



RULES OF GOOLAWAH CO-OPERATIVE LTD

**REGISTERED UNDER
THE CO-OPERATIVES NATIONAL LAW 2014 (NSW)**

Goolawah Co-operative Limited was registered and incorporated the 22 May 2000. Updated 5 July 2014, 26 November 2015, 20 January 2018, and 6 October 2018.

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PART 1 - PRELIMINARIES

1. Definitions

In these rules, unless the context otherwise requires:

active member means a member who is in active membership within the provisions of Rule 11.

alter or similar word or expression used in relation to a rule amendment includes add to, substitute and rescind.

auditor means an auditor or auditors of the co-operative appointed in accordance with Rule 81.

banking account includes an account with a credit union or building society registered, or authorised to operate, under the Financial Institutions (NSW) Code into which the co-operative's monies may be paid.

business day means a day that is not a Saturday or Sunday or a public holiday or bank holiday in New South Wales.

by-law means a by-law of the Co-operative adopted in accordance with Rule 10 of these rules.

CCU means Co-operative Capital Unit issued in accordance with these rules.

Director means any director of the co-operative for the time being and any deputy director acting in the absence of a nominating director under Rule 46.

facilitator means that person chairing a meeting of the co-operative.

financial year means the financial year of the co-operative as specified in Rule 78.

licence to occupy (LTO) means any licence granted or deemed to be granted under 38.

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.

member means a member of the co-operative.

month means a calendar month.

poll means a secret ballot.

postal ballot includes a special postal ballot.

prescribed means prescribed by the Law or under the Law by Regulation

provision in relation to the Law, means words or other matter that form or forms part of the Law, and includes:

- a. a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph, sub-subparagraph or schedule of or to the Law; and
- b. a section, clause, sub clause, item, column, table or form of or in a schedule to the Law; and
- c. the long title and any preamble to the Law;

regulation means a regulation made under the Law, and any regulation that applies to a co-operative by way of a transitional regulation made under the Law;

relevant interest has the same meaning as given in Schedule 2 of the Law;

rules means the registered rules of the co-operative as amended from time to time and reference to particular rules has a corresponding meaning.

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 Law or the rule granting the power.

share means share in the capital of the co-operative.

special resolution means a resolution which is passed in accordance with Rule 58.

the Law means the Co-operatives National Law (CNL).

the board means the whole or any number of the directors assembled at a meeting of the directors, being not less than a quorum or a majority, as the case may be.

the co-operative means Goolawah Co-operative Limited.

the Registrar means the Registrar of Co-operatives or any person delegated the Registrar's functions.

the regulations means the Co-operative National Regulations (CNR).

the secretary means a person appointed by the general meeting as secretary of the co-operative pursuant to Rule 41.

the State means the State of New South Wales.

writing includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and "written" has a corresponding meaning.

Words signifying one gender include the other genders.

Words signifying persons include corporations unless otherwise specified.

Words or expressions used have the same meaning as those given to them by the Law.

Words in the singular include the plural, and vice versa.

2. Definitions - interpretation provisions

- a. A reference in these rules to “the Law” includes a reference to:
 - (i) the Law as originally enacted, and as amended from time to time since its original enactment; and
 - (ii) if the Law has been repealed since the inclusion of the reference in these rules - the legislation enacted in substitution of the Law (whether legislation of the State or Federal parliament) and as amended from time to time since its enactment;
- b. A reference in these rules to a provision in the “the Law” 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 (with or without modification) 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.
- c.
 - (i) 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.
 - (ii) This provision applies whether or not the purpose is expressly stated in the rule or paragraph of the rule.
- d. In these rules, unless the context indicates a contrary intention, headings are for convenience and do not affect interpretation.

3. Name (CNL ss220-222 & 224)

- a. The name of the co-operative shall be Goolawah Co-operative Limited.
- b. The co-operative may, in accordance with Section 224 of the Law, change its name by way of a special resolution to a name approved of by the Registrar.

4. Non-distributing co-operative

The co-operative is a non-distributing co-operative within the meaning of Section 19 of the Law.

5. Objects

The objects of the co-operative shall be:

- (a) To acquire land for the purpose of providing low cost rural residential housing for members.
- (b) To promote the development of a community of artists, musicians, artisans and craftspeople.
- (c) To promote the production and disposal of agricultural products of members and other persons.
- (d) To promote the principles and methods of permaculture in agriculture and horticulture.
- (e) To promote and encourage a community where members and their families can become self-sufficient.
- (f) To provide a setting where rural re-settlement in hamlets and village clusters can evolve.
- (g) To promote and encourage rural employment in socially and environmentally useful work.
- (h) To preserve and protect flora and fauna on land acquired for such purpose.

6. Legal capacity & powers of the co-operative

- a. The co-operative shall have, both within and outside the State, the legal capacity of a natural person and have all the powers allowed by or under the Law, including but not limited to the taking of deposits pursuant to Section 108 of the Law.
- b. The powers of the co-operative to:
 - (i) obtain financial accommodation; and
 - (ii) give security for the repayment of money,

shall be exercised subject to the Law, but otherwise unlimited by the rules.

7. Power to form companies, enter joint ventures, etc.

Without limiting the provisions of Rule 6, and subject to the provisions of the Corporations Law, the co-operative has power:

- (i) to form or participate in the formation of a body corporate or unit trust;
- (ii) to acquire interests in and sell or otherwise dispose of interests in bodies corporate, unit trusts and joint ventures; and
- (iii) to form or enter into a partnership, joint venture or other association with other persons or bodies,

in furtherance of the co-operative's primary activity.

PART 2 - RULES

8. Rules (CNL ss57 & 60-63)

- 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 secretary of the co-operative and officers of the co-operative; and
 - (iii) between a member and each other member.

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

- b.
 - (i) A person shall be entitled on demand to a copy of the rules upon payment of a sum not exceeding \$10, or such other amount as the general meeting may from time to time determine.
 - (ii) A person may inspect a copy of these rules free of charge at the office where the registers are kept, during all reasonable hours.

9. Rule alterations

- a. The rules may be altered by a special resolution at a general meeting or as otherwise permitted by the Law. No alteration to these rules takes effect until the alteration is registered by the Registrar.
- b. Where any rule is altered, the co-operative must cause the alteration to be notified, in writing, to members as soon as practicable after the alteration is registered and, in any event, not later than the date on which notice is given to the members of the next annual general meeting of the co-operative, following the registration of the alteration.

10. By-laws

- a. The co-operative at a General Meeting shall have the power to make by-laws not inconsistent with the Law, the regulations and the rules or any statute or legislation in force relating to any of the following:
 - (i) the conduct of members, visitors and other people on land owned, leased or managed by the co-operative;
 - (ii) the operations of the co-operative;
 - (iii) procedure for payment and collection of membership subscriptions, levies and other fees;
 - (iv) the procedures for determination of disputes between members, visitors and other people on co-operative land, and between members and the co-operative;
 - (v) such other matters as the board may deem necessary for the operations of the co-operative.
- b. To become a by-law, a resolution must be proposed as a by-law at a general meeting and be adopted by resolution.
- c. A member shall conform to and observe all by-laws made from time to time by the Co-operative under this rule.
- d. A breach of a by-law by a member or any other person shall be deemed to be an infringement of the rules.
- e. For the purpose of this rule:
 - (i) the power to make a by-law means the power to alter, substitute and rescind a by-law;
 - (ii) the substitution, alteration or rescission of a by-law does not affect:
 - A. the previous operation of the by-law or anything suffered or done or commenced under the by-law;
 - B. any right, privilege, obligation or liability acquired, accrued or incurred under a by-law;
 - C. any penalty or fine incurred in respect of a breach of a by-law;
 - D. any penalty or remedy in respect of any such right, privilege, obligation, liability or penalty, and any such penalty or fine that may be instituted, continued or enforced, as if the by-law had not been substituted, altered or rescinded; and
 - E. any such penalty or fine that may be imposed and enforced and any such proceeding or remedy that may be instituted, continued or enforced, as if the by-law had not been substituted, altered or rescinded.

PART 3 - MEMBERSHIP

Section 1 – Membership Generally

11. Active membership provisions

(1) Primary Activity

For the purpose of Part 2.6 of the Law, the primary activity of the co-operative is;

- (i) Low cost rural land sharing for members.

(2) Active membership requirement;

- (i) a member must pay by the due date all accounts for annual subscriptions, levies, fees and fines provided for in these rules and the co-operative by-laws, in accordance with Rule 24 in order to establish active membership of the co-operative.

12. Qualifications for membership

- a. All members must be a natural person (ie not a company) and be eighteen (18) years of age or over.
- b. Every member shall hold at least one (1) fully paid share.
- c. A person is not qualified to be admitted to membership of the co-operative unless the co-operative has reasonable grounds for believing that the person will be an active member under Rule 11.
- d. A person does not gain membership of the co-operative until they have paid the full cost of the share allocated, joining fee and periodic fees.

13. Applicants for membership to be given notice of entry and periodic fees

The co-operative must supply, with each application for membership, a written notice of any intending or prescribed entry or periodic fees that a person will be liable to pay on becoming a member of the co-operative.

14. Application for membership and shares

- a. The board must provide each person intending to become a member of the co-operative with:
 - (i) a consolidated and up-to-date copy of the Rules of the co-operative; and
 - (ii) a copy of all special resolutions applicable to the member passed by the members of the co-operative, except special resolutions providing for an alteration of the rules of the co-operative;
and
 - (iii) a copy of the last annual report of the co-operative under Section 122 of the Law; and
 - (iv) any other relevant information concerning the financial position and prospects of the co-operative if there has been a significant change since the date of the last annual report.

- b. The board may comply with Rule 14.a.by:
 - (i) giving the person intending to become a member notice that the documents in that sub-rule may be inspected by that person at the registered office of the co-operative; and
 - (ii) making those documents available for inspection.
- c. Applications for membership, shares or additional shares shall be lodged at the registered office, in or to the effect of the form approved by the board, together with the amount required to pay the shares fully.
- d. Every application shall be considered by a general meeting. If the general meeting approves of the application, the board shall allot the shares applied for after they have been fully paid. The applicant's name together with the number of shares allocated, date of allotment and any other information required by or under the Law shall be entered in the register of members. The applicant shall be notified in writing of the allotment and of the entry in the register and shall then be entitled to the privileges attaching to membership.
- e. The general meeting may, at its discretion, refuse any application for membership or shares and need assign no reasons for such refusal though the board may choose to give reasons, if the board considers it appropriate to do so. Upon refusal the applicant's deposit shall be refunded without interest.
- f. In considering an application for membership pursuant to this rule, the general meeting must ensure that a person who is not qualified for membership of the co-operative under Rule 12 is not admitted as a member.

15. Members of the co-operative

The members of the co-operative are:

- (i) those persons who signed the application for registration of the co-operative; and
- (ii) those persons admitted to membership in accordance with Rule 14.
- (iii) those persons who become members by:
 - A. a transfer of engagements to the co-operative; or
 - B. a scheme of arrangement; or
 - C. operation of law; or
 - D. a transfer of shares under Rule 19.

Section 2 – Shares

16. Capital and shares (CNL ss76-82)

- 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 **\$7,000** each.
- b. The capital shall vary in amount according to the nominal value of shares from time to time subscribed.
- c. A share is not to be allotted until it has been fully paid. A share cannot be issued at a discount.
- d. No member shall hold, or have a relevant interest in, more than 2 shares, except in accordance with Section 363 of the Law.
- e. Share of the co-operative shall 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 (Commonwealth of Australia).

17. Minimum shareholding

Every member shall, on admission to membership of the co-operative, hold at least one (1) share.

18. Certificate of shares

- a. Every person whose name is entered as a member in the register of members shall be given, after application and without payment, a certificate under the seal of the co-operative specifying the shares held by the person and the amount paid up on those shares.
- b. Where shares are held jointly or as joint members the co-operative shall not be bound to issue more than one certificate, and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.
- c. If a share certificate is defaced, lost or destroyed a duplicate may be issued by the co-operative without payment, on such terms as to evidence and indemnity as the board thinks fit.

19. Transfer and transmission of shares (CNL ss100 &101)

- a. The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members.
- b. Shares shall be transferred in a form which the board shall approve.
- c. A share may not be sold or transferred except:
 - (i) with the consent of a general meeting, and to a person who is qualified to be admitted to membership of the co-operative under Rules 11 and 12; or
 - (ii) as otherwise provided by these rules or the Law.

- d. The board may decline to register any transfer of shares to a person not qualified to be a member under Rule 12. 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 2 weeks after the date on which the board co-operative declined to register the transfer.
- e. The board of the co-operative shall not consent to the sale or transfer of shares to a person in contravention of Rule 16.d.
- f. The board may decline to recognise any instrument of transfer unless the instrument of transfer is accompanied by the certificate (if any) of the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.
- g. The board shall have a record of all transfers made in the proper books of the co-operative.
- h. The board may suspend the registration of transfers during the fourteen (14) days immediately preceding the annual general meeting in each year.

20. Effect of sale, transfer or disposal of shares (CNL ss232 & 233)

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

21. Notice to be given of substantial share interest and substantial change of share interest

- a. A person must give notice in writing to the co-operative within 5 business days after becoming aware that the person has a substantial share interest in the co-operative.
- b. A person who has a substantial share interest in the co-operative must give notice in writing to the co-operative within 5 business days after becoming aware that a substantial change has occurred in that interest.
- c. A person who has ceased to have a substantial share interest in the co-operative must give notice in writing to the co-operative within 5 business days after becoming aware that the person has ceased to have that interest.
- d. For the purposes of this rule:
 - (i) A person has a substantial share interest in the co-operative if the nominal value of the shares in which the person has a relevant interest represents 5% or more of the nominal value of the issued share capital of the co-operative.
 - (ii) A substantial change takes place in a person's share interest in the co-operative if there is an increase or decrease in the number of shares in which the person has a relevant interest and the increase or decrease represents at least 1% of the nominal value of the issued share capital of the co-operative.
 - (iii) "Notice" means a notice in the form approved by the Registrar, specifying the particulars prescribed by the regulations.

22. Register of notifiable interests

- a. The co-operative is to keep a register of notifiable interests, which is to be entered in alphabetical order, of the names of person from whom the co-operative has received a notification under Rule 21 together with the information contained in the notification.
- b. The register kept for the purpose of this rule shall be open for inspection:
 - (i) by any member, free of charge; and
 - (ii) by any other person on the payment of a fee of \$25.

23. Purchase of members' shares (CNL 107, 108)

- a. Subject to Section 107 of the Law, 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 shall cancel any share purchased or re-paid in full by the co-operative.
- c. The co-operative shall not, in any financial year, re-purchase shares or re-pay the amount paid up on shares, or both, if the amount to be paid by the co-operative exceeds the sum of:
 - (i) 5% of the nominal value of the issued share capital of the co-operative immediately before the commencement of that financial year; and
 - (ii) the amount of any additional share capital of the co-operative subscribed for during that year, unless exempted by written order of the Co-operatives Council, either unconditionally or subject to conditions.
- d. The amount paid for a share when it is repurchased may be an amount determined by the board of the co-operative which is less than the nominal value of the share if the books of the co-operative disclose that the amount paid is the net shareholder's equity per share in the undertaking of the co-operative.
- e. Section 107 of the Law does not apply to any member who has been expelled or had his/her membership cancelled under Part 2.6 of the Law.
- f. The general meeting of the co-operative must not agree to repurchase shares or repay amounts paid up on shares if:
 - (i) the repurchase or repayment is likely to cause the co-operative to become insolvent, or
 - (ii) the co-operative is insolvent.
- g. If the general meeting is of the opinion that to pay the purchase price would adversely affect the financial position of the co-operative it can:
 - (i) if it is a deposit-taking co-operative, apply the amount as an interest bearing deposit by the member with the co-operative, or
 - (ii) allot or issue debentures or CCUs of the co-operative to the member in satisfaction of the

amount.

- h. A deposit, debenture, or CCU issued pursuant to Rule 23.g. shall:
 - (i) bear interest during any period in accordance with Section 108 of the Law; and
 - (ii) be repaid to the member as soon as, in the co-operative's opinion, such repayment would not adversely affect the financial position of the co-operative and in any case within 10 years or such lesser period as the co-operative may determine.

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Section 3 – Members’ liability (CNL s124)

24. Fees and Levies

a. Membership Levy

Members are required to pay a membership levy which shall:

- i. be in addition to any other charges payable under the rules;
- ii. be determined by the general meeting from time to time;
- iii. be payable within the period set by the board.

b. Joining Fee

The members at a general meeting shall be entitled to determine a joining fee payable by joining members to a maximum sum of \$10,000.

Any joining fee paid, is non-refundable to members leaving the co-operative.

c. Road Levy

Members are required to pay a road building fee which shall;

- i. be in addition to other charges payable under the rules,
- ii. be determined from time to time through a general meeting resolution,
- iii. be payable and due within the period set by the members,
- iv. not exceed \$1200 in any financial year or such lesser amount as members may determine.

d. Work Levy

Members are required to pay a Work Levy of \$180.00 per annum with this amount to be considered by General meetings from time to time. The levy is dischargeable by work hours contributed to the co-operative in accordance with the Approved Jobs list at a rate of \$10.00 per hour. The co-operative’s ‘Work Claim’ form is to accompany claims presented at monthly meetings.

25. Liability of members to the co-operative (CNL ss117 & 121)

- a. A member shall, in accordance with Section 121 of the Law, 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.
- b. 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.
- c. The joint holders of a share shall be jointly and severally liable in respect of any such amount unpaid on shares and to any such charges referred to in Rule 25.a.
- d. Should the co-operative incur any liability, financially or otherwise, arising out of a member's breach or failure to comply with Federal, State or Local Government law, ordinance, regulation or requirement, such member shall fully indemnify the co-operative in respect of any such liability.
- e. Any liability shall be deemed to be a debt due by the member to the co-operative from the member in the manner provided by Rule 33 or in a court of competent jurisdiction.

26. Fines payable by members (CNL ss56 & 126)

- a. The board may impose on a member a maximum fine of \$110 for any infringement of the rules, by-laws or general meeting agreements.
- b. A fine exceeding \$20 shall not be imposed on a member pursuant to paragraph a. of this rule 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, for the purpose of showing cause why the fine should not be imposed.

Section 4 – Dispute Resolution

27. Disputes and mediation (CNL s129)

- (a) The grievance procedure set out in this rule applies to disputes under these rules between:
 - i. a member and another member; or
 - ii. a member (including a former member) 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.
- (d) If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- (e) The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:
 - i. for a dispute between a member and another member, a person appointed by the board; or
 - ii. for a dispute between a member (including a former member) and the co-operative, a person appointed by the Australian Mediation Association.
- (f) The mediator may (but need not) be a member of the co-operative, unless the member is a party to the dispute.
- (g) The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- (h) 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.
- (i) The mediator cannot determine the dispute.
- (j) The mediation must be confidential and without prejudice.
- (k) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.

- (l) Nothing in this rule applies to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.
- (m) Nothing in this rule applies to any dispute involving the expulsion or suspension of a member or the imposition of a fine.
- (n) If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Law or otherwise at law.

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Section 5 – Expulsion of Members

28. Expulsion of members (CNL s117)

- (1) A member may be expelled from the co-operative by special resolution to the effect:
 - (a) that the member has seriously or repetitively failed to discharge the member's obligations to the co-operative under these rules or a contract entered into with the co-operative under section 125 of the Law; or
 - (b) that the member has acted in a way that has:
 - (i) prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
 - (ii) brought the co-operative into disrepute; or
 - (iii) been contrary to one or more of the co-operative principles as described in section 10 of the Law and has caused the co-operative harm.
- (2) Written notice of the proposed special resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.
- (3) At the general meeting when the special resolution for expulsion is proposed the following procedures apply:
 - (a) at the meeting, 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;
 - (b) if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide on the evidence before it, despite the absence of the member;
 - (c) once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
 - (d) the co-operative must not make a decision on the alleged conduct or on expulsion, except by vote by secret ballot of the members present, in person or represented by proxy or by attorney, and entitled to vote;
 - (e) a motion for the decision is not taken to be passed unless two-thirds of the members present, in person or represented by proxy or by attorney, vote in favour of the motion.
- (4) Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.
- (5) An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution.
- (6) A member re-admitted must not have restored to him or her any shares that were cancelled on his or her expulsion.

29. Monetary consequences of expulsion (CNL s128)

(1) 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 later reported before expulsion.

(2) 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.

(3) 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.

(4) Subject to subrule (5) and the written terms of a class of share issued, the co-operative must, however, 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).

(5) 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 or resigning member immediately before expulsion in relation to the number of shares in the co-operative.

(6) Subject to section 128 of the Law, payment to the expelled member of any amount owing by the co-operative to the former member:

(a) must be made at the time decided by the board but within one year from the date of expulsion; or

(b) may be applied at the time decided by the board, but within one year from the date of expulsion, in the manner set out in section 128 of the Law, if there is agreement by the board and former member or if the board considers that repayment would adversely affect the financial position of the co-operative.

Section 6 – Member Cancellations

30. Forfeitures and cancellations relating to inactive members (CNL ss156-163)

- a. The board shall, after giving notice in accordance with Section 161 of the Law, 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 at least 2 years 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 past 2 years 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 163 – 165 (inclusive) of the Law.
- c. The co-operative shall, in a form approved of by the Registrar, keep a register of memberships cancelled pursuant to paragraph (a) of this rule, which shall specify the particulars prescribed in Clause 7 of Schedule 2 of the Regulation.
- d. The board shall not be required to give notice, under this rule, 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 \$100.

31. Forfeited shares (CNL s127)

- a. A person whose shares have been forfeited pursuant to these rules shall cease to be a member in respect of the forfeited shares. However, that person shall remain liable to pay to the co-operative all monies which (as at the date of forfeiture) were payable by the person to the co-operative in the 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, shall be conclusive evidence of the fact as against all persons claiming to be entitled to the share.
- c. The co-operative shall, pursuant to Section 127 of the Law have a charge upon the paid up amounts of the forfeited shares and may appropriate those amounts pursuant to paragraph b. of that section.

32. Sale of shares by board

- a. The co-operative may sell, in such manner as a general meeting thinks fit, all or any shares on which the co-operative has a charge, pursuant to Section 127 of the Law. However, no sale shall be made unless a sum in respect of which the charge exists is payable at the date of the sale. Also no sale shall be made until the expiration of fourteen (14) days after a notice in writing (stating and demanding payment of, such 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 shall indicate that upon failure to make payment of the sum demanded within the time stipulated the shares will be sold by the board.

- b. Where the highest offer received by the board is less than the amount paid up on shares to be sold, the board shall, before accepting the offer, notify the member of the receipt of such offer and 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 moneys in respect of which the charge exists.
- c. 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.
- d. For giving effect to any such sale, the board may authorise a person to transfer the shares sold to the purchaser.

33. Ceasing membership (CNL s117)

- a. A person shall cease to be a member in any of the following circumstances:
 - i. if the member's membership is cancelled under Rule 31;
 - ii. if the member is expelled in accordance with Rule 29;
 - iii. on the death of the member;
 - iv. if the contract of membership is rescinded on the ground of misrepresentation or mistake;
 - v. if the member's share is transferred to another person and the transferee is registered as the holder of the share in accordance with these rules;
 - vi. if the member's share is forfeited in accordance with the provisions of the Law or the provisions of these rules (other than a forfeiture) to remedy a contravention of Rule 16.d;
 - vii. if the member's share is purchased by the co-operative in accordance with Rule 23; and
 - viii. if the amount paid up on the member's share is repaid to the member in accordance with the provisions of these rules.
- b. If a member becomes bankrupt or becomes subject to control under the law relating to bankruptcy, they shall cease to be a member if their parcel of shares is sold by the trustee.

Section 7 – Deceased, Bankrupt or Incapacitated Members

34. Death of member (CNL ss93&102-106)

The legal personal representative of a deceased member may apply to the board for a transfer of the deceased member's shares in the following form:

I,, am the legal personal representative of(a member of the co-operative) who died on

Copies of my appointment as executor/administrator of the estate are attached.

I request that the board transfer all shares attaching to the membership of

.....being shares numbered in the cooperative, to me.

A. I intend to hold the shares subject to the deceased member's last will and testament / letters of administration and will notify the board of any proposal to transfer the shares to any beneficiary/ies OR

B. I am also the beneficiary of the estate of the deceased member and I am aware of the requirements for active membership under the rules of the co-operative.

NOTE: The beneficiary shall satisfy the co-operative's membership requirements.

Dated

Signed by

Legal personal representative

In the presence of witness.

35. Rights and liabilities of members under bankruptcy or mental incapacity (CNL ss95, 96 & 117)

(1) A person's membership ceases upon bankruptcy and that person's shares may be transferred to the Official Trustee in Bankruptcy and dealt with under the provisions of section 95 of the Law.

(2) A person appointed under a law of a State or 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 shares and the rights and liabilities of membership vest in that person during the period of the appointment.

(3) The liabilities attaching to the shares of a person under bankruptcy or mental incapacity continue in accordance with section 96 of the Law.

(4) Upon application by a person appointed to manage the affairs of a member referred to in subrule (2), the board may decide to suspend some or all active membership obligations if there are grounds to believe that the member's physical or mental infirmity is temporary.

36. Entitlements and liabilities of person registered as trustee, administrator etc.

(1) A person becoming entitled to be a shareholder because of the death, bankruptcy or incapacity of the holder is entitled to the dividends and other advantages to which the 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.

(2) A person registered as holder of the shares of a member who has died, or is bankrupt or incapable of managing his or her affairs, has the same liabilities in relation to the share or shares as those to which the deceased, bankrupt or incapable person would have been liable if he or she had remained a member with full legal capacity.

(3) 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.

PART 4 – LICENCES TO OCCUPY

37. Licences granted by the co- operative to occupy land

- a. Member shares confer a licence to occupy a designated portion of land owned by the co-operative, and approval by resolution passed at a general meeting to transfer shares pursuant to Rule 19, implies transfer of such a licence.
- b. Where a licence permitting a member to occupy a designated portion of land owned by the co-operative is granted, the terms of any licence shall be read in conjunction with these rules, by-laws and the agreements. In the event of any inconsistency, the rules, by-laws and the agreements of the co-operative shall prevail to the extent permitted by law.
- c. Where a licence is granted pursuant to Rule 38.a of this rule, a member shall not transfer the licence to another member or person without the written consent of members, by resolution passed at a General Meeting.
- e. Should a person's membership of the co-operative cease (in accordance with Rule 34), any license granted by the co-operative to occupy land shall also cease, effective from the date of occurrence, if any, of the contingencies referred to in Rule 34.

PART 5 - BOARD OF DIRECTORS, SECRETARY AND EMPLOYEES

38. Board of directors and their qualifications (CNLs172, 174)

- (1) The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting.
- (2) The board must have 7 directors, each of whom shall be a natural person, and at least 18 years old.
- (3) A person is not qualified to be elected as a director unless the person is an active member of the co-operative.

39. Retirement and election of directors (CNL ss173&179)

- a. All directors shall retire at each annual general meeting prior to the calling of nominations for new directors.
- b. A retiring director shall be eligible for re-election without nomination, subject to the person holding the qualifications specified in Rule 39.
- c.
 - (i) At an annual general meeting at which a director retires or a casual vacancy occurs, the vacated office may be filled by electing a person to it.
 - (ii) Nominations for candidates to fill the vacant positions shall be sought during the meeting.
 - (iii) The election of directors shall be conducted by a resolution put to the meeting. It shall be decided on by a show of hands (unless a poll is demanded), and shall be determined by a two-thirds majority of those members present and voting.

40. Appointment of secretary (CNL 190)

- a. The co-operative shall elect a secretary at the annual general meeting who shall perform all the functions and duties required by the Law, the Regulations, and the rules.
- b. A secretary shall:
 - i. be elected to the office on such terms and conditions as the co-operative may determine; and
 - ii. hold office until the next annual general meeting, or removed by the board, or resignation from office.

41. Director's remuneration (CNLs203)

- a. The directors shall not receive remuneration for their services as directors, but all necessary expenses incurred by them in the business of the co-operative shall be refunded to them.
- b. For the purposes of this rule "remuneration" means any money, consideration or benefit but does not include amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the co-operative.

42. Removal of director from office (CNL s180)

The co-operative may, by resolution under section 180 of the Law at a general meeting, remove any director before the expiration of the director's period of office, and may, by two thirds (2/3) majority of members present and entitled to vote appoint another person in place of the director. The person appointed shall retire when the removed director would otherwise have retired.

43. Vacation of office of director (CNL S179)

A director vacates office in the circumstances provided in the Law and regulations and in the following cases:

- (i) if the director is a disqualified person under section 181;
- (ii) if the director absents himself or herself from 3 consecutive ordinary meetings of the board without its leave;
- (iii) if the director resigns the office of director by written notice given by the director to the co-operative;
- (iv) if the person ceases to hold the qualification because of which the person was qualified to be a director;
- (v) if an administrator of the co-operative's affairs is appointed under Part 4.1 of the Law;
- (vi) if the director is removed from office under section 180 of the Law.

44. Filling of casual director vacancies (CNL ss173&177)

- a. In the event that the board does not make an appointment under Rule 66, a casual vacancy is to be filled:
 - (i) by election at a general meeting in the manner specified in the rules of the co-operative for the election of directors; or
 - (ii) in such manner as the Registrar may approve in a particular case.
- b. The person elected shall retire at the same time as the director who vacated the office would have done if that director had not vacated it.
- c. For the purposes of this rule, a casual vacancy shall arise where the office of a director is vacated in accordance with Rule 44.

45. Deputy directors (CNLss173&177)

- a. Any 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 employee 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 deputy director appointed by the board shall be entitled to notice of meetings of the directors and in the absence of the nominating director, to attend and vote at those 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.
- c. A deputy director shall vacate office if the nominating director ceases to be a director or on a

majority of the other directors removing them from office.

- d. An appointment or removal under this rule must be in writing and notice thereof must be served on the deputy director and the appointment or removal shall take effect forthwith upon the service thereof. Service of any such notice may be affected in accordance with Rule 28.
- e. A deputy director whilst acting in the absence of the nominating director shall not be an agent of the nominating director and the nominating director shall not be liable for the actions of the deputy co-director.
- f. The remuneration of any such deputy director shall be payable out of the remuneration payable to the nominating director and shall consist of such portion of the last mentioned remuneration as shall be agreed between the deputy director and 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.

46. Employees (including agents & contractors)

- a. Without prejudice to the general powers conferred on the board by the Law or these rules, the board shall, subject to any applicable Industrial Award or Agreement, have power to appoint, remove or suspend employees, agents and contractors and to fix their powers, duties and remuneration.
- b. For the purpose of this rule:
 - i. “Industrial Award or Agreement” means an Award or Enterprise Agreement made or approved under a State or Federal Act regulating industrial relations; and
 - ii. “Enterprise Agreement” includes an Enterprise Flexibility Agreement, Australian Workplace Agreement or Certified Agreement.

PART 6 – VOTING, GENERAL MEETINGS & RESOLUTIONS, AND BOARD MEETINGS

Section 1 – Voting

47. Voting rights (CNL s228)

- a. An active member of the co-operative shall have one vote only in respect of any proposal, question or motion arising at a general meeting of the co-operative.
- b. 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.
- c. In the case of joint membership of a share, the joint members shall 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 53 or power of attorney) by the joint member whose names appears first in the register of members.
- d. In the case of shares held jointly by 2 or more members (each member pays a joining fee), other than joint membership, each member holding the shares is entitled to vote in accordance with this section.

48. Restriction on voting entitlement under power of attorney

A person is not entitled to exercise a member's right to vote under a power of attorney, if that person has a power of attorney to vote in respect of another member.

49. Attendance and voting at general meetings (CNL ss228&256)

- 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 is entitled to vote.
- e. All resolutions must be decided by a two thirds majority.
- f. Subject to subrules (g) and (h), a question for decision at any general meeting must be decided on a show of hands of members present at the meeting.
- g. A poll (secret ballot) may be demanded on any question for decision.
- h. If 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 demand a poll, the question for decision must be determined by a poll.
 - i. The poll must be taken when and in the manner that the chairperson directs.
- j. A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
- k. Once the votes on a show of hands or on a poll have been counted then, subject to subrule (8), a declaration by the chairperson that a resolution has been carried (unanimously or by a two third majority) or lost is evidence of that fact.

1. The result of the vote must be entered in the minute book.

50. Voting on a show of hands (CNL ss234 & 256)

On a show of hands at a general meeting, each member:

- (a) present; or
- (b) represented by a non-member acting under a power of attorney; or
- (c) represented by a non-member appointed under the provisions of the Law; or
- (d) represented by a proxy (but only if proxies are allowed under these rules);

may exercise only one vote.

51. Voting on a poll

On a poll called at a general meeting, each member:

- (a) present; or
- (b) represented by a person acting under a power of attorney; or
- (c) represented by a person appointed under the provisions of the Law; or
- (d) represented by a proxy.

has one vote.

52. Proxy votes (CNL s229)

- a. Voting may be by proxy at a general meeting.
- b. The instrument appointing a proxy must be in writing signed by the appointer or the appointer's attorney properly authorised in writing.
- c. 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.
- d. A person may be appointed as a proxy by no more than 3 members.
- e. An instrument appointing a proxy will be in a form approved by the board.
- 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 5 minutes 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.

Section 2 – General Meetings & Resolutions

53. Annual general meeting (CNL s252)

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.

54. Requisition of general meetings (CNL s257)

- a. All meetings of the co-operative members, other than the annual general meeting shall be general meetings.
- b. The board may, whenever it considers appropriate, call a special general meeting of the co-operative.
- c. All general meetings of the co-operative will be held on land owned by the co-operative while it holds the title to the land.
- d. The board must convene a general meeting of the co-operative on the requisition in writing by active members who together are able to cast at least 20% of the total number of votes to be cast at a meeting of the co-operative.
- e. The provisions of Section 257 of the law apply to a meeting requisitioned by members.

55. Notice of general meetings (CNLss239, 254 & 611)

- a. Subject to Rule 57, at least fourteen (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) shall be given of any general meeting in the manner stipulated in Rule 28.
- b. Notice must 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 such general meeting. The notice must specify the place, the day and the hour of the meeting and in the case of special business, the general nature of that business.
- c. Any member who has a resolution to submit to a general meeting must give written notice of the terms of the resolution to the co-operative not less than twenty eight (28) days prior to the date of the meeting, unless it is a special resolution in which case 5 members must give written notice of the terms of the resolution not less than thirty five (35) days prior to the date of the meeting. Written notice of the special resolution must comply with Rule 57.
- d. The board shall have inserted in any notice convening a general meeting any business which a member has notified of intention to move and for which notification has been given in accordance with this rule.
- e. Notice of every general meeting shall be given in same manner as authorised in Rule 28 to:
 - i. every member of the co-operative, except those members who have not supplied to the co-operative an address or facsimile number or email address for the giving of notices to them; 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
- f. Except as provided in this rule, no other persons shall be entitled to receive notices of general meetings.

56. Notice of special resolutions

Notice of a special resolution shall be given to those persons, entitled to receive notice under Rule 56, at least twenty one (21) days before the general meeting. This notice shall specify:

- (i) the intention to propose the special resolution at that meeting
- (ii) the reason for the making of the special resolution; and
- (iii) the effect of the special resolution if passed.

57. Special resolutions (CNLss238-241)

a. A special resolution means a resolution of which notice has been given of the intention to propose the resolution as a special resolution and which is passed by two-thirds (2/3) of the members who vote at a general meeting in person, or by proxy in accordance with Rule 53.

b. A special resolution is required for the following matters:

- i. the conversion from a non-trading co-operative to a trading co-operative;
- ii. transfer of incorporation;
- iii. an acquisition or disposal of assets referred to in Section 359 of the Law;
- iv. the maximum permissible level of share interest in the co-operative;
- v. takeover;
- vi. merger;
- vii. transfer of engagements;
- viii. member's voluntary winding up;
- ix. altering the objects or rules of the co-operative;
- x. removal of an auditor;
- xi. expulsion of a member;
- xii. re-admittance of an expelled member;
- xiii. loans by members to the co-operative;
- xiv. terms of issue of a CCU;
- xv. and any other matter that the co-operative may determine in a general meeting or is required by the Law or regulations.

c. 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 an object or a rule;

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

58. Business of general meetings

- a. The ordinary business of the annual general meeting shall be:
 - i. to confirm minutes of the last preceding general meeting (whether annual or special); and
 - ii. to receive from the board, auditors or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of source and application of funds and the state of affairs at the end of that year; and
 - iii. to elect and determine the remuneration of directors; and
 - iv. to elect (if necessary) an auditor, or to determine the auditor's remuneration, or both; and
- b. The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- c. All business of a general meeting, other than business of the annual general meeting that is by the rule termed ordinary business, should be deemed special business.
- d. Minutes and records of the general meetings (including names of members present at the general meetings) shall be kept at the office of the co-operative.

59. Quorum at general meetings

- a. No item of business shall be transacted at any general meeting unless a quorum of members entitled to vote is present at the time when the meeting is considering that item.
- b. Except where these rules state otherwise, 12 active members present in person and entitled to vote constitute a quorum.
- c. 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.
- d. Shares held jointly shall be counted as one member only for the purpose of determining whether a quorum is present.

60. Standing orders at general meetings

The following standing orders shall be observed at the co-operative's meetings:

- (i) the mover of a motion shall 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 shall be considered until the first amendment is disposed of;
- (iii) if an amendment is carried, the motion as so amended shall displace the original motion and may itself be amended;
- (iv) if an amendment is defeated, then a further amendment may be moved to the original motion. However, only one amendment shall be submitted to the meeting for discussion at one time;
- (v) the mover of every original motion, but not of an amendment, shall have the right to reply. Immediately after this the question shall be put from the chair. No other member shall 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;
- (vi) motions and amendments shall be submitted in writing, if requested by the chairperson;
- (vii) any discussion on a motion or amendment may be closed by a resolution "that the question be now put" being moved seconded, and carried. Such resolution shall be put to the meeting without debate;
- (viii) any member, or 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;
- (ix) standing orders may be suspended for any period by ordinary resolution.
- (x) all members and visitors present at the minute shall abide by the co-operative's Code of Conduct.

61. Chairperson at general meetings

- a. The chairperson, if any, of the board shall preside as chairperson at every general meeting of the co-operative.
- b. If there is no chairperson, or 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, then the members present shall choose someone from their number to be chairperson (until the chairperson attends or is willing to act).
- c. The chairperson may, with the consent of any meeting at which a quorum is present (and shall 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. Where a meeting is adjourned for fourteen (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 shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.
- d. The meeting may also appoint other persons to assist the chairperson in the running of the meetings.

Section 3 – Board Meetings

62. Requisition and notice of board meetings

- a. A meeting of the board of directors may be called by the secretary and one director, or by two directors giving notice individually to every other director.
- b. Except in special circumstances determined by two directors or more, at least 48 hours' notice shall be given to the directors of all meetings of the board.
- c. Meetings of the board must be held at least once every 3 months and may be held as often as necessary for properly conducting the business of the co-operative.

63. Proceedings of the board (CNLss175&176)

- a. Meetings of the board (including meetings conducted outside board meetings pursuant to section 176 of the Law) are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.
- 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.
- c. Questions arising at a meeting must be decided by a two-thirds majority of votes.
- d. 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.
- e. 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, whether directly or indirectly, interested or in respect of any matter arising out of such a contract or proposed contract and if the director votes in contravention of this rule, the director's vote shall not be counted.

64. Quorum for board meetings (CNLs175)

The quorum for a meeting of the board shall be four directors, being fifty per cent or more of the number of directors, in accordance with Section 175 of the Law.

65. Appointment of directors to constitute a quorum

- a. A casual vacancy on the board may be filled by the directors appointing a person to constitute a quorum until the next general meeting. In all other circumstances where a casual vacancy occurs, Rule 45 applies.

66. Chairperson of board meetings

If no chairperson is elected or the chairperson is not present within 5 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.

67. Minutes (CNL Part 3.1 Division 4)

- a. The board must keep minutes of meetings, and, in particular of:
 - i. all appointments of officers and employees made by the directors
 - ii. the names of the directors and members present at each meeting of the board, general meetings and of any committee of the board;
 - iii. all resolutions and proceedings at all meetings of the co-operative and of directors and of committees.
- b. Minutes must be recorded in the minute book within fourteen days of the date of the meeting to which they relate.
- c. 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, then the minutes shall be confirmed at the next succeeding meeting.
- d. Every director present at any meeting shall sign their name in a book to be kept for that purpose.
- e. The minutes are to be written in the English language and stored at the offices of the co-operative.

68. Delegation and board committees (CNLs178)

- (1) The board may by resolution delegate to:
 - (a) a director; or
 - (b) a committee of 2 or more directors; or
 - (c) a committee of members of the co-operative; or
 - (d) a committee of members of the co-operative and other persons if members form the majority of persons on the committee; or
 - (e) 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.

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

- (3) A delegation under this rule may be given on conditions limiting the exercise of the power delegated, or time or circumstances.

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

- (5) 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 subrule (3) were observed by the director exercising the powers.

(6) 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.

(7) A committee may meet and adjourn as it thinks appropriate. Questions arising at a meeting must be decided by a majority of votes of the members present and voting and if the votes are equal, the chairperson has a second or casting vote.

69. Other committees

(1) 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.

(2) Rule 69 (6) and (7) apply to committees appointed under this rule, with the changes approved by the board.

(3) The quorum for a meeting of the committee is half the number of committee members (or if half is not a whole number the whole number next higher than one half).

PART 7 – ADMINISTRATIVE MATTERS

70. Registered office

- a. The registered office of the co-operative shall be at 'Goolawah Co-operative', 200 Illa Langi Road Crescent Head 2440.
- b. The board shall notify the Registrar of any change of address of the registered office of the co-operative within 28 days after the change, and on the form approved by the Registrar.

71. Notification of office address at which registers are kept

If the registers required by Section 212 of the Law to be kept by the co-operative are not kept at the registered office, the co-operative must lodge with the Registrar a notice of the address at which the register is kept within 28 days after the register is:

- (i) established at an office which is not the co-operative's registered office; or
- (ii) moved from one office to another.

72. Inspection of records and registers (CNLss214&215)

(1) Members of the co-operative have free access to the records and registers referred to in section 214 (1) of the Law and they may make a copy of any entry in the registers free of charge.

(2) Members and other persons accessing records and registers under section 214 of the Law are restricted in the use of any information obtained, as referred to in section 215.

73. Seal (M 59 CNLss49&223)

(1) This rule applies if the co-operative chooses to authenticate a document under the common seal of the co-operative.

(2) The co-operative's name and registration number must appear on its common seal and any official seal. The common seal must be kept at the registered office in the custody that the board directs.

(3) The seal of the co-operative must not be affixed to an 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.

74. Dealings of members with the co-operative (CNL 125 & 127)

- a. The co-operative may, in accordance with Section 125 of the Law, make a contract with a member requiring the member to have specified dealings with the co-operative for a fixed period.
- b. The provisions of the contract may require a member:
 - i. to sell products or services 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 sums as liquidated damages for any failure to comply with a requirement authorised by this rule.

- c. The sum, if any, specified as liquidated damages is to be considered as a debt due to the co-operative and in respect of such debt, the co-operative has, pursuant to Section 127 of the Law, 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 entry and periodic fees required to be repaid to a member when the member ceases to be a member.

The charge created pursuant to Section 127 of the Law, shall be enforced in accordance with that section.

- d. Nothing in this rule shall be interpreted as restricting the powers of the co-operative to enter into contracts with a member or members other than pursuant to the provisions of this rule.

75. Notices (CNL s611)

(a) This rule applies in addition to section 611 of the Law regarding how a notice or other document may be given to a member of the co-operative.

(b) A notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by web posting, email or SMS), where the member has given consent and notified the co-operative of the relevant contact details.

Note. Legislation relating to electronic transactions may also be relevant to the giving of notices or other documents.

(c) If a notice is sent by post, service is taken 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 service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.

(d) A notice forwarded by some other form of technology is taken 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.

(e) 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.

(f) 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, and:

- (i) the address should be that supplied for the purpose by the person claiming to be entitled; or
- (ii) if no such 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.

76. Co-operative may authorise agent or attorney to execute deeds

- a. The co-operative may, 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.
- b. A deed signed by such an agent or attorney on behalf of the co-operative and under the agent's or attorney's seal, or under the appropriate official seal of the co-operative, binds the co-operative and has effect as if it were under the Common Seal of the co-operative.
- c. The authority of such an agent or attorney, as between the co-operative and a person dealing with the agent or attorney, continues during the period (if any) mentioned in the instrument conferring the authority or, if no period is so mentioned, until notice of the revocation or termination of the agent's or attorney's authority has been given to the person dealing with the agent or attorney.

77. Insurance

- a. The board shall arrange insurance against loss, damage to or liability of the co-operative by reason of fire, accident or otherwise.
- b. The board shall effect and maintain a policy of insurance for the indemnity of the co-operative against any pecuniary loss to the co-operative resulting from any act of fraud or dishonesty committed by any director, any member or employee (as defined by Rule 47) of the co-operative in connection with their duties.

PART 8 – ACCOUNTING AND FINANCIAL MATTERS

78. Financial year

The financial year of the co-operative shall end on thirtieth (30th) June.

79. Accounts

- a. The board shall have prepared the accounts, statements and directors' report in accordance with the Law.
- b. The board shall submit those accounts, statements and report to the annual general meeting of the co-operative, in accordance with the Law.
- c. The board shall also have a copy of everything required to be submitted under paragraph b. of this rule displayed at the registered office of the co-operative for a period of not less than 14 days before the date of the annual general meeting of the co-operative.
- d. The board shall give members notice twenty one (21) days before the annual general meeting of the co-operative that the documents required under paragraph b. will be made available for inspection at the registered office of the co-operative or by other means.

80. Banking

- a. The board shall have a banking account or accounts in the name of the co-operative, into which all monies received shall be paid as soon as possible after receipt.
- b. All cheques drawn on such accounts and other negotiable instruments for and on behalf of the co-operative, shall be signed by two (2) directors or by any two (2) persons authorised by the board.

81. Appointment, duties and responsibilities of auditors (CNLs298)

- a. One or more auditors may be appointed, hold office, be removed, and have qualifications, duties and responsibilities as required by the Law and regulations.
- b. All reasonable fees and expenses of the auditor are payable by the co-operative.
- c. The board shall enable any auditor appointed to have access to all books, accounts, vouchers, securities and documents of the co-operative and to be furnished with such information and explanation by the board members or any other officers as may be necessary for the performance of the duties of the auditor.
- d. Any current auditor appointed is entitled to attend any general meeting of the co-operative and to receive all notices of and other communications relating to any general meeting and which any member of the co-operative is entitled to receive. The auditor is also entitled to be heard, at any general meeting which the auditor attends, on any part of the business of the meeting of concerns to the auditor.

82. Removal of auditors (CNL 310)

Any auditor may be removed from office by special resolution at a general meeting in accordance with Section 310 of the Law.

83. Resignation of auditor (CNL310)

Any auditor appointed may, by notice in writing given to the co-operative, resign as auditor of the co-operative in accordance with Section 310 of the Law.

84. Provision for loss

The board must make appropriate provision for losses in the co-operative's accounts and when reporting to members is to indicate whether the loss is expected to continue and whether there is any real prejudice to the co-operative's solvency.

85. Loans by members to the co-operative

- a. The co-operative may, in accordance with Section 343 of the Law, 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. The approved proposal shall be binding on all members at the date of the passing of the special resolution, other than a member who has given notice of their intention to cease active membership in accordance with Section 343(3)(c) of the Law, and on all persons who become members of the co- operative after that date and before the total amount of the loan to be raised has been raised.

PART 9 – WINDING UP

86. Winding up (CNL part 4.5)

- a. The winding up of the co-operative shall be in accordance with Part 4.5 of the Law.
- b. If on the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities any property, amounts paid on shares shall be refunded and any remaining amount shall be given or transferred to an institution or institutions:
 - i. which has objects similar to those of the co-operative;
 - ii. whose constitution prohibits the return or distribution on surplus or share capital amongst its members;
 - iii. which has been chosen by the members of the co-operative at or before the time of dissolution or in default thereof by the Chief Judge of such Court as may have or acquired jurisdiction in the matter; and
 - iv. which satisfies the relevant sub-section of Section 23 of the Income Tax Assessment Act.

87. No distribution of surplus (CNLss355-358)

There shall be no return or distribution on surplus or share capital to members other than the nominal value of shares (if any) at winding up.