

Goolawah Co-operative Rules – 2018 Revision

Background

In NSW co-operatives are primarily governed by the Co-operatives National Law (CNL), the Co-operatives National Regulations (CNR), and the Co-operatives (NSW) Regulation 2014.

A co-operative is required to have a set of rules which address each of the topics set out in Schedule 1 to the Co-operatives National Law (CNL). Other provisions of the Law or the Co-operatives National Regulations may also specify that particular matters may or must be set out in the rules.

The Co-operatives National Regulations contain a set of rules that may be used by a general co-operative. These rules are called “model rules” because they are drafted to ensure that they include all matters that are required to be included in a co-operative’s rules. A co-operative is not required to use the model rules, but instead it may prepare its own rules or it may use some of the model rules and draft others to complete its rules so that they comply with the Co-operatives National Law.

It is important to note that a co-operative’s rules must be approved by the Registrar. If a co-operative chooses to prepare its own rules and the rules do not make provision for a matter set out in Schedule 1 to the Co-operatives National Law, then the Registrar may insert the relevant model rule to complete the co-operative’s rules.

The Policy and Guidelines Committee have revised and prepared a draft set of rules by cross-referencing Goolawah’s current rules with Bundagen’s Rules (updated 2014/15), the Model Rules for a non-distributing co-operative with share capital, and the CNL. Many of Bundagen’s rules are the same or similar to Goolawah’s rules. All references to the old ‘Act’ have been replaced with the relevant new ‘CNL’.

The following table provides a reference for the revision of the co-operatives rules.

GR – Goolawah rule

BR – Bundagen rule

MR – Model rule

TABLE OF CONTENTS	Goolawah’s previous rule number	Model Rule Number	Revision
PART 1 - PRELIMINARIES			
1. DEFINITIONS	1 a	2	GR – deleted CCU, deleted banking accounts, facilitator. Deleted - Words signifying persons include corporations unless otherwise specified. Added - joint membership is a single membership held by no more than two persons and jointly held shares shall represent two memberships if two joining fees have been paid.
2. DEFINITIONS - INTERPRETATION PROVISIONS	1 b,c,d,e		GR - no changes
3. NAME	4	3	GR - no changes
4. NON-DISTRIBUTING CO-OPERATIVE	2B		GR - no changes
5. OBJECTS	6	3A	Objects b to e and g. have no legal standing – should be part of vision statement.

6. LEGAL CAPACITY & POWERS OF THE CO-OPERATIVE POWERS	7		GR – deleted ‘including but not limited to the taking of deposits pursuant to Section 108 of the Law’ and ‘but otherwise unlimited by the rules ‘
POWER TO FORM COMPANIES, ENTER JOINT VENTURES, ETC (combined Rule 6 and 7)	8		GR – deleted ‘(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.
PART 2 - RULES			
7. RULES	2	58	GR - copy of rules from \$5 to \$10
8. RULE ALTERATIONS	3		GR - no changes
9. BY-LAWS	10A		GR - a. ii) deleted words internal and administration, deleted v (covered by iv, e. ii) (D) used BR wording, added ‘To become a by-law, a resolution must be proposed as a by-law at a general meeting and be adopted by resolution’. Deleted a. vi. Deleted E – repetition.
PART 3 - MEMBERSHIP			
Section 1 – Membership General Rules			
10. ACTIVE MEMBERSHIP PROVISION	14	4	MR format, changed ‘housing’ to ‘land sharing’.
11. QUALIFICATIONS FOR MEMBERSHIP	16	5	Added BR - 3 points, c. added or joint members. D. added membership process.
. APPLICANTS FOR MEMBERSHIP TO BE GIVEN NOTICE OF JOINING FEE AND LEVIES	17		GR - no changes merged with Rule 12.
12. APPLICATION FOR MEMBERSHIP AND SHARES	18	7	d and e - used BR deleted a. ii), Re-wording d. to reflect prstctice
13. MEMBERS OF THE CO-OPERATIVE	19		GR deleted - a transfer of engagements to the co-operative; and a scheme of arrangement;
Section 2 – Shares			
14. CAPITAL AND SHARES	20	16	GR - c. changed to fully paid (not 10%). d. changed to 2 shares (pending DFT approval). b – added share, c. added including joint members.
MINIMUM SHAREHOLDING	22		GR - no changes, merged with Rule 15
15. CERTIFICATE OF SHARES	35		GR – added ‘or as joint members’
16. TRANSFER AND TRANSMISSION OF SHARES	41	19	GR - deleted Share Transfer form, f. i) deleted \$5 fee, changed proper books to register. Delted i) A member of a co-operative cannot vote if the member has sold or transferred, or disposed of the beneficial interest in, all the member’s shares, or agreed to do so (not necessary).

17. LICENCES GRANTED BY THE CO-OPERATIVE TO OCCUPY LAND (incorporates EFFECT OF SALE, TRANSFER OR DISPOSAL OF SHARES)	42 2A	20	Re-wrote rule to reflect Goolawah's practices. 42 – used CNL wording 232.
NOTICE GIVEN OF SUBSTANTIAL SHARE INTEREST AND ANY CHANGE	24		Deleted – not relevant after change to 16. d
REGISTER OF NOTIFIABLE INTERESTS	25		Deleted – not relevant after change to 16. d
18. PURCHASE OF MEMBERS' SHARES	26		BR – board approval is replaced by general meeting approval. 23 b. – added certificate. g. i and ii – deleted (not a deposit-taking co-op). Moved h. ii to f. iii. Deleted h. i. (not applicable). Deleted 'unless exempted by written order of the Co-operatives Council, either unconditionally or subject to conditions'.
Section 3 – Members' liability			
19. FEES AND LEVIES	17A,B,D	6	GR - Deleted 17A a) iv) – \$500 cap not appropriate over time, changed title Annual levy, Road levy, Work Levy (added per share). Deleted 17C Resident Levy – doesn't apply to G b. added annual. Work Levy – re-worded.
20. LIABILITY OF MEMBERS TO THE CO-OPERATIVE	27	15	GR – a. joining fee and levies. b. deleted – 'until the member's personal representative or some other person is registered in the member's place.'
21. FINES PAYABLE BY MEMBERS	99	14	GR - a. added 'by-laws or general meeting agreements'
Section 4 – Dispute Resolution			
22. DISPUTES and MEDIATION	96	13	MR
Section 5 – Expulsion of Members			
23. EXPULSION OF MEMBERS	47	9	MR with this section deleted 'is entitled to call witnesses and cross-examine witnesses called against the Member'
24. MONETARY CONSEQUENCES OF EXPULSION	48	11	MR 6 – added and Rule 32. Deleted from 4 'and the written terms of a class of share issued'. Re-worded 6.
Section 6 – Member Cancellations			
25. CANCELLATIONS OF MEMBESHIP OF INACTIVE MEMBERS	15	21	GR – (d) increase from \$50 to \$100 Changed title.
26. FORFEITED SHARES	39	23	GR - no changes a. deleted – 'in addition to the calls in default'.
27. SALE OF SHARES BY THE BOARD	40		GR – deleted 'However, no sale shall be made unless a sum in respect of which the charge exists is payable at the date of the sale.' – not required.
28. CEASING MEMBERSHIP	49	8	GR – deleted (c), deleted '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 15.d – N/A – can't own more than 2 shares.
Section 7 – Deceased, Bankrupt or Incapacitated Members			
29. DEATH OF MEMBER	43	24	MR – added NOTE: The beneficiary shall satisfy the co-operative's membership requirements within 12 months of settlement of the estate.
30. RIGHTS AND LIABILITIES UNDER BANKRUPTCY OR MENTAL INCAPACITY	44	25	MR Included title, but re-worded b. to include membership processes.
REGISTRATION AS ADMINISTRATOR OF ESTATE ON INCAPACITY OF MEMBER	45	25	Included in 32.
31. ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, EXECUTOR OR ADMINISTRATOR	46	26	MR reflecting G practice. Changed references to shareholder to administer a share, as the person does not automatically become a shareholder. Slight rewording – meaning unchanged. Changed title.
LICENCES TO OCCUPY			
	2A		Moved to Part 3 Section 2.
PART 4 - BOARD OF DIRECTORS, SECRETARY AND EMPLOYEES			
32. BOARD OF DIRECTORS AND THEIR QUALIFICATIONS	63	44	MR (minor re-wording) Combined with qualifications of directors.
33. RETIREMENT AND ELECTION OF DIRECTORS	67,68,69	47	GR – some changes to reflect current practice.
34. APPOINTMENT OF SECRETARY	86		BR
35. DIRECTORS' REMUNERATION	70	51	Deleted GR b. ii. and subsidiary, and last part of b.
36. REMOVAL OF DIRECTOR FROM OFFICE	79	48	GR - changed from simple to 2/3 majority
37. VACATION OF OFFICE OF DIRECTOR	80	49	BR, b. deleted 'ordinary'.
38. FILLING OF CASUAL DIRECTOR VACANCIES	81	50	GR – some re-wording to reflect current practice. a ii) deleted
39. DEPUTY ALTERNATE DIRECTORS	82	50	GR - deleted g. include in Proceedings of the board. f) not relevant (no remuneration). Changed to Alternate – CNL language.
40. EMPLOYEES (INCLUDING AGENTS & CONTRACTORS)	85		Changed title from Officers to Employees, removed servants.
PART 5 – VOTING, GENERAL MEETINGS & RESOLUTIONS, AND BOARD MEETINGS			
Section 1 – Voting			
41. VOTING RIGHTS	28		GR plus added CNL 228 (6). Vote may be exercised by either member on share certificate. Moved references to voting from 49 to 47. d. In the case of shares held jointly, where each member pays a joining fee, each member is entitled to vote, a. resolution.
RESTRICTION ON VOTING	34		Moved to Voting.

ENTITLEMENT UNDER POWER OF ATTORNEY			
42. DECISIONS AT GENERAL MEETINGS	60	36	Changed title. Used wording from CNL s256. Deleted e. Some re-wording.
VOTING ON A SHOW OF HANDS	60	37	Deleted, including under Voting (Rule 47)
VOTING ON A POLL	60	38	MR 38
43. PROXY VOTES	31	40	MR GR 31. d) Change from 10 to 3 persons c. shortened sentence. Deleted g. f. deleted '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'.
POSTAL BALLOTS	61	41	Deleted – not in our practice
EFFECT OF RELEVANT SHARE AND VOTING INTEREST ON VOTING RIGHTS	29		Deleted – not in our practice
NOTICE TO BE GIVEN OF VOTING INTEREST	30		Deleted – not in our practice
Section 2 – General Meetings & Resolutions			
44. ANNUAL GENERAL MEETING	50	30	MR 30
CONVENING GENERAL MEETINGS	51	31 (1)	Moved Convening general meetings moved into Requisition of general meetings
45. REQUISITION OF GENERAL MEETINGS	52	31 (2)	Shortened contents and referenced Section 257 of the Law.
REQUISITIONED GENERAL MEETING MUST BE CONVENED AS SOON AS PRACTICAL	53		Deleted GR 53 - Referenced in Section 257 of the Law in Requisition of General Meetings
NOTICE OF GENERAL MEETINGS	54	32	GR Reworded b. Deleted c,d,e,f. Merged with Rule 47.
NOTICE OF SPECIAL RESOLUTIONS	55		BR rule. Merged with Rule 46.
46. SPECIAL RESOLUTIONS	62	43	BR rule, deleted references to Postal Ballots. Deleted CCU and Transfer of engagements. Deleted 'transfer of incorporation'.
47. BUSINESS OF GENERAL MEETINGS	56	33	Re-wrote to reflect current practices.
48. QUORUM AT GENERAL MEETINGS	57	34	Added (d) BR rule. Reworded a. d. changed jointly to joint membership and deleted 'only'.
49. STANDING ORDERS AT GENERAL MEETINGS	59		Shortened introduction. Added (j) – reference to Code of Conduct. Changed all references from motion to resolution.
50. CHAIRPERSON AT GENERAL MEETINGS	58	35	Added d. BR rule
Section 3 – Board Meetings			
51. REQUISITION AND NOTICE OF BOARD MEETINGS	71		Added secretary and additional director to GR, changed b. from chairperson to 2 directors. Moved 56. a to replace 55. c - repetition, better placed.
52. PROCEEDINGS OF THE BOARD	72	52	MR, kept 2/3 majority and b. Includes Transaction of business outside board

			meetings (GR 73 deleted). d. deleted - covered Rule 59, b. reworded using CNL 175 (3), c., added 'including resolutions'. d. deleted last phrase.
QUORUM FOR BOARD MEETINGS	74	53	GR – unchanged, moved to Rule 60 e.
APPOINTMENT OF DIRECTORS TO CONSTITUTE A QUORUM	75	53A	Gr - removed annual, moved to rule 60 f.
53. CHAIRPERSON OF BOARD MEETINGS	76	54	MR 54 (2) – changed from 15 to 5 minutes
54. MINUTES	84	57	GR - changed from 28 to 14 days. Deleted reference to minute book. Deleted reference to committees (they provide a report at meetings but do not take minutes as a general rule), and minutes a requirement of all board, annual and general meetings.
55. DELEGATION AND BOARD COMMITTEES	77	55	MR (includes GR 78 with (b) deleted), deleted (5) from MR.
OTHER COMMITTEES	83	56	Incorporated into Rule 59.
PART 6 – ADMINISTRATIVE MATTERS			
56. REGISTERED OFFICE	5		GR - added address a., b. changed to secretary.
NOTIFICATION OF OFFICE AT WHICH REGISTERS ARE KEPT	5A		Merged with 60.
57. INSPECTION OF RECORDS AND REGISTERS	13	60	MR 60 – deleted Note 1 and (2) GR – Deleted Custody from title.
58. SEAL	11	59	MR (deleted 3) REGISTRATION NUMBER omitted from SEAL
59. DEALINGS OF MEMBERS WITH THE CO-OPERATIVE	97	62	MR – added SMS, web posting as examples. C.ii. changed to joining and levies
60. NOTICES	10		GR - added services to b. i)
61. CO-OPERATIVE MAY AUTHORISE AGENT OR ATTORNEY TO EXECUTE DEEDS	12		Deleted - if we ever had one we would execute it ourselves.
62. INSURANCE	87		GR – a. added BR 84 – b. check if this refers ASSOCIATION LIABILITY INSURANCE
PART 7 – ACCOUNTING AND FINANCIAL MATTERS			
63. FINANCIAL YEAR	88	63	GR - unchanged
64. ACCOUNTS	89	64	GR. Deleted b. - “together with the auditor’s report’ d) BR rule, added other means Added website, changed display available for inspection.
65. BANKING	90		GR - Deleted “and all drafts, bills of exchange, promissory notes”
66. APPOINTMENT, DUTIES AND RESPONSIBILITIES OF AUDITORS	91	65	BR rule –reporting for small co-ops has changed.
REMOVAL OF AUDITORS – merged with 70.	92		BR rule –reporting for small co-ops has changed.
RESIGNATION OF AUDITOR – merged with 70.	93		BR rule –reporting for small co-ops has changed.
67. PROVISION FOR LOSS	95	68	MR
68. LOANS BY MEMBERS TO THE CO-	9		BR rule

OPERATIVE			
SCHEDULE OF MISCELLANEOUS CHARGES	100		Deleted – each charge incorporated into relevant rule
PART 8 – WINDING UP			
69. WINDING UP	98	70	BR rule
NO DISTRIBUTION OF SURPLUS	94	67	GR - unchanged. Merged with 69.

NOTE: GR 36, 37 and 38 relate to CALLS ON SHARES (B doesn't have these rules). Goolawah revised rule 20 (now 16) allowing 10% of share be paid is not practiced (G requires 100%). Hence, Calls on Shares are not possible – rules deleted.

GR 23 SHARES TO BE FORFEITED TO REMEDY CONTRAVENTION OF MAXIMUM LEVEL OF SHARE INTEREST – Delete (not applicable) as 16 d. states maximum of 2 shares allowed.