Members

- (a) A person who is entitled to a Share by reason of the death, bankruptcy or the incapacity of the holder will be entitled to the dividends and other advantages to which that person would be entitled if the person were the registered holder of the Share. However, before being registered as a Member in respect of the Share, the person will not be entitled to exercise any right conferred by Membership in relation to meetings of the co-operative.
- (b) A person registered pursuant to Rules 35.1, 35.2 and 35.3 is, while so registered, subject to the same liabilities in respect of the Share as those to which that person would have been subject if the Share had remained, or had been registered in the name of the deceased person, the incapable person or the bankrupt person.

37. CO-OPERATIVE CAPITAL UNITS (CCUS)

37.1. Issue of CCUs

The co-operative may issue co-operative capital units (CCUs) to a person (whether or not a Member of the co-operative) pursuant to section 273.

37.2. Rights attaching to CCUs

- (a) Each holder of a CCU is entitled to one vote only at a meeting of the holders of CCUs.
- (b) The rights of the holders of CCUs may be varied only in the manner and to the extent provided by their terms of issue and only with the consent of at least 75% of the holders of CCUs given in writing or at a meeting.
- (c) The holder of a CCU has, in the person's capacity as such a holder, none of the rights or entitlements of a Member of the co-operative.
- (d) The holder of a CCU is entitled to receive notice of all meetings of the cooperative and all other documents in the same manner as the holder of a debenture of the co-operative.
- (e) In discharging their duties, it is proper for the Directors of the co-operative to take into account that the holders of CCUs have none of the rights and entitlements of, and are not regarded as, Members of the co-operative.

APPENDIX 1 – RULE 23.8 PROXY FORM

PROXY FORM

I/we
.....
..... of
.....
.....

appoint
of
..... or in
that person’s absence
of

or [in that person’s absence] the chairperson of the meeting, or a person nominated by the chairperson, as my/our proxy to vote for me/us on my/our behalf at the [annual/special] general meeting of the co-operative to be held on and at any adjournment of that meeting.

I/We direct my/our proxy to vote in respect of each resolution to be considered as indicated with an “X” below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

	FOR	AGAINST
[ordinary/special] resolution No. 1	[]	[]
[ordinary/special] resolution No. 2	[]	[]

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each resolution (including any procedural resolution) to be considered by the meeting and any adjournment of the meeting.

Dated
Signature

Corporate Members should execute under seal or by attorney.

APPENDIX 2 – RULE 34.1 SHARE TRANSFER FORM

SHARE TRANSFER FORM

I/we
.....
..... of
.....
.....

in consideration of the sum of

paid to me by

of

to hold on behalf of the transferee, the transferee’s heirs, executors, administrators and assigns, subject to the conditions on which I hold the same at the time of the execution of this transfer.

I, the transferee, agree to take the said Share (or Shares) subject to the conditions on which the transferor holds the Share (or Shares) and subject to the Rules of:
.....as amended from time to time.

As witness our hands, the day of 20....

Signed by

....., transferor.

In the presence of, witness.

Signed by

..., transferee.

In the presence of, witness.

SCHEDULE 1 - FEES

ITEM	RULE REFERENCE	CHARGE
Annual Contribution (maximum)	Rule 15	As determined by the Board in accordance with the Rules
Duplicate Share Certificate	Rule 28.2(b)	\$20.00
Transfer of Shares	Rule 34.1(f)	\$100.00
Transfer of Debentures	Rule 18(e)	\$50.00
Maximum Fine	Rule 8	\$1,100.00
Entrance Fee (maximum)	Rule 7.1(a)	\$0
Exit Fee (maximum)	Rule 7.5	\$350.00