

RULES OF THE COMMUNITY CO-OPERATIVE STORE (NURIOOTPA) LIMITED

Distributing Co-operative South Australia

Approved by the AGM June 26 2019 by Special Resolution.

Confirmed by Chairman as approved by the AGM:

Witnessed by the Company Secretary:

Approved by the Registrar on:

Adopted by the co-operative on:

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CATEGORY ONE - Co-operative name, primary activities and active membership

1.1 CO-OPERATIVE NAME

The name of the co-operative is The Community Co-operative Store (Nuriootpa) Limited.

1.2 DEFINITIONS

In these rules:

- Any of the words **Law**, **CNL** or **Act** means the Co-operatives National Law (South Australia) Act 2013.
- **corporate member** means a member that is also an incorporated body, including a company or incorporated association.
- **corporate representative** means a person appointed to represent the interests and exercise the rights of a corporate member.
- **co-operative principles** means the co-operative principles adopted under the Law.
- **legal personal representative** comprises a solicitor, attorney, trustee, executor or any other person lawfully appointed to represent the interests of a natural person, who is unable to manage their affairs through mental or physical incapacity or because the person is deceased.
- **year** means the co-operative's financial year as defined in these rules.
- Unless specifically defined, words and expressions have the same meaning as they have in the Law.

1.3A PRIMARY ACTIVITIES

The primary activities of the co-operative are:

- to provide retail goods and services to members of the co-operative; and
- to provide commercial infrastructure including, without limitation, business premises for occupation and use by (amongst others) other retailers/service providers, to facilitate competitive choice for members of the co-operative.

1.3B ACTIVE MEMBERSHIP

In order to establish and maintain active membership of the co-operative, a member must purchase goods and/or services from the co-operative to a minimum value of \$50.00 per annum.

1.4 CANCELLATION OF MEMBERSHIP FOR INACTIVITY

The board must cancel a person's membership if:

1. the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for the required period; or
2. the member is not active and has not been active within the meaning of rule 1.3B for the required period.

In this rule, "the required period" is 1 year.

CATEGORY TWO - Membership and member rights and obligations

2.1 MEMBER QUALIFICATIONS

A person qualifies for membership of the co-operative if they:

1. are able to use or contribute to the goods and/or services of the co-operative; and
2. hold the minimum number of shares required to be subscribed to under rule 3.1.

2.2 MEMBER APPLICATIONS, FEES AND ANNUAL SUBSCRIPTIONS

1. Applications for membership must be lodged at the registered office of the co-operative using the application form approved by the board, and should be accompanied by:
 - a. payment of any application fee as determined by the board from time to time and published at the registered office or on the website of the co-operative;
 - b. payment for the allotment of the minimum number of shares in the co-operative required under rule 3.1; and
 - c. payment of the annual subscription under rule 3.1A, if any.
2. Every application for membership must be considered by the board or by the person(s) delegated with this authority by the board.
3. If the application is approved, the applicant's name and any other information required under the Law must be entered in the register of members within 28 days of the board's approval and the applicant is then entitled to the privileges attaching to membership.
4. The board may, at its discretion, refuse an application for membership.
5. The board need not provide reasons for the refusal. On refusal, any amounts accompanying the application for membership, other than the application fee referred to in paragraph 1a of this rule, must be refunded within 28 days without interest.

2.3 WHEN MEMBERSHIP CEASES

1. A person will cease to be a member of the co-operative in each of the following circumstances and as otherwise provided by the Law if:
 - a. the person's membership is cancelled in accordance with these rules or the Law;
 - b. the member is expelled or resigns under these rules;
 - c. the contract of membership is rescinded on the ground of misrepresentation or mistake;
 - d. for a member that is a corporation, the corporation is deregistered;
 - e. for a member who is a natural person and not a joint member with other persons, the member dies;
 - f. the member's total shareholding is transferred or sold to another person under these rules and the name of the transferee is entered in the register of members in respect of the shareholding;
 - g. the member's total shareholding is forfeited under the Law or these rules;
 - h. the member's total shareholding is purchased by the co-operative under the Law; or
 - i. the amount paid up on the member's shares is repaid to the member under these rules.
2. Except as otherwise provided by the Law a person will not cease to be a member of a co-operative if the person:
 - a. is an individual and becomes bankrupt and their property is subject to control under laws relating to bankruptcy; or
 - b. is a corporate member that becomes insolvent and subject to control under laws

relating to the insolvency.

2.4 MEMBER RESIGNATION

A member may resign from a co-operative by giving one month's notice in writing or such lesser period of time approved by the board in a particular case.

2.5 EXPELLING A MEMBER

1. A member may be expelled from the co-operative by special resolution of the members or by resolution of the board passed by at least two thirds of the directors voting on the grounds:
 - a. that the member has seriously or repeatedly failed to discharge their obligations to the co-operative under these rules, or any contract or memorandum of understanding entered into by the member with the co-operative; or
 - b. that the member has acted in a way that has:
 - i. prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
 - ii. brought the co-operative into disrepute; or
 - iii. been contrary to one or more of the co-operative principles and has caused the co-operative harm.
2. If the proposal for expulsion is to be determined by the co-operative, then written notice of the proposed special resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.
3. If the proposal for expulsion is to be determined by the board, then written notice of the proposed resolution must be given to the member at least 14 days before the date of the board meeting at which the resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the board meeting.
4. At the general meeting when a special resolution for expulsion is proposed before members each of the following procedures apply:
 - a. at the meeting, the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross-examine witnesses called against the member;
 - b. if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide on the evidence before it, despite the absence of the member;
 - c. once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
 - d. the co-operative must make a decision on expulsion by secret ballot of those members entitled to vote who are either present or represented by a legal personal representative, corporate representative or a proxy and entitled to vote; and
 - e. the special resolution is passed if at least two-thirds of the members voting in the secret ballot vote in favour of the expulsion.
5. At the board meeting when a resolution for expulsion is proposed before board directors each of the following procedures apply:
 - a. at the meeting, the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross-examine witnesses called against the member;
 - b. if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the board may decide on the evidence before it, despite the absence of the member;
 - c. once the alleged conduct is considered, the board may decide to expel the member concerned by resolution of the board passed by at least two thirds of the

directors voting.

6. Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.
7. An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution of members or by resolution of the board passed by at least two thirds of the directors voting.
8. A member re-admitted must not have restored to them any shares that were cancelled on their expulsion.

2.6 FINANCIAL CONSEQUENCES OF CESSATION OF MEMBERSHIP

1. In this rule **deficiency** means the amount of any reduction of the value of the total shares issued by the co-operative, represented by the co-operative's net asset value, as disclosed in the balance sheet of the co-operative last reported before the date that the member ceases to be a member.
2. If a member ceases to be a member of the co-operative under rule 2.3 (including if the member is expelled or resigns):
 - a. the shares of a former member must be cancelled as at the day the member ceases to be a member, and the cancellation must be noted in the register of shares; and
 - b. all amounts owing by the former member to the co-operative become immediately due and payable in full.
3. Subject to paragraph 4 of this rule and the written terms of any other class of shares issued, the co-operative must pay to the former member the amount of capital paid up on the former member's shares at the time of cessation, less any amount owing by the former member to the co-operative.
4. The co-operative may deduct from the amount of capital paid up on the shares of the former member an amount equal to the proportion of any deficiency. Any such amount to be deducted shall be determined having regard to the number of shares held by the former member immediately before cessation in relation to the number of shares in the co-operative.
5. Payment to the former member of any amount owing by the co-operative to the former member must be made no later than one year from the date of cessation (or if the Law allows, such longer period where the board considers repayment would adversely affect the financial position of the co-operative) unless in relation to an expelled or resigning member the provisions of s128 of the CNL apply.
6. The co-operative may retain the amount otherwise payable to a former member under rule 2.6.3 if:
 - a. the former member cannot be found by the co-operative, after reasonable efforts by the co-operative to find the former member; and
 - b. the amount is less than \$100.

2.7 SUSPENDING A MEMBER

1. The board of the co-operative may suspend a member for not more than one year on the grounds that the member has:
 - a. contravened any of these rules;
 - b. failed to discharge obligations to the co-operative, whether under these rules, a contract or memorandum of understanding; or
 - c. acted detrimentally to the interests of the co-operative.
2. In order to suspend a member, the board must give written notice to the member of its intention to suspend membership. Such written notice must include the grounds for

suspension and allow the member a reasonable time and opportunity to respond in writing to the notice.

3. The board must convene a board meeting to consider suspension of the member and must permit the member to attend the meeting and address the board on the matter of the suspension.
4. If the board resolves to suspend a member then it must provide the member with written notice of such suspension, the terms of the suspension and the reasons for suspension.
5. During the period of suspension, the member:
 - a. loses any rights (except the right to vote) arising as a result of membership; and
 - b. is not entitled to a refund, rebate, relief or credit amounts paid or payable to the co-operative under these rules; and
 - c. remains liable for any fine that may be imposed.
6. A member may appeal against the decision of the board to suspend membership within 14 days of the board's decision.
7. An appeal against suspension may be dealt with at a general meeting of the co-operative called to consider a special resolution to confirm or overturn the suspension decision by the board.
8. An appeal against suspension shall follow the same procedure set out for the expulsion of a member under rule 2.5.
9. A decision by the board to suspend a member does not take effect until the time for appeal has expired or the appeal against such suspension has been determined.

2.8 DISPUTE RESOLUTION

1. The grievance procedure set out in this rule applies to disputes under these rules between:
 - a. a member and another member; or
 - b. a member and the co-operative.
2. 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.
3. The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
 - a. the dispute coming to the attention of each party; or
 - b. a party giving notice, to each of the other parties involved, of the dispute or grievance.
4. 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.
5. The mediator is, where possible, to be chosen by agreement between the parties. In the absence of agreement between the parties:
 - a. for a dispute between a member and another member, the mediator is to be a person appointed by the board; or
 - b. for a dispute between a member and the co-operative, the mediator is to be a person appointed by the Australian Mediation Association or some other body that provides alternative dispute resolution services.
6. The mediator may be a member of the co-operative, unless they are party to the dispute.
7. The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
8. The mediator, in concluding the mediation, must:
 - a. give the parties to the mediation process every opportunity to be heard; and
 - b. allow due consideration by all parties of any written statement submitted by any party; and
 - c. ensure that natural justice is accorded to the parties to the dispute throughout the

mediation process.

9. The mediator cannot determine the dispute.
10. The mediation must be confidential and without prejudice.
11. The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
12. This rule does not apply to any dispute:
 - a. as to the construction or effect of any mortgage or contract contained in any document other than these rules; or
 - b. involving the expulsion or suspension of a member or the imposition of a fine.
13. If the mediation process does not resolve the dispute, either party may seek resolution of the dispute in accordance with the Law or otherwise at law.
14. In this rule the word **member** includes any person who was a member not more than 6 months before the dispute occurred.

2.9 FINES PAYABLE BY MEMBERS

1. The board may impose on a member a fine of no more than \$1000.00 for a contravention of the rules.
2. A fine must not be imposed on a member under paragraph 1 of this rule unless:
 - a. the board writes to the member advising of its intention to impose the fine and the reason for imposing the fine; and
 - b. the member is given a reasonable opportunity to appear before the board in person (with or without witnesses), or to send to the board a written statement showing why the fine should not be imposed.
3. A fine imposed under this rule becomes a debt payable by the member to the co-operative.

2.10 LIABILITY OF MEMBERS

1. A member is liable to the co-operative for the amount, if any, unpaid on the shares held by the member, together with any charges, including application fees or regular subscriptions payable by the member to the co-operative under these rules.
2. Joint members are jointly and severally liable for any amount unpaid on shares and for any other amounts referred to in paragraph 1 of this rule.

2.11 DEATH OF A MEMBER

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

2.12 RIGHTS AND LIABILITIES OF MEMBERS WHO ARE BANKRUPT, INSOLVENT OR OTHERWISE INCAPABLE

1. The shares of an individual member who becomes bankrupt or a corporate member who becomes insolvent may be transferred to the member's trustee, administrator or liquidator, as the case may be, in accordance with the laws dealing with such events.
2. A legal personal representative appointed to administer the affairs of a member who, through mental or physical incapacity, is incapable of managing their affairs, may be registered as the holder of the member's shares and the rights and liabilities of membership vest in the legal personal representative during the period of the appointment.
3. The liabilities attaching to the shares of a member under bankruptcy, insolvency or mental or physical incapacity continue in accordance with the Law.

4. The board may decide to suspend some or all active membership obligations where a legal personal representative has been appointed to manage the affairs of a member referred to in paragraph 2 of this rule, if there are grounds to believe that the member's mental or physical incapacity is temporary.

2.13 ENTITLEMENTS AND LIABILITIES OF PERSONS REGISTERED AS TRUSTEE, ADMINISTRATOR ETC

1. A person who is entitled to hold shares in the co-operative, because of the death, bankruptcy, insolvency or incapacity of a member, is entitled to the dividends and other advantages of membership of the co-operative, other than the right to vote, as soon as their entitlement arises. The person entitled to hold the shares may only exercise the right to vote if that person is registered as a member of the co-operative.
2. A person referred to in paragraph 1 of this rule who is registered as the holder of shares in the co-operative has the same liabilities in relation to the shares as the member on whose behalf the shares are held.
3. The board has the same right to decline or to suspend registration of a share transfer by a person referred to in paragraph 1 of this rule as it would for a share transfer by a member.

CATEGORY THREE - Capital and finance

3.1 SHARE CAPITAL AND MINIMUM SHAREHOLDING FOR MEMBERSHIP

1. The capital of the co-operative must be raised by:
 - a. the issue of member (ordinary) shares at the fixed price of \$2.00 each; and
 - b. any other class of share approved by a special resolution of the members from time to time at the fixed price of \$10.00 each.
2. The co-operative may otherwise raise capital in any manner authorised by the Law.
3. A member must hold a minimum of one (1) fully paid member share in the co-operative and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative unless permitted to do so under the Law.
4. A share in the co-operative does not carry a vote.
5. The right to vote in the co-operative is attached to membership.

3.1A ANNUAL SUBSCRIPTIONS

The board may require that each member pays an annual subscription set by the board from time to time.

3.2 ADDITIONAL MEMBER SHARES

1. A member may subscribe for additional member shares above the minimum required under rule 3.1, provided that the member does not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative (or such greater amount permitted under the Law).
2. Additional member shares may be fully or partly paid.

3.3 CALLS ON SHARES

1. The board may from time to time make calls on the members for any amounts unpaid on their shares. A call can be made for payment of any amount unpaid whether it is for the fixed price of the share or any premium attached to the share.
2. 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 in relation to the shares.
3. The directors may revoke or postpone a call.
4. A call is taken to have been made when the resolution of the board authorising the call is notified to members. A call can be made for payment of the full amount unpaid or that the amount unpaid is to be paid in specified instalments.
5. The joint holders of a share are jointly and severally liable to pay all calls for the share.
6. If an amount called for a share is not paid by the time fixed for payment, the share may be forfeited under rule 3.4.
7. Where the terms of issue of a share require payment of the share price or any premium by specified instalments, the time when an instalment is due and payable is taken to be a properly made call. If the instalment amount is not paid, the share may be forfeited under rule 3.4.
8. 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.

9. The board may accept from a member all or part of the money uncalled and unpaid on shares held by the member.

3.4 SHARE FORFEITURE

1. If a member fails to pay a call or instalment of a call by the day appointed for payment, the board may, at any time that any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest that may have accrued.
2. The notice must name a further day for payment that allows at least a further 14 days for payment required to be made. The notice must also state that, in the event of non-payment on or before the time appointed, the shares for which the call was made will be liable to be forfeited.
3. If the requirements of the notice served under this rule are not complied with, any share in respect of which the notice has been given may at any time be forfeited by a resolution of the board.
4. Forfeiture of shares includes forfeiture of all rebates, interest, dividends or other share benefits declared for the forfeited shares and not actually paid before forfeiture.
5. Forfeited shares must be cancelled.
6. A person whose shares have been forfeited under these rules stops being a member if as a result of the forfeiture, the person no longer holds the minimum number of shares required under rule 3.1.
7. A statutory declaration in writing by a director, the chief executive officer or secretary of the co-operative stating that a share in the co-operative has been forfeited and cancelled on a date stated in the declaration, is proof of that fact as against all persons claiming to be entitled to the share.
8. The co-operative has set-off rights against share capital as specified in the Law.

3.5 REPURCHASE OF SHARES

1. A co-operative may, if requested by a member, purchase the member's shares and repay some or all of the capital subject to any restrictions under the Law or the terms of issue of the shares.
2. Unless approved otherwise by special resolution of the members, the amount paid by the co-operative in purchasing shares or repaying any amount of capital, or both, in any financial year must not be more than the total of:
 - a. 5% of the nominal value of the issued share capital of the co-operative immediately before the start of the financial year; and
 - b. the amount of any additional share capital of the co-operative subscribed for within that year.
3. The co-operative must cancel any shares that have been repurchased

3.6 SHARE TRANSFERS

1. A share may not be sold or transferred except:
 - a. with the consent of the board, and to a person who is qualified to be admitted to membership of the co-operative; or
 - b. as otherwise provided by these rules or the Law.
2. The instrument of transfer of a share must be:
 - a. signed by or for the transferor and the transferee; and
 - b. be accompanied by:

- i. the transfer fee determined by the board from time to time, such transfer fee being no more than the amount of the application fee for membership; and
 - ii. evidence showing the right of the transferor to make the transfer.
3. The board may decline to register a transfer of shares if the transfer is:
 - a. contrary to the terms of issue of the shares;
 - b. to a person not qualified to be a member; or
 - c. in respect of shares on which the co-operative has a lien or charge.
4. If the board refuses to register a transfer of shares it must send notice of the refusal to the transferee within 28 days after the day the board declined to register the transfer.
5. The board of the co-operative must not consent to the sale or transfer of shares that would result in a member having an interest (including a beneficial interest) in more than 20% of the issued share capital of the co-operative unless otherwise permitted under the Law.
6. The transferor is taken to remain the holder of the share until the name of the transferee is entered in the register of members.
7. The board must maintain a record of all transfers in the co-operative's register of members and their shareholdings.
8. The board may suspend the registration of transfers during the 45 days immediately before the annual general meeting (**AGM**) in each year.

3.7 EFFECT OF SALE, TRANSFER OR DISPOSAL OF SHARES

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

3.8 TRANSFER OF SECURITIES OTHER THAN SHARES

1. Securities other than shares (such as debentures and co-operative capital units) may be transferred using an instrument or form approved by the board that is executed by or on behalf of the transferor and the transferee.
2. The transferor is taken to remain the holder of the security until the transferee's name is entered in the register of security holders.
3. The board may decline to register an instrument or form transferring a security other than a share if:
 - a. the transfer would be contrary to the terms of issue of such security, or
 - b. the transfer fee (as noted on the transfer form or instrument) is not paid to the co-operative for the transfer of registration.
4. The board of the co-operative may require the instrument or form of transfer to be accompanied by:
 - a. the relevant security certificate(s) and any other evidence the board reasonably requires showing the right of the transferor to make the transfer; and
 - b. evidence of the payment of any government duty where such duty is payable.
5. If the co-operative refuses to register a transfer of securities under this rule, it must, within 28 days after the date on which the transfer was lodged with it, send to the transferee notice of the refusal.

3.9 ISSUE OF CO-OPERATIVE CAPITAL UNITS (CCUs)

1. The board may confer an interest in the capital of the co-operative by issuing CCUs in accordance with the Law.
2. At a meeting of CCU holders, each CCU holder is entitled to one vote per CCU held.
3. The rights of the holders of CCUs may be varied only in the way and to the extent provided by their terms of issue and only with the consent of at least 75% of those holders of CCUs who, being entitled to do so, cast a formal vote to accept the variation at a meeting.
4. The holder of a CCU has, in the person's capacity as a holder of a CCU, none of the rights or entitlements of a member of the co-operative.
5. The holder of a CCU is entitled to receive notice of all relevant meetings of the co-operative and all other documents in the same manner as the holder of a debenture of the co-operative.

CATEGORY 4 - Board of directors and board meetings

4.1 BOARD OF DIRECTORS

1. The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in a general meeting.
2. The board must have a minimum of 7 directors. Two directors may be appointed by the board (**board appointed directors**) and the balance of the directors may be appointed by members (**member elected directors**).
3. The board may, by resolution, delegate any of its powers (other than this power of delegation) provided that:
 - a. the delegation:
 - i. is in writing; and
 - ii. is only a delegation of power to a committee that includes a minimum of two directors; and
 - b. the instrument of delegation clearly describes the power delegated and any limitations on the exercise of such delegated power.

4.2 QUALIFICATIONS OF DIRECTORS

A person is not qualified to be a director of the co-operative unless the person is a natural person over the age of 18 years and is an active member of the co-operative or a representative of a corporation that is an active member of the co-operative.

4.3 MEMBER ELECTED DIRECTORS TERMS OF OFFICE

1. The term of office for a member elected director is three years, ending at the conclusion of the AGM on the day of the third AGM after that director's election.
2. Unless approved otherwise by resolution of the board, member elected directors may only hold office for a maximum of three consecutive terms (being three consecutive terms of three years each).

4.4 ELECTION OF DIRECTORS BY MEMBERS

1. The member elected directors are to be elected in the manner specified in this rule and for the purpose of this rule a reference to "director" is to be regarded as a reference to a "member elected director".
2. At an AGM at which there are vacancies in the office of director as a result of retirement or due to a casual vacancy, the vacated office may be filled in the following manner:
 - a. at least six weeks before the AGM, the board must:
 - i. display a notice at the registered office of the co-operative specifying the number of directors retiring at the AGM and any casual vacancies to be filled; and
 - ii. advise the members of:
 - A. their eligibility to nominate as a director; and
 - B. the nomination and election procedures.
3. A nomination for election of a director must:
 - a. be signed by two or more members; and
 - b. provide details of the qualifications and experience of the person nominated; and
 - c. be accompanied by a notice in writing signed by the person consenting to their

nomination.

4. The nomination and the notice of consent must be lodged with the secretary of the co-operative at least 30 days before the AGM.
5. The secretary, or an officer nominated by the board, must give details of each person who has been nominated to members with the notice of the AGM. Details to be provided to members must include:
 - a. the nominee's name; and
 - b. the nominee's qualifications and experience; and
 - c. the nominee's length of any previous service as a director of the co-operative or with any other co-operative.
6. If the number of nominees equals the number of vacancies, the nominees must be declared elected at the AGM.
7. If there are insufficient nominees to fill all vacancies, the nominees must be declared elected at the AGM and any remaining vacancies will become casual vacancies.
8. If the number of nominees exceeds the number of vacancies, the election of directors must be conducted at the meeting by ballot as follows:
 - a. A returning officer is elected at the meeting. The directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.
 - b. All nominees are to be listed on the ballot form in alphabetical order.
 - c. The returning officer is responsible for determining the validity of and counting of the votes.
 - d. If there is an equality of votes, there must be a new ballot.
 - e. The returning officer is to declare the election results.

4.5 REMOVAL OF A DIRECTOR

1. The co-operative may by resolution under the Law, with special notice, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the removed director. The person appointed must retire when the removed director would otherwise have retired.
2. For the purposes of this rule, 'special notice' is a notice required under the Law to be given two months prior to the meeting at which the resolution is to be considered.
3. The board may by resolution passed by at least two thirds of the directors voting, remove a board appointed director.

4.6 WHEN A DIRECTOR VACATES OFFICE AND CASUAL VACANCIES

1. In addition to the circumstances set out in s179 of the CNL, a director vacates office if the director dies or becomes unable to manage their affairs by reason of mental incapacity.
2. The board may appoint a qualified person to fill a casual vacancy in the office of director that arises because of an event referred to in paragraph 1 of this rule or because there were insufficient nominees for election at an AGM or otherwise due to vacancies becoming available.
3. A person appointed to fill a vacancy under paragraph 2 of this rule is appointed until the next AGM.

4.7 ALTERNATE OR DEPUTY DIRECTORS

1. The board may appoint a person to act as a member elected director (an alternate director or deputy director) in the place of an absent member elected director (the principal director).
2. A person is qualified to be appointed as an alternate or deputy director if the person is an

active member or is a corporate representative for an active corporate member.

3. An alternate or deputy director holds office until the next AGM or until the next general meeting held to elect member elected directors to fill any vacancies (whichever is earlier).
4. An alternate or deputy director for a member elected director (the principal director) vacates office:
 - a. in similar circumstances or cases to those in which the principal director would vacate office under these rules; or
 - b. if the or deputy alternate director is removed from office by the board as alternate or deputy director for failure, without its leave, to attend a meeting of the board at which the principal director is absent.

4.8 DIRECTOR REMUNERATION

Directors' remuneration must be approved at a general meeting.

4.9 BOARD MEETINGS

1. Meetings of the board are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.
2. A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.
3. Except as otherwise provided in these rules or under the Law, questions arising at a meeting must be decided by a majority of votes.
4. If votes are equal, the chairperson has a second or casting vote.
5. Other than in special circumstances decided by the chairperson, at least 48 hours' notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.
6. The board may pass resolutions without a meeting by circulating papers and copies of the resolution(s) for signing by the directors in accordance with s176 of the CNL.

4.10 BOARD QUORUM

The quorum for a meeting of the board is 50% of the number of directors (or if that percentage of the number of directors is not a whole number, the whole number next higher than 50%).

4.11 CHAIRPERSON AND OTHER OFFICERS OF THE BOARD

1. The chairperson of the board and any other board officers are to be elected by the board from their number.
2. If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until (if at all) the chairperson attends and is willing to act as chairperson.

4.12 MINUTES OF BOARD AND OTHER MEETINGS

1. The board must keep minutes of all meetings and, in particular, of:
 - a. all appointments of officers and employees made by the directors; and
 - b. the names of the directors present at each meeting of the board or of a board

committee; and

- c. all resolutions and proceedings at all general meetings of the co-operative, board meetings and committee meetings.
2. Minutes must be entered in the appropriate records within 28 days of when the meeting to which they relate was held.
3. The minutes are to be signed (electronically or otherwise) and confirmed by the chairperson within a reasonable time after the meeting to which they relate was held.
4. Members do not have access to the minutes of board or committee meetings but may write to the board to request access to such minutes and it will be at the board's discretion as to whether such request will be fulfilled and if so, made subject to any conditions.

CATEGORY 5 - Member meetings

5.1 GENERAL MEETINGS

1. An AGM must be held on a date and at a time decided by the board within five months of the end of the co-operative's financial year or within any further time allowed by the Registrar.
2. The board may, whenever it considers appropriate, call a special general meeting of the co-operative.
3. General meetings may be held using technology that permits a member to participate contemporaneously in the meeting and enables the member to hear proceedings, ask questions of the board or the auditor and to cast a vote.

5.2 NOTICE OF GENERAL MEETINGS AND MEMBER RESOLUTIONS

1. At least 14 days' notice of a general meeting must be given.
2. The period of notice is calculated by starting from the day after the notice is served or taken to be served and is taken to include the day on which the meeting is to be held.
3. Notice must be given to each member of the co-operative and any other persons who are entitled to receive such notices under the Law.
4. The notice must state the place, day and hour of the meeting and if the meeting is to be conducted using technology, the notice must include instructions about how to participate in the meeting.
5. The notice must state what ordinary business is to be considered and, if there is to be any special business, the general nature of any special business.
6. The notice must also include any business that members have notified their intention to move at the meeting provided that paragraph 7 of this rule has been complied with.
7. Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the co-operative, and who have a resolution that requires a decision by the members at a general meeting, must serve written notice of it on the co-operative.
8. If the co-operative has been served with notice under paragraph 7 the resolution is to be considered at the next general meeting that occurs more than two months after the notice is served or taken to be served.

5.3 BUSINESS OF THE AGM

1. The ordinary business of the AGM of the co-operative must be:
 - a. to confirm minutes of the preceding general meeting (whether annual or special); and
 - b. to receive from the board, auditors or officers of the co-operative:
 - i. the financial reports or financial statements of the co-operative for the financial year; and
 - ii. the board's solvency resolution stating whether or not there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable; and
 - c. to approve any payments of fees to directors; and
 - d. to elect member elected directors to fill any vacancies on the board.
2. The AGM may also transact special business, notice of which has been given to members under these rules.
3. All business of a general meeting, other than business of the AGM that is ordinary business, is special business.

5.4 QUORUM AT GENERAL MEETINGS

1. An item of business cannot be considered or decided at a general meeting unless a quorum of members is present.
2. The quorum is 20 members entitled to vote at a meeting of the co-operative.
3. A member is present for the purpose of these rules if the member is entitled to vote and:
 - a. is physically present; or
 - b. is represented by their legal personal representative or corporate representative; or
 - c. is attending via video link or other technology that enables the member to participate in the proceedings.
4. A proxy given to another member does not entitle the person giving the proxy to be counted as a member who is present for the purposes of paragraph 2 of this rule.
5. If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
6. If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the members present constitute a quorum.

5.5 CHAIRPERSON AT A GENERAL MEETING AND ADJOURNMENTS

1. The chairperson of the board or other director appointed by the board will preside as chairperson at every general meeting of the co-operative.
2. If there is no chairperson appointed in accordance with paragraph 1 of this rule, or if at a meeting the appointed chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present must choose an alternative director to be chairperson (until the appointed chairperson attends and is willing to act).
3. The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting to a different time and place.
4. The only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
5. It is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting unless the meeting is adjourned for 14 days or more, in which case notice of the adjourned meeting must be given just as for the original meeting.

5.6 ATTENDANCE AND VOTING AT GENERAL MEETINGS

1. The right to vote attaches to membership and not shareholding.
2. Each active member has only one vote at a meeting of the co-operative.
3. In the case of a joint membership:
 - a. joint members have only one vote between them;
 - b. every joint member is entitled to attend and be heard at a general meeting; and
 - c. 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.
4. A resolution, other than a special resolution, must be decided by simple majority.
5. Subject to paragraphs 6 and 7 of this rule, a question for decision at any general meeting must be decided on a show of hands of members attending the meeting.
6. A poll may be demanded on any question for decision.
7. If before a vote is taken or before or immediately after the declaration of the result on a show

of hands:

- a. the chairperson directs that the question is to be determined by a poll; or
 - b. at least five members present in person or represented by proxy demand a poll; the question for decision must be determined by a poll.
8. The poll must be taken when and in the manner that the chairperson directs.
 9. A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
 10. Once the votes on a show of hands or on a poll have been counted a declaration by the chairperson that a resolution has been carried (unanimously or by a majority) or lost is evidence of that fact.
 11. The result of the vote must be entered in the minute book.

5.7 VOTING ON A SHOW OF HANDS OR ON A POLL

1. On a show of hands at a general meeting, each member who is present in accordance with rule 5.4.3 may only exercise one vote.
2. On a poll called at a general meeting, each member:
 - a. who is present in accordance with rule 5.4.3; or
 - b. who is represented by a proxy (but only if proxies are allowed under rule 5.9), may only exercise one vote.

5.8 DETERMINING THE OUTCOME WHEN VOTES ARE EQUAL

1. The chairperson of the meeting may exercise a second, casting vote where the votes in favour of and against a resolution are equal.
2. Where the votes in favour of and against a resolution are equal and the chairperson does not cast a second vote, the resolution fails.

5.9 PROXY VOTING

1. For the purposes of this rule:
 - o a **directed proxy** is a document appointing a person to vote on behalf of a member and where the document specifies how the member's vote is to be cast on a particular matter; and
 - o an **undirected proxy** is a document appointing a person to vote on behalf of a member and the document contains no direction on how the member's vote is to be cast.
2. Voting may be by proxy at a general meeting.
3. The document appointing a proxy must be in writing signed by the appointer or the appointer's representative, provided that any such representative has authority to appoint a proxy.
4. A document appointing a proxy may only appoint a person who is an active member of the co-operative as their proxy.
5. If the document appointing the proxy is a directed proxy, the proxy is not entitled to vote on the resolution other than as directed in the proxy document.
6. A person may be appointed as a proxy by no more than five members where the proxy is an undirected proxy.
7. A person may be appointed as a proxy by any number of members where the documents are directed proxies.
8. A document appointing a proxy is not valid unless it is delivered, either by post or electronic means, to the registered office of the co-operative at least 48 hours before the time for holding the meeting or any adjournment of that meeting.

9. A vote given in accordance with a directed proxy is valid unless the co-operative receives notice in writing at its registered office of the death or unsoundness of mind of the appointer, or revocation of that directed proxy, before the start of the meeting or adjourned meeting at which the proxy document is used.

5.10 POSTAL BALLOTS

1. For the purposes of this rule:
 - a. a **postal ballot** includes a ballot conducted by the use of technology, such as email or other voting software; and
 - b. a **ballot paper** means a ballot paper in paper or electronic form.
2. A postal ballot may be held in respect of any matter that may be decided by the members at general meeting, under rule 5.3.
3. In determining whether to hold a postal ballot on a matter for decision by members, the board must take into consideration the following matters:
 - a. whether a postal ballot would facilitate a more democratic decision by members; and
 - b. whether a postal ballot is time and cost effective.
4. A postal ballot must be held in respect of a matter that may be decided by special resolution by the members, where members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative, require the board to conduct the vote by postal ballot.
5. The board may determine in a particular case whether the matter to be decided by postal ballot should be a secret ballot and whether votes may be returnable by email or other electronic means or both.
6. If email or other electronic means for voting are used, members who have limited or no access to email or other electronic means, must not be prejudiced, and must have reasonable time to be advised of the postal ballot, to consider, record and return their vote.
7. The board is to appoint a returning officer to conduct the postal ballot. In default of such an appointment, the secretary is the returning officer.
8. Ballot papers must be sent to all voting members at least 21 days before the closing date of the postal ballot.
9. Ballot papers are to be in the form approved by the board and must include the following:
 - a. particulars of the matter to be decided by postal ballot;
 - b. an explanation of how to lodge a valid vote;
 - c. the majority required to pass the vote; and
 - d. notice of the closing time and date of the postal ballot.
10. This rule does not apply to special postal ballots.

5.11 SPECIAL POSTAL BALLOTS

1. For the purposes of this rule:
 - a. a **special postal ballot** includes a ballot conducted by the use of technology, such as email or other voting software; and
 - b. a **ballot paper** means a ballot paper in paper or electronic form.
2. Where a special postal ballot is required under the Law, the board may determine in a particular case whether the special postal ballot should be a secret ballot and whether votes may be returnable by email or other electronic means or both.
3. If email or other electronic means for voting are used, members who have limited or no access to email or other electronic means, must not be prejudiced in any way and must have reasonable time to be advised of the postal ballot, to consider, record and return their vote.

4. The board is to appoint a returning officer to conduct the special postal ballot. In default of such an appointment, the secretary is the returning officer.
5. Ballot papers must be sent to members at least 28 days before the closing date of the special postal ballot.
6. Ballot papers are to be in the form approved by the board and must include the following:
 - a. particulars of the matter to be decided by special postal ballot;
 - b. all documents required for special postal ballots as set out under the Law;
 - c. an explanation of how to lodge a valid vote;
 - d. the majority required to pass the vote; and
 - e. notice of the closing time and date of the special postal ballot.

5.12 SPECIAL RESOLUTIONS

1. A notice of special resolution is required to be given to members at least 21 days before the vote or ballot time (or 28 days in the case of a special postal ballot).
2. The notice of special resolution must state:
 - a. the intention to propose the special resolution;
 - b. the wording of the proposed special resolution;
 - c. the reasons for proposing the special resolution; and
 - d. the effect of the special resolution being passed.
3. A special resolution is passed if:
 - a. two-thirds of the active members who cast a vote, vote in favour of the resolution at a general meeting or in a postal ballot of members; or
 - b. three-quarters of the active members who cast a vote, vote in favour of the resolution in a special postal ballot of members.

CATEGORY SIX - Accounts and administration

6.1 FINANCIAL YEAR

The financial year of the co-operative ends on 30 June. The current financial year (as at the date of adoption of these rules) is to be extended for five months until 30 June 2020.

6.2 BANK ACCOUNTS

1. The board must have at least one financial institution account, electronic or otherwise, in the name of the co-operative, into which all amounts received by the co-operative must be paid as soon as possible after receipt.
2. All cheques, bills of exchange, promissory notes and other negotiable instruments drawn on the account of the co-operative must be signed by two authorised officers or employees of the co-operative.
3. The board may authorise one or more officers or employees of the co-operative to operate an electronic account in the name of the co-operative, without the need for a second written or electronic signature, provided that the authority is restricted to:
 - a. transactions conducted in the ordinary course of the co-operative's business; and
 - b. subject to a monetary limit specified in the board's written authorisation.

6.3 MEMBER FINANCIAL STATEMENTS AND AUDIT

1. The cooperative must appoint an auditor.
2. An auditor appointed under this rule is to conduct an audit of the financial statements to be provided to members.
3. The appointment of an auditor may be made:
 - a. at an AGM by the members; or
 - b. by the board to fill a vacancy arising other than by the removal of the auditor by the co-operative in general meeting and an auditor so appointed shall hold office until the next AGM where that appointment shall either be confirmed by the members or another auditor appointed.
4. The audited financial statements must be provided to members either 21 days before the AGM or four months after the end of the cooperative's financial year, whichever is earlier.

6.4 PROVISION FOR LOSS

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

6.5 DISTRIBUTION OF SURPLUS OR RESERVES

1. The board may resolve to retain all or part of the surplus arising in a year from the business of the co-operative to be applied for the benefit of the co-operative.
2. The co-operative may dispose of any reserves or surplus arising in a financial year from the business of the co-operative, in the manner authorised under the Law as determined by the board.
3. Any part of the surplus but not more than 50% arising in any year from the business of the co-operative may be applied to support any activity approved by the co-operative or for any charitable purpose.

6.6 SAFEKEEPING OF SECURITIES

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

6.7 CO-OPERATIVE SEAL

The co-operative does not have a seal.

6.8 AMENDMENT AND COPIES OF RULES

1. Any amendment of the rules must be approved by special resolution.
2. A proposal to amend any rules must be in accordance with the Law and made in a form approved by the board clearly showing the existing rule or rules concerned and the proposed amendment to those rules.
3. A member is entitled to a copy of the rules, being a current consolidated set of the rules, on payment to the co-operative of the following amount:
 - a. for a hard copy of the rules – \$10; or
 - b. for an electronic copy of the rules – Nil.

6.9 NOTICES AND OTHER DOCUMENTS TO MEMBERS

1. In addition to any other requirements of the Law regarding notices to members, a notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has given consent and notified the co-operative of the relevant contact details.
2. If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
3. 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.
4. 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.
5. 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 in their capacity as the representative of the deceased, incapacitated person, trustee, or liquidator, as the case may be, and:
 - a. the address should be that supplied for the purpose by the person claiming to be entitled; or
 - b. if no such address has been supplied, the notice can be given in the manner in which it would have been given if the death, incapacity or bankruptcy had not occurred.

6.10 WINDING UP

1. The winding up of the co-operative must be in accordance with the Law.
2. If on the winding up or dissolution there remains any property after the satisfaction of all the co-operative's debts and liabilities this must be distributed in the following manner:

- a. first, repayment of amounts paid up on shares or other securities issued by the co-operative in accordance with their terms of issue; then
 - b. any remaining surplus must be distributed to members of the co-operative in proportion to their shareholding, subject to the terms of issue of any other securities issued by the co-operative.
3. If on the winding up or dissolution there is a deficiency, members are liable to contribute to the deficiency to the extent of any amount unpaid on the shares they hold and any charges payable by them to the co-operative, as required by these rules.