

RULES OF GOOLAWAH CO-OPERATIVE LTD

RELEVANT LAWS

Co-operatives (Adoption of National Law) Act 2012 (NSW) (CNL)

Co-operatives National Regulation 2014 (NSW) (CNR)

Co-operatives (New South Wales) Regulations 2014

GOVERNMENT REGULATOR

NSW Fair Trading

Goolawah Co-operative Limited was registered and incorporated 22 May 2000. Rules updated 5 July 2014, 26 November 2015, 20 January 2018, 19 January 2019, 28 May 2021, 10 July 2021, 11 December 2021, 11 March 2023, 21 October 2023

TABLE OF CONTENTS

PART 1 PRELIMINARIES.....	6
1. DEFINITIONS.....	7
2. DEFINITIONS – INTERPRETATION PROVISIONS	9
3. NAME.....	9
4. NON-DISTRIBUTING CO-OPERATIVE.....	9
5. OBJECTS.....	9
6. LEGAL CAPACITY AND POWER OF THE CO-OPERATIVE.....	9
PART 2 RULES.....	10
7. RULES.....	11
8. RULE ALTERATIONS.....	11
9. BY-LAWS.....	12
PART 3 MEMBERSHIP.....	13
SECTION 1 MEMBERSHIP.....	14
10. ACTIVE MEMBERSHIP.....	14
11. QUALIFICATIONS FOR MEMBERSHIP.....	14
12. APPLICATION FOR MEMBERSHIP AND SHARES.....	14
13. MEMBERS OF THE CO-OPERATIVE.....	15
SECTION 2 SHARES.....	16
14. CAPITAL AND SHARES.....	16
15. CALL ON SHARES.....	16
16. CERTIFICATE OF SHARES.....	17
17. TRANSFER AND TRANSMISSION OF SHARES.....	17
18. LICENCES GRANTED BY THE CO-OPERATIVE TO OCCUPY THE LAND.....	18
19. CO-OPERATIVES PURCHASE OF MEMBERS' SHARES.....	18
SECTION 4 MEMBERS' LIABILITY.....	20
20. FEES AND LEVIES.....	20
21. LIABILITY OF MEMBERS OF THE CO-OPERATIVE.....	21
22. FINES PAYABLE BY MEMBERS.....	21

SECTION 5 DISPUTE RESOLUTION.....	22
23. DISPUTES AND MEDIATION.....	22
SECTION 6 EXPULSION OF MEMBERS.....	24
24. EXPULSION OF MEMBERS.....	24
25. MONETARY CONSEQUENCES OF EXPULSION.....	25
SECTION 7 MEMBER CANCELLATIONS.....	26
26. CANCELLATIONS OF MEMBERSHIP OF INACTIVE MEMBERS.....	26
27. FORFEITED SHARES.....	26
28. SALE OF SHARES BY THE BOARD.....	27
29. CEASING MEMBERSHIP.....	27
SECTION 8 DECEASED, BANKRUPT OR INCAPACITATED MEMBERS.....	28
30. DEATH OF A MEMBER.....	28
31. RIGHTS AND LIABILITIES OF MEMBERS UNDER BANKRUPTCY OR MENTAL INCAPACITY.....	28
32. ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, EXECUTOR OR ADMINISTRATOR.....	29
PART 4 BOARD OF DIRECTORS, SECRETARY AND EMPLOYEES.....	30
33. BOARD OF DIRECTORS AND THEIR QUALIFICATIONS.....	31
34. ELECTION OF DIRECTORS.....	31
35. APPOINTMENT OF SECRETARY.....	32
36. DIRECTOR'S REMUNERATION.....	32
37. REMOVAL OF DIRECTOR FROM OFFICE.....	32
38. VACATION OF OFFICE OF DIRECTOR.....	32
39. CASUAL DIRECTOR VACANCIES.....	32
40. ALTERNATE DIRECTORS.....	33
41. EMPLOYEES (INCLUDING AGENTS AND CONTRACTORS).....	33
PART 5 VOTING, GENERAL MEETINGS & RESOLUTIONS, AND BOARD MEETINGS.....	34
SECTION 1 VOTING.....	35
42. VOTING.....	35
43. DECISIONS AT GENERAL MEETINGS.....	35
44. PROXY VOTES.....	36

SECTION 2 GENERAL MEETINGS AND RESOLUTIONS.....	37
45. ANNUAL GENERAL MEETINGS.....	37
46. GENERAL MEETINGS.....	37
47. SPECIAL RESOLUTIONS.....	37
48. BUSINESS OF GENERAL MEETINGS.....	38
49. QUORUM AT GENERAL MEETINGS.....	39
50. STANDING ORDERS AT GENERAL MEETINGS.....	39
51. CHAIRPERSON AT GENERAL MEETINGS.....	40
SECTION 3 BOARD MEETINGS.....	41
52. REQUISITION AND NOTICE OF BOARD MEETINGS.....	41
53. PROCEEDINGS OF THE BOARD.....	41
54. CHAIRPERSON AT BOARD MEETINGS.....	41
55. MINUTES.....	41
56. DELEGATION AND BOARD MEETINGS.....	42
PART 6 ADMINISTRATIVE MATTERS.....	43
57. REGISTERED OFFICE.....	44
58. INSPECTION OF RECORDS AND REGISTERS.....	44
59. SEAL.....	44
60. DEALINGS OF MEMBERS WITH THE CO-OPERATIVE.....	44
61. NOTICES.....	45
62. CO-OPERATIVE MAY AUTHORISE AGENT OR ATTORNEY TO EXECUTE DEEDS.....	45
63. INSURANCE.....	46
PART 7 ACCOUNTING AND FINANCIAL MATTERS.....	47
64. FINANCIAL YEAR.....	48
65. ACCOUNTS.....	48
66. BANKING.....	48
67. AUDITORS.....	48
68. PROVISION FOR LOSS.....	49
69. LOANS BY MEMBERS TO THE CO-OPERATIVE.....	49

PART 8 WINDING UP.....	50
70. WINDING UP.....	51
INDEX OF CHANGES.....	51

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 10.

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 67.

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.

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 9.

co-operative means Goolawah Co-operative Limited.

director means any director of the co-operative and any alternate director acting in the absence of a nominating director under Rule 40.

existing member means a member who joined the co-operative before the commencement of the Terms of Issue under Rules 11 and 14.

financial year means the financial year of the co-operative as specified in Rule 64.

general or special general meeting means any meeting in which an active member may vote as specified in Rule 42 and Rule 44.

joint membership is a single membership held by no more than two persons.

jointly held shares shall represent two memberships if two joining fees have been paid.

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

levy or subscription means the subscription payable by members from time to time under Rule 20.

licence to occupy means any licence deemed to be granted under Rule 18.

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.

new member means a member who joined the co-operative **after** the commencement of the Terms of Issue under Rules 11 and 14.

ordinary resolution means a resolution which is not a special resolution under Rule 43 and 47.

poll means a secret ballot.

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

principal place of residence means the definition used by the Australian Taxation Office.

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

- a. a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph, sub- sub paragraph 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.

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

regulation means a regulation, including transitional regulations made under the Law.

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

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

secretary means a person appointed by a general meeting as secretary of the co-operative pursuant to Rule 35.

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, and are of two classes, Site Shares and Infrastructure Shares.

special resolution means a resolution which is passed in accordance with Rule 47.

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 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. the Law if it has been repealed since the inclusion of the reference in these rules, the legislation enacted in substitution of the Law (whether State or Federal legislation) and as amended from time to time since its enactment.

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 by the Registrar.

4. Non-distributing co-operative (CNLs19)

- a. The co-operative is a non-distributing co-operative within the meaning of Section 19 of the Law.
- b. The assets and income of the co-operative shall be applied solely in furtherance of its objectives and no portion shall be distributed directly or indirectly to the members of the organisation except as bona fide compensation for services rendered or expenses incurred on behalf of the co-operative.

5. Objects

The objects of the co-operative shall be:

- a. To acquire and share rural land for the purpose of low-cost residential housing.
- b. To provide a setting where rural re-settlement in hamlets and village clusters can evolve.
- c. To preserve and protect flora and fauna on land acquired.
- d. To promote the development of a community of artists, musicians, artisans, and craftspeople.
- e. To promote the principles and methods of permaculture and self-sufficiency.

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.
- b. The powers of the co-operative to:
 - i. obtain financial accommodation; and
 - ii. give security for repayment of money, shall be exercised subject to the Law.
- c. Without limiting the provisions of Rule 6, and subject to the provisions of the Corporations Law, the co-operative has power 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

7. 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.

8. 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 notify the members in writing, 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.

9. 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 levies and other fees;
 - iv. the procedures for determination of disputes between members and visitors on co-operative land, and between members and the co-operative.
- b. To become a by-law, a resolution must be proposed and adopted at a general meeting.
- 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 such penalty or fine that maybe 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

10. Active membership provisions

In accordance with Part 2.6 of the Law:

- a. The acquisition and maintenance of land to accommodate low-cost rural housing for members is a primary activity of the co-operative; and
- b. A member shall pay by the due date all accounts for annual subscriptions, levies, fees, fines, and charges provided for in these rules and the Co-op's by-laws in order to establish active membership of the Co-operative.

11. Qualifications for membership

- a. All members must be a natural person (i.e., not a company) and be eighteen years of age or over.
- b. Every existing member (definition Rule 1), including existing joint members shall hold a minimum one fully paid Site Share.
- c. Every new member (definition Rule 1), including new joint members shall hold a minimum of one fully paid Site Share and one fully paid Infrastructure Share.
- d. 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 10.
- e. A person does not gain membership of the co-operative until they have completed the membership process, and paid the full cost of the shares allocated, joining fee and levies.

12. Application for membership and shares

- a. The board must provide each person intending to become a member of the co-operative with a:
 - i. written notice of any intending or prescribed joining fee and levies that a person will be liable to pay on becoming a member of the co-operative.
 - ii. consolidated and up-to-date copy of the Rules of the co-operative; and
 - iii. 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 12.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 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 following the completion of the membership application process. Once the membership eligibility has been approved, a general meeting may vote to formally ratify a share transfer. The new member's name together with the share number allocated, date of allocation and any other information required by or under the Law shall be entered in the register of members. The new member shall be notified in writing of the allocation 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 11 is not admitted as a member.

13. Members of the co-operative

The members of the co-operative are those persons:

- a. who signed the application for registration of the co-operative; and
- b. admitted to membership in accordance with Rule 13 and 17; and
- c. who become members by operation of the Law.

Section 2 – Shares

14. Capital and shares

(CNLss76-82)

- a. The capital of the co-operative is raised by the issue of shares of nominal value which shall be of two classes:
 - i. Site Shares with a nominal value of \$7000.
 - ii. Infrastructure Shares with a nominal value of \$6000.
- b. The share capital shall vary in amount according to the nominal value of shares from time to time subscribed.
- c. The Site Share confers a licence to occupy a designated portion of land and is allotted when 100% of the nominal value of the share has been paid.
- d. The Infrastructure Share is:
 - i. Used for infrastructure and road improvements.
 - ii. Optional for existing members (definition Rule 1) and is allotted when 10% of the nominal value has been paid. The remainder shall be paid by a subscription amount or a call on shares.
 - iii. Compulsory for new members (definition Rule 1) and is allotted when 100% of the nominal value has been paid.
- e. Members, including joint members, shall not hold more than two Site Shares and two Infrastructure Shares.
- f. Infrastructure Shares can only be issued on a one for one basis to Site Shares.
- g. Shares 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).
- h. No contingent liability is attached to shares.

15. Calls on shares

(Model Rule 17)

- a. The board may from time to time make calls on the members for any amounts unpaid on the shares of the members regardless of the share subscription amount (if any) specified in the terms of issue of the shares.
- b. Each member must, on receiving at least 14 days' notice of the time and place of payment, pay to the co-operative, at the time and place specified, the amount called on the shares.
- c. The directors may revoke or postpone a call.
- d. A call is taken to have been made when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.
- e. The joint holders of a share are jointly and severally liable to pay all calls for the share.

- f. If an amount called for a share is not paid before or on the day fixed for payment of the amount, the person from whom the amount is due must pay interest on the amount from the day fixed for the payment of the amount to the time of actual payment at the rate, not more than 16% per annum, the directors decide, but the directors may waive payment of all or part of the interest.
- g. An amount that, under the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share, is for these rules taken to be a call made and payable on the day that, under the terms of issue, the amount becomes payable. If the amount is not paid, all relevant provisions of these rules about payment of interest and expenses, forfeiture or otherwise apply as if the amount had become payable under a call properly made and notified.
- h. The board may, in relation to the issue of shares, differentiate between the holders in the amount of calls to be paid and the times of payment.
- i. The board may accept from a member all or part of the money uncalled and unpaid on shares held by the member.
- j. The board may authorise payment by the co-operative of interest on all or part of an amount accepted under subrule (i) until the amount becomes payable, at a rate agreed between the board and the member paying the amount, of not more than 8% per annum or another rate fixed by the co-operative by special resolution.

16. 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 issue one certificate per share, 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.

17. Transfer and transmission of shares

(CNL ss100, 101, 232)

- a. The instrument of transfer of any shares shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the shares 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 10 and 11; or
 - ii. as otherwise provided by these rules or the Law.

- d. Once eligibility for membership is approved, and joining fee is paid to the co-operative, the general meeting may ratify the share transfer.
- e. The value of the improvements to the designated portion of land shall be negotiated between the transferor and transferee.
- f. The board may decline to register any transfer of shares to a person not qualified to be a member under Rule 11. 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.
- g. The board of the co-operative shall not consent to the sale or transfer of shares to a person in contravention of Rule 14.
- h. 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.
- i. The board shall have a record of all transfers made in the co-operative register of members.
- j. The board may suspend the registration of transfers during the fourteen days immediately preceding the annual general meeting in each year.

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

- a. Site 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 17, implies transfer of such a licence.
- b. The licence shall operate in accordance with these rules, by-laws and the agreements of the co-operative as permitted under the Law.
- c. Should a person's membership of the co-operative cease (in accordance with Rule 29), any licence 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 29.
- d. The licence shall allow a member to occupy a designated portion of land (approximately 0.5ha) as principal place of residence, upon which improvements shall be permitted subject to Council development application approval.

19. Co-operative's purchase of member shares

(CNL s107)

- 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 certificate 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.
- 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 upon shares if:
 - i. the repurchase or repayment is likely to cause the co-operative to become insolvent, or
 - ii. the co-operative is insolvent.
 - iii. in the co-operative's opinion, such repayment would 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.

Section 4 – Members’ liability

(CNL s124)

20. Fees and levies

a. Membership levy

Members are required to pay a membership levy per Site Share which shall be:

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

b. Joining fee

- i. The members at an annual general meeting shall be entitled to determine a joining fee payable by joining members to a maximum sum of \$10,000.
- ii. The joining fee is non-refundable to members leaving the co-operative.

c. Sinking fund levy

Members are required to pay a sinking fund levy per Site Share, which shall:

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

d. Work levy

Members are required to pay a work levy per Site Share, with the amount to be determined by a general meeting from time to time. The levy is dischargeable by work hours contributed to the co-operative in accordance with the approved jobs list.

e. Infrastructure share subscription

Members who agree to subscribe to Infrastructure Shares are required to pay an Infrastructure share per site share which shall be:

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

21. Liability of members to the co-operative **(CNLss117, 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 joining fees and levies, 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.
- 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 21 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 in the manner provided by Rule 31 or in a court of competent jurisdiction.

22. Fines payable by members **(CNL ss56,126)**

- a. The board may impose on a member a maximum fine of \$110 for an infringement of the rules, by-laws or general meeting agreements.
- b. A fine shall not be imposed 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 5 – Dispute resolution

23. Disputes and mediation

(CNL s129)

- a. The grievance procedure set out in this rule applies to disputes 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 trained in Alternative Dispute Resolution (ADR).
- 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.

Section 6 – Expulsion of members

24. Expulsion of members (CNL s117)

- a. A member may be expelled from the co-operative by special resolution because the member has:
 - i. 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
 - ii. prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
 - iii. brought the co-operative into disrepute; or
 - iv. acted 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.
- b. 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.
- c. At the general meeting when the special resolution for expulsion is proposed the following procedures apply:
 - i. at the meeting, the member must be afforded a full opportunity to be heard.
 - ii. 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;
 - iii. once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
 - iv. 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;
 - v. 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.
- d. Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.
- e. An expelled member may be re-admitted as a member by special resolution.
- f. A member re-admitted must not have shares restored that were cancelled on expulsion.

25. Monetary consequences of expulsion or resignation (CNL s128)

- a. If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.
- b. The shares of an expelled or resigning member must be cancelled as at the day of expulsion, and the cancellation must be noted in the register of shares.
- c. Subject to sub rule (d), the co-operative must, however, pay to the expelled or resigning member the amount of capital paid up on the former member's shares at the time of expulsion or resignation (less any amount owing by the former member to the co-operative).
- d. As per section 128 of the Law and Rule 28, if the balance sheet of the co-operative last issued before the expulsion or resignation of a member of the co-operative disclosed a loss or deficiency, there must be a proportionate reduction in the capital to be repaid to the member.

Section 7 – Membership cancellations

26. Cancellation of inactive memberships and cancellation of members' shares (CNL ss156-165)

- a. The board must give the inactive member at least 28 days' notice of their intention to cancel the membership.
- b. The board must declare a membership cancelled if:
 - i. the whereabouts of a member is not known and has not been known for at least two years.
 - ii. the member is not presently active and has not been active within the meaning of rule 10 b in the past 2 years.
- c. The board must declare the shares of the member to be forfeited at the same time the membership is cancelled.
- d. The board may defer cancellation of membership for a period of up to 12 months in limited circumstances (including if there are grounds to believe that unusual circumstances prevented the member fulfilling the active membership obligations).
- e. The CNL sets out circumstances in which the membership of an inactive member cannot be cancelled, including if the co-operative is insolvent, under administration, if a receiver has been appointed or if the co-operative is being wound up.
- f. A maximum penalty of \$2000 may be imposed for failure to cancel the membership of inactive members.
- g. The board shall, in a form approved of by the Registrar, keep a register of memberships cancelled pursuant to paragraph (b) of this rule, which shall specify the particulars prescribed in Clause 7 of Schedule 2 of the Regulation.
- h. 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) does not exceed \$100.

27. Forfeited shares (CNL s127, 109)

- 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 respect of the shares.
- b. A statutory declaration in writing by a director of the co-operative stating that the shares in the co-operative have 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 shares.

- c. The cooperative shall, pursuant to Section 127 of the Law include a charge upon the paid up amounts of the forfeited shares and may appropriate those amounts pursuant to paragraph b of that section.

28. Sale of shares by board

- a. The co-operative may sell all or any shares on which the co-operative has a charge, pursuant to Section 127 of the Law. No sale shall be made until the expiration of fourteen 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.
- 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 monies 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 the purposes of any such sale, the value of any improvements to the designated portion of land attached to the site share shall be determined by the board.
- e. For giving effect to any such sale, the board may authorise the transfer of shares sold.

29. Ceasing membership (CNL s117)

A person shall cease to be a member in any of the following circumstances, and as otherwise provided by this Law:

- a. if the membership is cancelled under Rule 26;
- b. if the member is expelled in accordance with Rule 24;
- c. on the death of the member;
- d. if the membership is rescinded on the ground of misrepresentation or mistake;
- e. if the member's shares are transferred to another person and the transferee is registered as the holder of the shares in accordance with these rules;
- f. if the member's shares are purchased by the co-operative in accordance with Rule 19;
- g. if the amount paid up on the member's shares is repaid to the member in accordance with the provisions of these rules.
- h. if a member becomes bankrupt or subject to control under bankruptcy law.

Section 8 – Deceased, bankrupt, or incapacitated members

30. 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..... in the cooperative, to me.

Circle as appropriate;

- 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 within twelve months of settlement of the estate.

Dated

Signed by

Legal personal representative

In the presence of.....witness.

31. Rights and liabilities of members under bankruptcy or mental incapacity

(CNL ss95, 96, 117)

- a. A 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.
- b. 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, becomes responsible for managing the rights and liabilities of membership during the period of appointment but does not become a member of the co-operative.

- c. The liabilities attaching to the shares of a person under bankruptcy or mental incapacity continue in accordance with section 96 of the Law.
- d. Upon application by a person appointed to manage the affairs of a member referred to in subrule (b), 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.

32. Entitlements and liabilities of person registered as trustee, executor, or administrator (CNL s96)

- a. A person registered to administer shares because of the death, bankruptcy, or incapacity, is not entitled to exercise any right conferred by membership unless eligibility and ratification are approved.
- b. The trustee, executor or administrator has the same liabilities in relation to the member's shares as the deceased, bankrupt or incapable person if he had remained a member with full legal capacity.
- c. The board has the same right to decline or to suspend registration of shares as it would have had for a transfer of shares by the bankrupt or incapacitated person before the bankruptcy or incapacity.

PART 4 BOARD OF DIRECTORS, SECRETARY AND EMPLOYEES

33. Board of directors and their qualifications

(CNLs172,174)

- a. 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 a general meeting.
- b. The board must have seven directors, each of whom shall be a natural person at least 18 years old.
- c. A person is not qualified to be elected as a director unless he or she is an active member of the co-operative.

34. Election of Directors

(CNL ss 172-174)

At the annual general meeting, where all directors retire, their vacated offices will be filled in the following manner:

- a. At least 6 weeks before an annual general meeting, the board will notify members via the Co-op web site that nominations are open.
- b. Advise the members of their eligibility to nominate, the duties and responsibilities of a director and the nomination and election procedures.
- c. A nomination must include the nominee's qualifications and experience. The nomination may be provided in writing and signed by the nominee or sent via email.
- d. The nomination must be lodged with the co-op secretary at least 14 days before the annual general meeting and posted on the Co-op website.
- e. Only closed proxy voting will be permitted.
- f. If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting.
- g. If there are insufficient nominees to fill all vacancies, the nominees are to be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies are to be called during the meeting and a ballot held if the total number of nominations exceeds 7.
- h. If the number of nominees exceeds the number of vacancies, the election of directors must be conducted at the meeting by a ballot;
 - i. All nominees are to be listed on a ranked choice single ballot paper in alphabetical order, with members required to tick seven (7) boxes.
 - ii. If a poll is demanded the Returning Officer is elected at the meeting and will determine the validity, counting of votes and announcement of the results. The directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.
 - iii. If there is an equality of votes, the outcome must be determined by lot.
 - iv. The chairperson is to declare the election results on a show of hands.
- i. If any vacancies remain at the end of the meeting, the vacancies are to be casual vacancies and must be filled in accordance with Rule 39.

35. Appointment of secretary (CNL s190)

- a. The board shall elect a secretary 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 board may determine; and
 - ii. hold office until the next annual general meeting, or removed by the board, or resignation from office.

36. Director's remuneration (CNL s203)

- 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.

37. Removal of director from office (CNLs180)

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; appoint another person in place of the director. The person appointed shall retire when the removed director would otherwise have retired.

38. 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 if the:

- a. director is a disqualified person under section 181;
- b. director is absent from three consecutive meetings of the board without its leave;
- c. director resigns the office of director by written notice given by the director to the co- operative;
- d. person ceases to hold the qualification of a director under Rule 33;
- e. administrator of the co-operative's affairs is appointed under Part 4.1 of the Law;
- f. director is removed from office under section 180 of the Law.

39. Casual director vacancies (CNL ss173, 177)

- a. In the event that the board does not make an appointment under Rule 34, a casual vacancy is to be filled by election at a general meeting in the manner specified in the rules.
- 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 38.

40. Alternate directors

(CNLs177)

- 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 of the auditor) to be appointed by the board as an alternate director to sit in the director's place on the board.
- b. An alternate 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 exercise such powers, authorities, and discretions as are vested in or would otherwise be exercisable by the nominating director.
- c. An alternate director shall vacate office if the nominating director ceases to be a director or on a majority of the other directors removing him from office.
- d. An appointment or removal under this rule must be in writing and notice served on the alternate director and the appointment or removal shall take effect forthwith and in accordance with Rule 61.
- e. An alternate 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 alternate director.

41. 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 5

VOTING, GENERAL MEETINGS & RESOLUTIONS AND BOARD MEETINGS

Section 1 – Voting

42. Voting

(CNL ss228, 234)

- a. An active member (Rule 10.b) of the co-operative shall have one vote only in respect of any resolution arising at a general meeting of the co-operative.
- b. The right to vote attaches to membership and not shareholding.
- c. In the case of joint membership of shares, the joint members shall have one vote only between them and that vote may be exercised (subject to the grant of any proxy or power of attorney) by either member.
- d. In the case of shares held jointly, where each member pays a joining fee, each member is entitled to vote.
- e. Every member or joint member is entitled to attend and be heard at a general meeting.
- f. 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.
- g. A person appointed under the provisions of the Law, or power of attorney to represent a member, is entitled to receive notice of all meetings, and exercise the same rights to vote as the member represented.
- h. 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.

43. Decisions at general meetings

(CNL ss237-241, 256)

- a.
 - i. Unless required by the Law, all ordinary and special resolutions shall be deemed to have been carried if approved by at least two-thirds (2/3) majority of members entitled to vote at a general meeting.
 - ii. A special resolution is required for altering the rules of the co-operative, any other matter that the co-operative may determine in a general meeting or is required by the Law or regulations.
 - iii. An ordinary resolution with 21 days notice is required for altering the By-Laws, Code of Conduct, Policy, and Annual Budgets, and any other matter that the co-operative may determine in a general meeting.
- b. A question for decision at a general meeting of a co-operative is to be decided by a show of hands unless a poll is required.
- c. The question is to be decided by a poll if it is required by the chairperson or any five members present or represented by proxy.
- d. A person who is a proxy for one or more members may cast more than one vote on a question for decision by a poll, subject to Rule 44. d.
- e. A poll on the election of a chairperson or on the question of adjournment must be taken immediately and

without debate.

- f. Once the votes on a show of hands or on a poll have been counted then a declaration by the chairperson that a resolution has been carried or lost is evidence of that fact.
- g. The result of the vote must be entered in the minutes.

44. Proxy votes

(CNL s229)

- a. Voting may be by proxy at a general meeting.
- b. The instrument appointing a proxy, in a form approved by the board, must be in writing signed by the appointer or the appointer's attorney properly authorised in writing.
- c. An instrument appointing a proxy must direct the way the proxy is to vote in relation to a particular resolution i.e. closed proxy.
- d. A person may be appointed as a proxy by no more than three members.
- e. An instrument appointing a proxy is not valid until the instrument is tabled, at least five minutes before the meeting.

Section 2 – General meetings & resolutions

45. 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 five months after the close of the financial year of the co-operative or within the further time allowed by the Registrar.

46. General meetings

(CNL ss239, 253, 254, 257, 611)

- a. Subject to Rule 47, at least fourteen 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 61. The notice must specify the place, the day, and the hour of the meeting.
- b. Non-receipt of the notice by any member shall not invalidate the proceedings at such general meeting.
- c. All meetings of the co-operative members, other than the annual general meeting shall be general or special general meetings.
- d. The board may, whenever it considers appropriate, call a special general meeting of the cooperative.
- e. 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.
- f. 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.
- g. The provisions of Section 257 of the Law apply to a meeting requisitioned by members.

47. Special resolutions

(CNLss238-241)

- a. Notice of a special resolution shall be given at least twenty-one days before a general meeting and shall specify the:
 - i. intention to propose the special resolution at that meeting
 - ii. reason for making the special resolution; and
 - iii. effect of the special resolution if passed.
- b. A special resolution is required for the following matters:
 - i. conversion from a non-distributing co-operative to a distributing co-operative;
 - ii. an acquisition or disposal of assets referred to in Section 359 of the Law;
 - iii. the maximum permissible level of share interest in the co-operative;
 - iv. takeover or merger;

- v. member's voluntary winding up;
 - vi. altering the objects or rules of the co-operative;
 - vii. removal of an auditor;
 - viii. expulsion of a member;
 - ix. re-admittance of an expelled member;
 - x. loans by members to the co-operative;
 - xi. 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.

48. Business of general meetings

- a. The business of the annual general meeting shall be to:
- i. confirm minutes of the last preceding annual general meeting; and
 - ii. 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, profit and loss account, and the state of affairs at the end of that year; and
 - iii. elect and determine the remuneration of directors and office holders; and
 - iv. elect (if necessary) an auditor, or to determine the auditor's remuneration, or both; and
 - v. consider any special or ordinary resolutions.
- b. The business of other general meetings shall be to:
- i. confirm minutes of the last preceding general meeting; and
 - ii. address business arising; and
 - iii. receive reports from office holders and committees; and
 - iv. address general business; and
 - v. consider any special or ordinary resolutions.

49. Quorum at general meetings

(CNL s255)

- a. An item of business must not be transacted at any general meeting unless a quorum of members entitled to vote is present.
- b. Except where these rules state otherwise, twelve 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 as a joint membership shall be counted as one member for the purpose of determining whether a quorum is present.

50. Standing orders at general meetings

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

- a. The mover of a resolution shall not speak for more than ten minutes. Subsequent speakers shall be allowed five minutes, and the mover of the resolution five minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule;
- b. Whenever an amendment to an original resolution is proposed, no second amendment shall be considered until the first amendment is disposed of;
- c. If an amendment is carried, the resolution as so amended shall displace the original resolution and may itself be amended;
- d. If an amendment is defeated, then a further amendment may be moved to the original resolution. However, only one amendment shall be submitted to the meeting for discussion at one time;
- e. The mover of every original resolution, 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;
- f. Resolutions and amendments shall be submitted in writing, if requested by the chair person;
- g. Any discussion on a resolution 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;
- h. 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;
- i. standing orders may be suspended for any period by ordinary resolution.
- j. All members and visitors present at the meeting shall abide by the co-operative's Code of Conduct.

51. 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 fifteen 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 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

52. Requisition and notice of board meetings

(CNL s175)

- 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 three months.
- b. A meeting of the board of directors maybe called by the secretary and one director, or by two directors giving notice individually to every other director.
- c. 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.

53. Proceedings of the board

(CNLss175, 176)

- a. A meeting of the board of directors may be called or held using any technology consented to by the board, and the consent may be a standing one.
- b. 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.
- c. The quorum for a meeting of the board shall be five directors.
- d. 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 39 applies.

54. 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.

55. Minutes

(CNL s258)

- 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 board, general or annual meeting;
 - iii. all resolutions and proceedings at all board, general or annual meetings;

- b. Minutes must be recorded within twenty-eight 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 general, annual or board meeting 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 stored at the offices of the co-operative.

56. Delegation and board committees

(CNL s178)

- a. The board may by resolution delegate to a:
 - i. director; or
 - ii. committee of two or more directors; or
 - iii. committee of members of the co-operative; or
 - iv. committee of members of the co-operative and other persons if members form the majority of persons on the committee; or
 - v. committee of directors and other persons;

to exercise 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.

- b. A power delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.
- c. A delegation under this rule may be given on conditions limiting the exercise of the power delegated, or time or circumstances.
- d. Despite any delegation under this rule, the board may continue to exercise the power delegated.
- e. 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.
- f. 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.
- g. 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).

PART 6

ADMINISTRATIVE MATTERS

57. Registered office

- a. The registered office of the co-operative shall be at 200 Illa Langi Road Crescent Head 2440.
- b. The secretary 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.
- c. 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.

58. Inspection of records and registers

(CNL ss214, 215)

- a. 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.
- b. Members and other persons accessing records and registers under section of the Law are restricted in the use of any information obtained, as referred to in section 215.

59. Seal

(CNL ss49, 223)

- a. The co-operative's name and registration number (NSWC 54077) must appear on its common seal. It must be kept at the registered office in the custody that the board directs.
- b. Two directors, or one director and the secretary, must be present and must sign all instruments sealed while they are present.

60. Dealings of members with the co-operative

(CNL ss125, 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 to:
 - i. sell products or services through or to the co-operative; or
 - ii. obtain supplies or services through or from the co-operative; or
 - iii. 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:
 - i. the share or interest in the capital and the credit balance and deposits of the member or past member;

- ii. any levies 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. 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.

61. 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 may be given by the co-operative to any member by any form of technology including web posting, email, or SMS, where the member has given consent and notified the co-operative of the relevant contact details.
- c. If a notice is sent by post, service is taken to be affected at the time at which it 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.

62. 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 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.

63. 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 affect 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 41) of the co-operative in connection with their duties.

PART 7

ACCOUNTING AND FINANCIAL MATTERS

64. Financial year

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

65. 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 available at the registered office and on the co-operative website for a period of not less than fourteen days before the date of the annual general meeting of the co-operative.
- d. The board shall give members notice twenty-one 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.

66. 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 directors or by any two persons authorised by the board.

67. Auditors

(CNL ss298, 310)

- a. One or more auditors maybe 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 maybe necessary for the performance of the duties of the auditor.
- d. Any current auditor appointed is entitled to attend any general meetings 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.
- e. Any auditor may be removed from office by special resolution at a general meeting in accordance with Section 310 of the Law.
- f. 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.

68. 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.

69. Loans by members to the co-operative

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.

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 8

WINDING UP

70. Winding up

(CNL part 4.5, ss355-358)

- 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.
- c. 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.

Index of Changes

Current Rule	Amendment	Date
Rule 33 d	Change to nominations of Directors	GM 28/5/21
Rule 33	Election of directors (entire rule)	GM 10/7/21
Rule 45 d	Removed 'outside of the scheduled monthly general meeting'.	GM 10/7/21
Rule 4	Added b. non-profit clause	GM 11/12/21
Rule 5	Added d. and e.	GM 11/12/21
Rule 19 c.	Changed to Infrastructure levy	GM 11/12/21
Rule 21 b.	Deleted "exceeding \$20"	GM 11/12/21
Rule 22 e. (ii)	Changed to "a person trained in Alternate Dispute Resolution (ADR)"	GM 11/12/21
Rule 25	Changed heading to "Cancellation of inactive memberships and cancellation of members' shares (CNL ss156-165). Rewording of rule for more clarity.	GM 11/12/21

Rule 34	The board shall elect a secretary with terms and conditions determined by the board.	GM 11/12/21
Rule 42	Changed to " i) All ordinary resolutions must be decided by a simple majority, and all special resolutions must be decided by a two thirds majority. ii) A special resolution is required for altering the rules of the co-operative, any other matter that the co-operative may determine in a general meeting or is required by the Law or regulations. iii) All resolutions related to By-Laws, Code of Conduct, Policy, and Annual Budgets shall require a special resolution.	GM 11/12/21
Rule 43	An instrument appointing a proxy MUST direct the way the proxy is to vote.	GM 11/12/21
Rule 52	Deleted b. d. The quorum for a meeting of the board shall be 5 directors.	GM 11/12/21
Rule 19	Deleted c iv.	11/03/2023
Rule 1	Class A and Class B shares defined. New and existing member definitions. Levy or subscription definition.	GM 21/10/23
Rule 11	b and c distinguish between existing and new member.	GM 21/10/23
Rule 14	Amended to accommodate introduction of Infrastructure Shares.	GM 21/10/23
Rule 15	Added Model Rule 17 Call on shares. Additional rule changed rule numbers from Rule 15.	GM 21/10/23
Rule 17	Deleted "the share capital of \$7000" as incorrect. Changed "shall" to "may".	GM 21/10/23
Rule 18	a – changed "Member shares" to "Site share"	GM 21/10/23
Rule 20	Changed annual levy to membership levy. Changed Infrastructure levy to sinking fund levy. a, c, d – changed "per share" to "per site share" Added e. Infrastructure share subscription.	GM 21/10/23
Rule 30	Deleted "being shares numbered"	GM 21/10/23
Rule 35	e.added "closed" for clarity.	GM 21/10/23
Rule 43	a.Ordinary resolutions changed from simple to 2/3 majority. Ordinary resolutions for major decisions require 21 days notice.	GM 21/10/23

