



Manly Food Co-Operative  
21b Whistler St, Manly NSW 2095  
02 9977 0177  
[www.manlyfoodcoop.org](http://www.manlyfoodcoop.org)

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## INTERPRETATION

1. In these rules, unless the context otherwise requires:

- (a) "active member" means a member who is in active membership within the provisions of Rule 12.
- (b) "alter" or similar word or expression used in relation to a rule amendment, includes add to, substitute, and rescind:
- (c) "Auditor" means auditor or auditors for the time being of the co-operative appointed pursuant to Rule 68.
- (d) "banking account" includes an account with a credit union or building society registered under the Financial Institutions (NSW) Code into which the co-operative's monies may be paid;
- (e) "director" means any director of the co-operative for the time being and includes a deputy director.
- (f) "financial year" means the financial year of the co-operative as specified in Rule 65.
- (g) "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 at the board's discretion;
- (h) "member" means a member of the co-operative;
- (i) "month" means calendar month;
- (j) "prescribed" means prescribed by the Act or under the Act by Regulation;
- (k) "regulation" means regulation made under the Act, and any regulation that applies to co-operatives by way of a transitional regulation made under the Act;
- (l) "rules" mean the registered rules of the co-operative as amended from time to time and reference to particular rules has a corresponding meaning.
- (m) "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 Act or the Rule granting the power;
- (n) "special resolution" means a resolution which is passed in accordance with Rule 42.



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- (o) "the Act" or "Co-operatives Act" means the Co-operatives Act 1992 and includes any amendment or re-enactment of that Act, or any Act, Code or other Statutory Instrument in substitution of that Act;
  - (p) the "board" means the whole or any number of the directors assembled at a meeting of the Directors or transacting business in accordance with Rule 56, being not less than a quorum or a majority, as the case may be.
  - (q) "the co-operative" means Manly Food Co-operative Ltd
  - (r) "the Registrar" means the Registrar of Co-operatives or any person delegated the Registrar's functions;
  - (s) "share" means share in the capital of the Co-operative;
  - (t) "the State" means the State of New South Wales;
  - (u) "writing" includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and "written" has a corresponding meaning.
  - (v) Words importing one gender include the other genders
  - (w) Words importing persons include corporations.
  - (x) Words in the singular include the plural, and vice versa;
  - (y) Words or expressions used have the same meanings as those given to them by the Act.

## **RULES**

2. (a) The rules of the co-operative have the effect of a contract under seal:

- (i) between the co-operative and each member;
- (ii) between the co-operative and each director, the principal executive officer and the secretary of the co-operative; and
- (iii) between a member and each other member.

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) The rules may be altered by a special resolution, by a resolution of the Board in accordance with section 112 of the Act or as otherwise permitted by the Act. No alteration to these rules takes effect until it is registered by the



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Registrar.

- (c) Any 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 Board may from time to time determine. Any person may inspect a copy of these rules free of charge at the registered office during ordinary business hours.

## NAME

3. (a) The name of the co-operative shall be

**Manly Food Co-operative Ltd**

- (b) The co-operative may change its name in accordance with section 269 of the Act

## REGISTERED OFFICE

4. (a) The registered office of the co-operative shall be at

**21B Whistler Street, Manly NSW 2095.**

or such other place as the board of the co-operative may determine. The board shall notify the registrar of any change of address of the registered office within 14 days after the change, and on the form approved by the Registrar.

- (b) (i) The Board may, with the Registrar's approval, pass a resolution to alter paragraph (a) to insert the new address of the registered office.
- (ii) An application for registration of the board resolution shall be forwarded to the Registrar together with the approved form notifying the change of address, within 14 days of the passing of the board resolution altering paragraph (a).
- (iii) Notice of the registration of alteration shall be given to members in accordance with Section 112 (2) of the Act.

## OBJECTS

5. The objects of the Co-operative shall be:

**To make food, products and services of a high quality available at reasonable cost to cooperative members and the local community.**

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## POWERS

6. (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 Act.
- (b) The powers of the co-operative to:
- (i) obtain financial accommodation; and
  - (ii) give security for the repayment of money,
- shall be exercised subject to the Act, but otherwise unlimited by the rules.

## PURCHASE OF MEMBERS' SHARES

7. Subject to section 172 of the Act the co-operative may:
- (a) (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 amount paid for a share when it is repurchased may be an amount that is less than the nominal value of the share, but only if the books of the cooperative disclose that the amount paid is the net shareholder's equity per share in the undertaking of the co-operative.
  - (c) The co-operative shall cancel any share purchased or repaid in full by the co-operative.
  - (d) If, in the opinion of the board, payment of the repurchase price would adversely affect the financial position of the co-operative, the board may exercise any of the following options instead of paying the sum to the member:
    - (i) apply the amount as a deposit by the member with the co-operative; or
    - (ii) allot or issue debentures of the co-operative to the member in satisfaction of the amount.
  - (e) A deposit or debenture issued pursuant to paragraph (c) shall be repaid to the member as soon as repayment would not, in the opinion of the board, adversely affect the financial position of the co-operative, and in any case, within 10 years.



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## DEALINGS OF MEMBERS WITH CO-OPERATIVES

8. (a) The co-operative may, in accordance with section 78 of the Act, make a contract with a member requiring the member to have specified dealings with the co-operative for a fixed period.
- (b) The provisions of the contract may require a member
- (i) to sell products through or to the co-operative; or
  - (ii) to obtain supplies or services through or from the co-operative; or
  - (iii) to pay to the co-operative specified sums as liquidated damages for any failure to comply with a requirement authorised by this section.
- (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 80 of the Act, a charge on each of the following:
- (i) the share or interest in the capital and the credit balance and deposits of the member or past member;
  - (ii) any dividend, interest or rebate payable to the member or past member,
  - (iii) any entry and periodic fees required to be repaid to a member when the member ceases to be a member.

The charge created pursuant to Section 80 of the Act shall be enforced in accordance with that Section and rule 25.

## SEAL

9. (a) The co-operative shall, as required by Section 258(1 )(a) of the Act, have the name of the co-operative appear in legible characters on its common seal and on any official seal. The common seal shall be kept at the registered office in such custody as the board shall direct.
- (b) The co-operative may, pursuant to section 49 of the Act, have for use in place of its Common Seal outside the State, one or more official seals. Each of the additional seals must be a facsimile of the common seal with the addition on its face of the name of the place where it is to be used.
- (c) (i) The seal of the co-operative shall not be affixed to any instrument except by resolution of the board. Two directors and the secretary must be present and must sign all instruments sealed while they are present. (The board may appoint some person other than the secretary for this).



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- (ii) The person affixing the official seal must certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.

## **CUSTODY AND INSPECTION OF RECORDS AND REGISTERS**

10. (a) The Co-operative must have at its registered office and available during normal office hours for inspection by any member or creditor free of charge the following:
- (i) a copy of the Act and the regulations;
  - (ii) a copy of the rules of the co-operative;
  - (iii) a copy of the accounts of the co-operative and of each subsidiary of the co-operative, in respect of the financial year of the co-operative or subsidiary then last past, together with any report of the auditors or directors of the co-operative or subsidiary concerning those accounts;
  - (iv) the register of directors, members and shares;
  - (v) the register of loans to, securities given by, debentures issued by and deposits received by the co-operative;
  - (vi) the register of CCUs issued by the co-operative;
  - (vii) such other registers as are required by the Act or the Regulations to be open for inspection.
- (b) Any person is entitled to inspect the register of members, directors and shares of a co-operative during normal office hours, and to make a copy of the entries therein for the fee of \$5.
- (c) The minutes of the meetings of the co-operative must be kept at the registered office and available for inspection by any member free of charge.

## **QUALIFICATIONS FOR MEMBERSHIP**

11. (a) Every member shall hold at least 1 share.
- (b) A person is not qualified to be admitted to membership of the co-operative unless there are reasonable grounds for believing that the person will be an active member of the co-operative.

## **ACTIVE MEMBERSHIP PROVISIONS**

12. In accordance with Part 6 of the Act:



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- (a) The operation of a trading store specialising In high quality food produce is a primary activity of the co-operative; and
- (b) a member shall:
- (i) volunteer to work a minimum 2 hours every three months; or
  - (ii) purchase goods to a minimum value of \$10 per annum
- in order to establish active membership of the co-operative.

## 12A ANNUAL SUBSCRIPTION

Members may be required to pay a quarterly subscription which shall:

- (a)
- (i) be in addition to any other charges payable under the rules;
  - (ii) be determined by the Board from time to time;
  - (iii) be payable, in advance, within the period set by the Board; and
  - (iv) be not less than \$10 or more than \$100 in any financial year.
- (b) Notwithstanding paragraph (a)(iii), the Board may, either generally or in a specific case, extend a period for the payment of the levy, even though the previous period has expired. The extended period for payment shall not exceed two (2) months.
- (c) For the purposes of this rule, the term "within", in relation to a period set by the Board, means at any time at all before the end of the period.

## FORFEITURES AND CANCELLATIONS- INACTIVE MEMBERS

13. (a) The board shall, after giving notice in accordance with section 132 of the Act, declare the membership of a member cancelled if:
- (i) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least 2 years before that date; or
  - (ii) the member is not presently an active member and has not been an active member at any time during the past 2 years immediately before that time.
- (b) The board is to declare the shares of a member forfeited at the same time as the membership is cancelled and the amounts due in respect of that cancellation and forfeiture shall be dealt with and repaid in accordance with section 134 of the Act.



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- (c) The co-operative shall, in a form approved of by the Registrar, keep a register of memberships cancelled pursuant to paragraph (a), which shall specify the particulars prescribed in Schedule 3 of the Co-operatives (General) Regulation 1993.

## **CAPITAL AND SHARES**

14. (a) The capital of the co-operative shall be raised by the issue of shares which shall be of one class, all ranking equally, and be of nominal value of \$5 each.
- (b) The capital shall vary in amount according to the nominal value of shares from time to time subscribed.
- (c) No share is to be allotted (other than bonus share) unless at least 10% of the nominal value of the share has been paid. A share is not to be issued at a discount.
- (d) No member shall hold more than 20% of the nominal value of issued share capital of the co-operative except in accordance with section 289 of the Act.
- (e) The board may require a member to take up or subscribe for additional shares in accordance with a proposal approved of by the members by special resolution in accordance with section 155 of the Act.
- 14A. 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 (C'wlth))

## **MEMBERSHIP AND SHARES**

15. (a) The co-operative shall supply, with each application for membership, a written notice of any intending or prescribed entry or periodic fees that a person will be liable to pay on becoming a member of the co-operative.
- (b) Applications for membership, shares or additional shares shall be lodged at the registered office in or to the effect of the form, approved by the board, together with the amount required to pay the shares fully in respect of each share applied for. Every such application shall be considered by the board. If the board approves of the application, the board shall allot the shares applied for. The applicant's name together with the number of shares allotted, date of allotment and any other information required by or under the Act shall be entered in the register of members. The applicant shall be notified in writing of the allotment and of the entry in the register and shall then be entitled to the privileges attaching to membership, or to the holding of shares or additional shares, as is appropriate to the case.
- (c) The board may, at its discretion, refuse any application for membership or





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shares (other than additional shares the subject of a compulsory issue under section 155 of the Act) and need assign no reasons for such refusal. Upon refusal the applicant's deposit shall be refunded without interest.

### **LIABILITY OF MEMBERS TO CO-OPERATIVES**

16. (a) A member shall, in accordance with section 76 of the Act, be liable to the co-operative for the amount, if any, unpaid on the shares held by that member, together with any charges, including entry and periodic fees, payable by the member to the co-operative as required by these rules.
- (b) On the death of a member, the member's estate is subject to the same liability as the member would have been until the member's personal representative or some other person is registered in the member's place.
- (c) The joint holders of a share shall be jointly and severally liable in respect of any such amount unpaid on shares and to any such charges referred to in paragraph (a).

### **ONE MEMBER ONE VOTE**

17. (a) An active member of the co-operative shall have one vote only in respect of any question or motion arising at a general meeting of the co-operative.
- (b) A member's right to vote is a personal right and is not attached to, or conferred by, any share held by the member in the co-operative.
- (c) In the case of joint membership, the joint members shall have 1 vote only between them and that vote may only be exercised (subject to the grant of any proxy or power of attorney) by the joint member whose name appears first in the register of members.

### **RESTRICTION ON VOTING ENTITLEMENT UNDER POWER OF ATTORNEY**

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

### **CEASING MEMBERSHIP**

19. A person shall cease to be a member in any of the following circumstances :
- (a) if the member's membership is cancelled under Part 6 (Active membership requirements);
- (b) if the member is expelled in accordance with the co-operative's rules;



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- (c) if the member becomes bankrupt and the trustee of the member's estate disclaims any of his or her property in accordance with the law relating to bankruptcy;
- (d) on death of the member;
- (e) if the contract of membership is rescinded on the ground of misrepresentation or mistake;
- (f) if the member's share is transferred to another person and the transferee is registered as the holder of the share;
- (g) if the member's share is forfeited in accordance with the provisions of the Act or the provisions of these rules;
- (h) if the member's share is purchased by the co-operative in accordance with the provisions of these rules; and
- (i) if the amount paid up on the member's share is repaid to the member in accordance with the provisions of these rules

## **EXPULSION OF MEMBERS**

20. (a) A member may be expelled from the co-operative by special resolution to the effect:
- (i) that the member has failed to discharge the member's obligations to the co-operative, whether prescribed by these rules or arising out of any contract; or
  - (ii) that the member has been guilty of conduct detrimental to the cooperative.
- (b) In either case written notice of the proposed resolution shall be forwarded to the member not less than 14 days before the date of the meeting at which the special resolution is to be moved, and the member shall be given a reasonable opportunity of being heard at the meeting.
- (c) The shares of any member expelled shall be cancelled as at the date of expulsion and the cancellation shall be noted in the register of shares. Subject to paragraph (d), the co-operative shall however pay to the expelled member the amount of capital paid up on the member's shares at the time of expulsion (less any amount owing by the member to the co-operative).
- (d) For the purpose of this rule "deficiency" shall mean the amount of



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accumulated loss or deficiency disclosed in the last preceding balance sheet of the co-operative. Where such a deficiency exists an appropriate proportion of the loss or deficiency must be deducted from the amount of capital paid up on the shares of the expelled member. This is done having regard to the number of such shares in relation to the number of shares in the co-operative.

- (e) Payment to the expelled member shall be made at such time as shall be determined by the board in its discretion but not later than twelve (12) months from the date of expulsion.
- (f) An expelled member shall not be re-admitted as a member unless such re-admission is approved by special resolution. A member so re-admitted shall not have restored to him or her any shares which were cancelled on his or her expulsion.

### **CERTIFICATE OF SHARES**

- 21. (a) Every person whose name is entered as a member in the register of members shall be given, after application by him or her, and without payment, a certificate under the seal of the co-operative specifying the shares held by him or her and the amount paid up on those shares.
- (b) However, where shares are held jointly by several persons the co-operative shall not be bound to issue more than one certificate, and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.
- (c) If a share certificate is defaced, lost or destroyed a duplicate may be issued by the co-operative on payment of a fee, not exceeding \$5, and on such terms as to evidence and indemnity as the board thinks fit.

### **CALLS AND ALLOTMENT OF SHARES**

22. Deleted

### **DEFAULT IN PAYMENT OF SHARES**

23. Deleted

### **FORFEITED SHARES**

- 24. (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 nevertheless remain liable to pay to the co-operative all moneys which (as at the date of forfeiture) were payable by him or her to the co-operative in respect of the shares.



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- (b) A statutory declaration in writing by a director of the co-operative stating that a share in the co-operative has been forfeited on a date stated in the declaration, shall be conclusive evidence of that fact as against all persons claiming to be entitled to the share.
  - (c) The Co-operative shall, pursuant to Rule 25, have a charge upon the paid up amounts of the forfeited shares and may appropriate those amounts pursuant to paragraph (b) of that Rule.

## **CHARGES ON SHARES**

25. (a) The co-operative shall, as provided in section 80 of the Act, have a charge upon the share or interest in the capital, and on the credit balance and deposits of a member or past member, and upon interest payable to a member or past member, in respect of any debt due from the member or past member to the co-operative. The co-operative may also set off any amount paid on account of that share or otherwise or any amount credited or payable to such member or past member in or towards payment of the debt.
- (b) The charge may be enforced at any time after 7 days notice to the member or past member, via the appropriation by the co-operative of the capital, interest or deposit subject to the charge. Any share in respect of which capital has been appropriated shall be cancelled.
- (c) The co-operative may sell in such manner as the directors think fit all or any shares on which the co-operative has charge. However, no sale shall be made unless some sum in respect of which the charge exists is payable at the date of the sale. Also no sale shall be made until the expiration of 14 days after a notice in writing (stating, and demanding payment of, such part of the amount in respect of which the charge exists as is payable at the date when the notice is given) has been given to the registered holder of the share or the person entitled to it by reason of death or bankruptcy. The notice shall indicate that upon failure to make payment of the sum demanded within the time stipulated the shares will be sold by the board.
- (d) Where the highest offer received by the board is less than the amount paid up on shares to be sold, the board shall, before accepting the offer, notify the member of the receipt of such offer and the amount of the offer, and of the board's intention to accept the offer at the expiration of 14 days, if no payment is made before then to the co-operative of all moneys in respect of which the charge exists.
- (e) 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



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deduction the surplus shall be payable to the member whose shares were sold.

- (f) For giving effect to any such sale the board may authorise a person to transfer the shares sold to the purchaser of them.

**TRANSFER AND TRANSMISSION OF SHARES**

26. (a) The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

- (b) Shares shall be transferred in the following form or in a usual or common form which the board shall approve :-

I, A.B. of .....

in consideration of the sum of \$.....

paid to me by C.D., of.....

(hereinafter called "the said transferee") do hereby transfer to the said transferee the share (or shares) numbered .....

.....

in the .....

.....

to hold unto the said transferee, the transferee's executors, administrators, and assigns, subject to the several conditions on which I hold the same at

the time of the execution thereof; and I, the said transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid.

As witness our hands, the..... day of..... 19.....

Signed by

....., transferor.

In the presence of....., witness.

Signed by

.....,



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transferee.

In the presence of....., witness.

- (c) A share may not be sold or transferred except:
- (i) with the consent of the board, and to a person who is qualified to be admitted to membership of the co-operative under Rules 11 and 12;  
or
  - (ii) as otherwise provided by these rules or the Act.
- (d) The board may decline to register any transfer of shares to a person not qualified to be a member or of whom they do not approve. The board may also decline to register any transfer of shares on which the co-operative has a lien or charge. If the board refuses to register a transfer of shares it shall send notice of the refusal to the transferee within 2 weeks after the date on which the board declined to register the transfer.
- (e) The board of the co-operative shall not consent to the sale or transfer of shares in excess of the nominal value of shares permitted under section 289 to be sold in the financial year.
- (f) The board may decline to recognise any instrument of transfer unless-
- (i) a fee of \$5 is paid to the co-operative for the transfer; and
  - (ii) the instrument of transfer is accompanied by the certificate (if any) of the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.
- (g) The board shall have a record of all transfers made in the proper books of the co-operative.
- (h) The board may suspend the registration of transfers during the 14 days immediately preceding the annual general meeting in each year.

## **EFFECT OF SALE, TRANSFER OR DISPOSAL OF SHARES**

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

## **DEATH OF MEMBER**



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- 28 (a) The Board may register as the holder of a share, a trustee executor or administrator of the estate of a dead person who was the registered holder of the share in the co-operative, or where the deceased member is entitled in equity to a share, with the consent of the holder of the share.
- (b) The Board shall transfer the deceased member's share in the co-operative, to such person as the deceased's personal representative may specify, in an application made to the co-operative within 3 months after the death of the member.

#### **REGISTRATION OF OFFICIAL TRUSTEE IN BANKRUPTCY**

29. (a) Where a member is declared bankrupt, the Official Trustee in Bankruptcy may be registered as the holder of the share held by the bankrupt member.
- (b) The Board may register the Official Trustee in Bankruptcy as the holder of a share in which a bankrupt member has an entitlement in equity, with the consent of the holder of the share.

#### **REGISTRATION AS ADMINISTRATOR OF ESTATE ON INCAPACITY OF MEMBER**

30. A person appointed under a law of a State or Territory to administer the estate of a person who, through mental or physical infirmity is incapable of managing his or her affairs, may be registered as the holder of a share held by the person whose estate the appointed person is administering.

#### **ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, ADMINISTRATOR ETC**

31. (a) A person becoming entitled to a share by reason of the death, bankruptcy or the incapacity of the holder shall be entitled to the advantages to which that person would be entitled if he or she were the registered holder of the share. However, before being registered as a member in respect of the share, the person shall not be entitled to exercise any right conferred by membership in relation to meetings of the co-operative.
- (b) A person registered pursuant to rules 28, 29 and 30 is, while so registered, subject to the same liabilities in respect of the share as those to which that person would have been subject if the share had remained, or had been

registered in the name of the dead person, incapable person or the bankrupt.

#### **ANNUAL GENERAL MEETINGS**

32. (a) A general meeting of the co-operative to be known as the "annual general



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meeting" shall, as provided in section 198 of the Act, be held each year on a date and a time determined by the board as long as it is within five (5) months after the close of the financial year of the co-operative or within such further time as may be prescribed by regulation.

- (b) All general meetings of the co-operative other than the annual general meeting shall be special general meetings.
- (c) If an annual general meeting is not held in accordance with paragraph (a) of this rule, the members may, in accordance with section 202 of the Act and Rule 33, requisition such a meeting.

### **SPECIAL GENERAL MEETINGS**

33. (a) The board may, whenever it thinks fit, convene a special general meeting of the co-operative.
- (b) (i) The Board must convene a general meeting of the Co-operative on the requisition in writing by:
    - (A) any 50 or more active members of the co-operative; or
    - (B) any active 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.
  - (ii) The requisition must:
    - (A) state the objects of the meeting;
    - (B) be signed by the requisitioning members (and may consist of several documents in like form each signed by one or more of the requisitioning members; and
    - (C) be served on the co-operative by being lodged at the registered office of the co-operative.
  - (iii) A meeting requisitioned by members in accordance with these rules must be convened and held as soon as practicable and be held within 2 months after the requisition is served.
  - (iv) Where the board does not convene a meeting twenty one (21) days after the requisition is served, the following provisions apply :
    - (A) the requisitioning members (or any of them representing at least half their aggregate voting rights) may convene the meeting in the same manner as nearly as possible as meetings are





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convened by the board;

- (B) for that purpose they may request the co-operative to supply a written statement setting out the names and addresses of the persons entitled when the requisition was served to receive notice of general meetings of the co-operative;
- (C) the board must send the requested statement to the requisitioning members within 7 days after the request for the statement is made.
- (D) the meeting convened by the requisitioning members must be held not later than 3 months after the requisition is served;
- (E) any reasonable expenses incurred by the requisitioning members because of the board's failure to convene the meeting must be paid by the co-operative;
- (F) any such amount required to be paid by the co-operative is to be retained by the co-operative out of any money due from the co-operative by way of fees or other remuneration in respect of their services to such of the directors as were in default.

## **NOTICE OF GENERAL MEETINGS**

34. (a) At least 14 days notice (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) shall be given of any general meeting in the manner stipulated in Rule 72. Notice must be given to those persons who are, under these rules entitled to receive such notices from the co-operative, but the non-receipt of the notice by any member shall not invalidate the proceedings at such general meeting. The notice must specify the place, the day, and the hour of the meeting and, in the case of special business, the general nature of that business.
- (b) In the case of a special resolution, notice shall be given at least 21 days before the meeting.
  - (c) Any member who has a resolution to submit to a general meeting shall give written notice of it to the co-operative not less than 28 days prior to the date of the meeting.
  - (d) The board shall have inserted in any notice convening a general meeting any business which a member has notified his or her intention to move (and that notification has been made in accordance with these rules).

## **BUSINESS OF GENERAL MEETINGS**



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

#### **QUORUM AT GENERAL MEETINGS**

36. (a) No item of business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting is considering that item.
- (b) Except where these rules state otherwise, 15 members present in person and entitled to exercise a total of 15 votes 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.

#### **CHAIRPERSON AT GENERAL MEETINGS**

37. (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 such chairperson, or if at any meeting he or she is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, then the members present shall choose someone from their number to be chairperson (until such time as the chairperson attends and is willing to act).



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- (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. However, 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. When a meeting is adjourned for 14 days or more notice of the adjourned meeting shall be given just as in the case of the original meeting. Apart from this it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

### **STANDING ORDERS AT GENERAL MEETINGS**

38. The following standing orders shall be observed at the co-operative's meetings, subject to any suspension of, or amendment of, or addition to, these orders adopted for the purposes of that meeting by the members present at a meeting:
- (a) the mover of a proposition shall not speak for more than 10 minutes. Subsequent speakers shall be allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule;
  - (b) whenever an amendment to an original proposition is proposed, no second amendment shall be considered until the first amendment is disposed of;
  - (c) if an amendment is carried, the proposition as so amended shall displace the original proposition and may itself be amended;
  - (d) if an amendment is defeated, then a further amendment may be moved to the original proposition. However, only one amendment shall be submitted to the meeting for discussion at one time;
  - (e) the mover of every original proposition, 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) propositions and amendments shall be submitted in writing, if requested by the chairperson;
  - (g) any discussion 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



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on any issue at a meeting with the permission of the chairman provided that the permission may be conditional.

- (i) standing orders may be suspended for any period by ordinary resolution.

### **ATTENDANCE AND VOTING AT GENERAL MEETINGS**

39. (a) At any meeting of the co-operative a member who has been given notice that the member's shares are required to be forfeited under the active membership provisions of the Act is not entitled to attend.
- (b) A member of the co-operative is not entitled to vote at a meeting of the co-operative unless that person is an active member of the co-operative.
- (c) At any general meeting a resolution put to the vote of the meeting shall (as provided in section 201 of the Act) be decided on a show of hands. This is unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least 5 members. If no poll is demanded, a declaration by the chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the co-operative shall be evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of, or against, that resolution.
- (d) On a show of hands or on a poll every representative of a body corporate pursuant to section 68 of the Act, or every member (not under the age of 18) who is present at a meeting in person or represented by attorney, shall have one vote. However, no member shall have a vote, or be entitled or eligible to vote, contrary to the Act.
- (e) In the case of joint membership, the joint members have 1 vote only between them and that vote may be exercised (subject to the grant of any proxy or power of attorney) only by whichever of the joint members is the member whose name appears first in the register of members.
- (f) In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
- (g) All resolutions, except special resolutions, shall be determined by a simple majority.

### **POSTAL BALLOT**

40. The co-operative may hold a postal ballot to determine any issue or proposal by the members in the following manner:
- (a) (i) The board shall cause the details of the proposal upon which the ballot



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is to be held to be set in a statement and fix the dates for the forwarding of ballots to members and the closing of the ballot.

- (ii) Every ballot shall be conducted by the returning officer who shall be appointed by the board. In default of such appointment being made in sufficient time to allow the procedure set forth in this rule to be followed, the secretary, or in absence of the secretary the person acting in the capacity of secretary, shall be the returning officer.
- (iii) Any person, with the exception of a director, officer, or employee of the co-operative, may be appointed by the board to act as returning officer.
- (iv) The returning officer may be assisted in the performance of any duties or powers under this rule by such persons (who would be eligible to be returning officers) as the returning officer appoints.
- (b) (i) The returning officer shall prepare a roll of the full names and addresses of the members of the co-operative as disclosed by the register of members and shares together with particulars of the number of votes each member would be entitled to exercise upon a poll.
- (ii) A person whose name is on the roll, shall be entitled to vote in a postal ballot, and no person shall otherwise be so eligible or so entitled.
- (c) (i) The returning officer shall cause ballot papers to be prepared in or to the following effect:

Name of Co-operative .....

Ballot of members to determine the following proposal –

.....  
.....  
.....

The ballot will close at noon on .....

#### How to Vote

1. Read these directions and the ballot paper carefully.
2. Complete and sign the details on the reverse side of the middle envelope.
3. If you are in favour of the proposal insert the word "YES" in the square in the ballot paper hereunder. If you are not favour of the proposal insert the word "NO".



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4. After marking the ballot paper fold it and place it in the small envelope provided and seal the envelope. Then place this envelope in the middle envelope and place the middle envelope in the envelope addressed to the returning officer. Forward this envelope either by post or personal delivery so as to reach the returning officer not later than noon on.

.....

5. Unless the ballot paper is marked as indicated in 3 above and the details referred to in 2 above are completed in full and signed, your vote may be rejected as informal.

.....  
Initials of Returning Officer

BALLOT PAPER

Are you in favour of the proposal as referred to above?

- (ii) Each ballot paper shall be initialled by the returning officer. The returning officer shall, at least 21 days prior to the date fixed for the closing of the ballot, transmit by post or otherwise deliver to every member entitled to vote in a ballot, one set of the following material;

- (1) one ballot paper;
- (2) an unsealed envelope (in this rule referred to as the outer envelope) addressed to the returning officer;
- (3) a smaller envelope (in this rule referred to as the middle envelope) into which the voter shall enclose the envelope containing the ballot paper, the reverse side of which shall be printed in or to the following effect:

.....  
(Full Name)

.....

.....  
(Address)



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.....  
(Signature)

- a. Please use capital letters
  - b. If the vote is being cast on behalf of a co-operative or other corporate body also indicate the name of such co-operative or corporate body.
- (4) A small envelope (in this rule referred to as the inner envelope) into which the ballot paper is enclosed.
- (5) a copy of the statement (prepared by the board) setting out the details of the proposal upon which the decision of the members is to be sought.
- (d) Every member desiring to vote in the ballot should complete the details on the reverse side of the middle envelope and after marking their vote on the ballot paper according to the instructions on the ballot paper, seal the ballot paper in the inner envelope provided. The inner envelope containing the ballot paper should then be placed in the middle envelope and the middle envelope placed in the outer envelope addressed to the returning officer. The outer envelope should then be posted or personally delivered to the returning officer not later than noon on the date fixed for the closing of the ballot.
- (e) (i) The returning officer shall provide a ballot box.
- (ii) The ballot box shall be locked immediately before the ballot papers are delivered in accordance with paragraph (c) (ii) and remain locked until the close of the ballot.
- (f) The returning officer shall place the outer envelopes containing the ballot papers in the ballot box not later than noon on the date fixed for the closing of the ballot.
- (g) Upon a member making and transmitting to the returning officer a declaration that the member has not received the ballot paper, or that the ballot papers received by the member have been lost, spoiled or destroyed, and that the member has not already voted, the returning officer may issue a duplicate set of the material required under paragraph (c) (ii), having endorsed any duplicate outer envelope with the word "duplicate".

Any member who makes a declaration under this paragraph, which is false, in any particular material, shall be guilty of a breach of these rules.



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- (h) Ballot papers received after noon on the date fixed for the closing of the ballot shall not be taken into account at the ballot.
- (i) As soon as practicable after noon on that date, the returning officer in the presence of such scrutineers as may be appointed by the board shall open the ballot box and deal with the contents in accordance with paragraphs (k) and (l).
- (j) The returning officer shall:
  - (i) remove the middle envelope from the outer envelope;
  - (ii) where a duplicate outer envelope has been issued and the original outer envelope is received, reject the original envelope and mark it "rejected";
  - (iii) according to the information on the middle envelope, mark for each set of voting papers returned, the voter's name on the roll by drawing a line through the name;
  - (iv) where a member's name has already been crossed out on the roll, reject the postal vote and mark it "rejected";
  - (v) if the middle envelope has not been signed, or if the details shown on the envelope are not sufficient to disclose by whom the vote is being exercised, reject the envelope and mark it "rejected";
  - (vi) extract or cause to be extracted the inner envelopes containing the ballot papers from all unrejected middle envelopes, separating the contents from the middle envelopes in such a way that no inner envelope could subsequently be identified with any particular voter; and
  - (vii) when all the middle envelopes have been dealt with, in the above manner, cause all the inner envelopes not rejected to be opened and the ballot papers to be taken from them.
- (k) The ballot papers shall be scrutinised under the returning officer who should supervise and reject as informal any ballot paper that -
  - (i) is not duly initialled by the returning officer;
  - (ii) is so imperfectly marked that the intention of the voter cannot be ascertained by the returning officer;
  - (iii) has any mark or writing not authorised by this rule which, in the





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opinion of the returning officer will enable any persons to identify the voter, or

- (iv) has not been marked as prescribed on the ballot paper itself.
- (l) The decision of the returning officer as to the formality of any ballot paper shall be final and there shall be no appeal from the decision.
- (m) The returning officer shall count votes cast and make out and sign a statement of:
  - (i) the number of formal votes cast in favour of the proposal;
  - (ii) the number of formal votes cast against the proposal;
  - (iii) the number of informal votes cast;
  - (iv) the number of inner envelopes marked "rejected"; and
  - (v) the proportion of the formal votes polled which were in the affirmative.

On the declaration of the returning officer of the result of the postal ballot the secretary of the co-operative is to make an entry in the minute, book showing the particulars referred to in paragraph (m) (i) to (iii) inclusive.

- (n) The returning officer shall forward the statement to the chairperson of the co-operative who shall announce the result of the ballot at the next general meeting.
- (o) The proposal which received the required majority of votes shall be declared won.
- (p) The returning officer shall retain all ballot papers (whether formal or otherwise) and rejected outer envelopes and rolls used in connection with the conduct of the ballot, locked in the ballot box until the returning officer has been directed by the board, in writing that they may be destroyed.
- (q) Notification of the result of the ballot (other than a ballot conducted to alter these rules) shall be displayed on the notice board at the registered office of the co-operative.
- (r) In case of a postal ballot altering the rules, the co-operative must cause the alteration to be notified in writing to its members as soon as practicable after the alteration takes effect 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 taking effect of the alteration.



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## **POLL AT GENERAL MEETINGS**

41. (a) If a poll is duly demanded it shall be taken in a manner which the chairperson directs. Unless the meeting is adjourned the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (b) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.

## **SPECIAL RESOLUTION**

42. (a) A special resolution means a resolution of which notice has been given of the intention to propose the resolution as a special resolution and which is passed either by a two-thirds of the members who vote in person at a general meeting or by three quarters of the members who cast formal votes in a postal ballot of members.
- (b) A special resolution shall have no effect until registered by the registrar.

## **BOARD OF DIRECTORS**

43. (a) There shall be a board of 8 directors all of whom shall be a natural person and at least 18 years old.
- (b) The business and operations of the co-operative are to be managed and controlled by the board of directors, and for that purpose the board has and may exercise the powers of the co-operative as if they had been expressly conferred on the board by a general meeting of the co-operative.
- (c) The powers of the board are subject to any restrictions imposed by the Act or by these rules.
- (d) The acts of a director are valid despite any defect that may afterwards be discovered in the appointment or qualification of the director.

## **QUALIFICATIONS OF DIRECTORS**

44. (a) A person is not eligible to be elected as director of a co-operative unless the person is an active member of the co-operative; or
- (b) The qualifications of a director shall be the holding of at least 1 share in the co-operative (not being shares required to be forfeited under the Active Membership provisions of the Act).

## **FIRST AND SUBSEQUENT DIRECTORS**

45. The first directors shall be elected at the meeting for the formation of the



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co-operative.

46. At the first annual general meeting of the co-operative 5 of the directors shall retire. At the annual general meeting in each subsequent year the directors shall retire in rotation of 4 and 4.
47. The directors to retire in any year shall (subject to the provision as to filling casual vacancies) be those who have been longest in office since their last election. As between persons who became directors on the same day to retire shall (unless they otherwise agree among themselves) be determined by lot. In such case, the order for retirement shall be the order in which the names are withdrawn.
48. A retiring director shall be eligible for re-election.
49. At an annual general meeting at which a director retires or a casual vacancy occurs the vacated office may be filled by electing a person to it. Nominations for candidates to fill the vacant positions shall be sought in such manner as the board determines. The election of directors shall be conducted at the meeting in such usual and proper manner as the board shall direct.

#### **REMOVAL FROM AND VACATION OF OFFICE OF DIRECTOR**

50. The co-operative may by resolution remove any director before the expiration of the director's period of office, and may by a simple majority appoint another person in place of the director. The person so appointed shall retire at the same time as the removed director would have done if not removed.
51. A director vacates office in such circumstances (if any) as are provided in the rules of the co-operative and in any of the following cases :
  - (a) if the person is an insolvent under administration (as defined in the Corporations Law);
  - (b) if the person is mentally incapacitated or the subject of an order under a law of another State or of a Territory relating to mental health;
  - (c) if the person has been convicted of an offence and that conviction disqualifies a person from being a director, as provided by Section 208(2) of the Act;
  - (d) if the director absents himself from 3 consecutive ordinary meetings of the board without its leave;
  - (e) if the director resigns from office by notice in writing given by the director to the co-operative;
  - (f) if the director is removed from office by ordinary resolution of the co-operative;



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- (g) if the person ceases to hold the qualification by reason of which the person was qualified to be a director;
  - (h) if the director becomes an employee of the co-operative, unless elected under section 216 of the Act;
  - (i) if an administrator of the co-operative's affairs is appointed under Division 6 of Part 12 of the Act;
  - (j) as provided by section 217 of the Act;

### **FILLING OF CASUAL VACANCIES**

52. (a) Subject to Rule 58, a casual vacancy on the board of a co-operative is to be filled by election by the members held :
- (i) at a meeting of the co-operative; or
  - (ii) by means of a postal ballot; or
  - (iii) in the manner specified in the rules of the co-operative for the ordinary election of directors; or
  - (iv) in such other manner as the Registrar may approve in a particular case.
- (b) The person so chosen 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 purpose of this rule, a casual vacancy shall arise where the office of a director is vacated in accordance with rule 51.

### **DIRECTORS EXPENSES**

53. 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.

### **DEPUTY DIRECTORS**

54. (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 employer 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) A deputy director appointed by the board shall be entitled to notice of meetings of the directors and to attend and vote at those meetings and to sign resolutions and to exercise such powers, authorities and discretions as



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are vested in or would otherwise be exercisable by the nominating director.

- (c) A deputy director shall vacate office if the nominating director ceases to be a director or on a majority of the other directors removing him from office.
- (d) An appointment or removal under this Rule must be in writing and notice thereof must be served on the deputy director and the appointment or removal shall take effect in accordance with rule 72.
- (e) All necessary expenses of a deputy director, incurred whilst acting as a director, shall be refunded to the deputy director. The attendance of the deputy director at any meeting of the board shall be deemed to be attendance by the nominating director.
- (f) For purposes of this rule a meeting of the directors shall include a meeting conducted pursuant to Rule 56.

#### **PROCEEDINGS OF THE BOARD**

55. (a) Meetings of the board (including those conducted in accordance with Rule 43) are to be held as often as may be necessary for properly conducting the business and operations of the co-operative and must in any case be held at least quarterly.
- (b) Questions arising at any meeting shall be decided by a majority of votes.
  - (c) In the case of an equality of votes, the chairperson shall have a second or casting vote.
  - (d) The chairperson or any 2 directors may, and the secretary shall, if requested by the chairperson or any 2 directors at any time, summon a meeting of the board.
  - (e) Except in special circumstances determined by the chairperson, at least 48 hours notice shall be given to the directors of all meetings of the board.

#### **TRANSACTION OF BUSINESS OUTSIDE BOARD MEETINGS**

56. The board may in accordance with Section 210 of the Act transact any of its business:
- (a) (i) by the circulation of papers among all the members of the board, and a resolution in writing by a majority of those members is to be taken to be a decision of the board;
  - (ii) at a meeting at which members (or some members) participate by



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telephone, closed-circuit television or other means, but only if any member who speaks on a matter before the meeting, can be heard by the other members.

- (b) For the purpose of this Rule the chairperson of the board and each member of the board have the same voting rights as they have at an ordinary meeting of the board.
- (c) A resolution approved under paragraph (a)(i) is to be recorded in the minutes of the meetings of the board.
- (d) The secretary may circulate papers among members of the board for the purposes of paragraph (a)(i) by facsimile or other transmission of the information in the papers concerned.

### **QUORUM FOR BOARD MEETINGS**

- 57. The quorum for a meeting of the board shall be 5 directors.
- 58. If at any time the number of directors is the same or less than the number of directors required to constitute a quorum of the board :
  - (a) the board may appoint sufficient directors so that the number of directors is one more than a quorum; and
  - (b) for the purpose only of enabling the board to make such an appointment, the number of directors required to constitute a quorum is the number of directors at that time.

### **CHAIRPERSON OF BOARD**

- 59. The chairperson of the board may be elected either by the board or at a general meeting of the co-operative. However, if no such chairperson is elected, or if at any meeting the chairperson is not present within 5 minutes after the time appointed 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 such time as the chairperson attends and is willing to act in that capacity.

### **DELEGATION AND BOARD COMMITTEES**

- 60. (a) The board may (in accordance with section 213 of the Act) by resolution delegate to a director or committee of 2 or more directors the exercise of such of the board's powers (other than this power of delegation) as are



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specified in the resolution. The co-operative or the board may by resolution revoke wholly or in part any such delegation.

- (b) A power, the exercise of which has been delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the terms of the delegation.
- (c) A delegation under this rule may be made subject to conditions or limitations as to the exercise of any of the powers delegated, or as to time or circumstances.
- (d) Notwithstanding any delegation under this rule, the board may continue to exercise all or any of the powers delegated.
- (e) Where a power is exercised by a director (either alone or with other directors) and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in his or her own name on behalf of the board, then the power shall be deemed to have been exercised by the board. This is so whether or not a resolution delegating the exercise of the power to the director was in force when the power was exercised, and whether or not any conditions or limitations referred to in paragraph (c) of this rule were observed by the director exercising the powers.
- (f) An instrument purporting to be signed by a director as referred to in section 214(1) of the Act shall in all courts and before all persons acting judicially be received in evidence as if it were an instrument executed by the co-operative under seal. Furthermore, until the contrary is proved, it shall be deemed to be an instrument signed by a delegate of the board under section 213 of the Act.
- (g) A committee may elect a chairperson of their meetings. If no such chairperson is elected, or, if at any meeting the chairperson is not present within 5 minutes after the time appointed for holding the meeting, then the members present may choose one of their number to be chairperson of the meeting.
- (h) A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and voting and in case of an equality of votes the chairperson shall have a second or casting vote.

## **OTHER COMMITTEES**

61. (a) The board may by resolution appoint committees comprising of members or other persons or both, to act in an advisory role to the board and to any committees of directors.



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- (b) The provisions of Rule 60 (g) and (h) apply to committees appointed under this rule, subject to any variations approved of by the board.
- (c) The quorum for any meeting shall be one half (of where one half is not a whole member, the whole number next higher than one half) of the number of members in the committee.

## **MINUTES**

62. (a) The board shall have minutes of meetings made in books provided for the purpose, and, in particular;
- (i) of all appointments of officers and employees made by the directors;
  - (ii) of the names of the directors present at each meeting of the board and of any committee of the board;
  - (iii) of all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors.
- (b) Minutes must be recorded in the minute book within 14 days of the date of the meeting to which they relate.
- (c) The confirmation of such minutes shall be taken as the first business at the next succeeding meeting of the co-operative, board or committee to which the minutes relate. If it is impracticable for the minutes to be confirmed at that meeting, then the minutes shall be confirmed at the next succeeding meeting.
- (d) Every director present at any meeting shall sign his or her name in a book to be kept for that purpose.
- (e) The minutes are to be kept in the English language.

## **OFFICERS**

63. Without prejudice to the general powers conferred on the board by the Act or these rules, the board shall have power to appoint and, at its discretion, remove or suspend officers, servants, agents and contractors, and to fix their powers, duties and remuneration.

## **FIDELITY BONDS AND INSURANCE**





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64. (a) The board shall effect, and maintain, a policy of insurance for the indemnity of the co-operative against any pecuniary loss to the co-operative resulting from any act of fraud or dishonesty committed -
- (i) by any officer of, or other person employed by, the co-operative in connection with his or her duties; or
  - (ii) where a person contracts to provide a secretarial or administrative service to the co-operative - by that person or any of his or her employees in connection with the provision of any such service.
- (b) The board shall arrange insurance against loss, damage to or liability of the co-operative by reason of fire, accident or otherwise.

### **FINANCIAL YEAR**

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

### **ACCOUNTS**

66. (a) The board shall have prepared the accounts, statements and directors' report referred to in clause 13(1) of the Co-operation (Accounts and Audit) Regulation 1988.
- (b) The board shall submit those accounts, statements and report, together with the auditors' report on those accounts, to the annual general meeting of the co-operative, in accordance with clause 14 of the Co-operation (Accounts and Audit) Regulation 1988.
- (c) The board shall also have a copy of everything required to be submitted under paragraph (b) displayed at the registered office of the co-operative for a period of not less than 14 days before the date of the annual general meeting of the co-operative.
- (d) The board shall send a copy of everything required to be submitted under paragraph (b) to each member with the notice of the annual general meeting of the co-operative.

### **BANKING**

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



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## AUDIT

68. (a) One or more auditors shall be appointed, hold office, be remunerated, be removed and have qualifications, duties and responsibilities as provided in this rule, or as otherwise provided in, or permitted by, the Co-operation (Accounts and Audit) Regulation 1988, or any order made by the Registrar pursuant to that Regulation.
- (b) Within one month after the date on which the co-operative is registered, the directors shall appoint an auditor of the co-operative, unless the co-operative at a general meeting has already appointed an auditor. An auditor appointed under this clause shall hold office until the first annual general meeting of the co-operative.
- (c) The co-operative shall at its first annual general meeting appoint an auditor of the co-operative; and at each subsequent annual general meeting, if there is a vacancy in the office of auditor, the co-operative shall appoint an auditor to fill the vacancy.
- (d) An auditor appointed under paragraph (c) of this rule shall hold office until death or removal or resignation from office or until ceasing to be capable of acting as auditor in accordance with the Co-operation (Accounts and Audit) Regulation 1988.
- (e) The board shall fill any vacancy in the office of auditor, other than a vacancy caused by the removal of an auditor from office, within one month of such vacancy occurring, unless the co-operative at a general meeting has already appointed an auditor to fill the vacancy. A person or firm appointed as Auditor of a co-operative pursuant to this paragraph holds office, subject to the Co-operation (Accounts and Audit) Regulation 1988 until the next Annual General Meeting of the co-operative.
- While a vacancy in the office of auditor continues, the surviving or continuing auditor or auditors (if any) may act.
- (f) The co-operative or the board shall not appoint as auditor a person who has not consented in writing to the appointment or who has withdrawn such consent, or a person of whose nomination notice has not been given in accordance with clause 18 of the Co-operation (Accounts and Audit) Regulation 1988.
- (g) A person is not qualified to be appointed auditor of the co-operative if –
- (i) the person is not:
    - (A) a registered company auditor; or
    - (B) a member of the Institute of Chartered Accountants of Australia; or



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- (C) a member of CPA Australia; or
- (D) a person approved by the Registrar.
- (ii) the person or corporation in which the person is a substantial shareholder, is indebted to the co-operative (or to a subsidiary corporation of the co-operative) for an amount exceeding \$5,000; or
- (iii) the person is -
  - (A) an officer of the co-operative;
  - (B) is a partner, employer or employee of an officer of the co-operative;
  - (C) is a partner of an employee of an officer of the co-operative; or
  - (D) is an employee of an employee of an officer of the co-operative.
- (h) All reasonable fees and expenses of the auditor are payable by the co-operative.
- (i) The board shall enable the auditor to have access to all books, accounts, vouchers, securities and documents of the co-operative, and to be furnished with such information and explanation by the board members or any other officers as may be necessary for the performance of the duties of the auditor.
- (j) The auditor is entitled to attend any general meeting of the co-operative and to receive all notices of and other communications relating to any general meeting 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.
- (k) (i) The auditor may be removed from office by resolution at a general meeting.
  - (ii) Notice of intention to move the resolution must be given to the co-operative not less than 28 days before the meeting at which the resolution is moved, but if, after notice has been given, a meeting is convened for a date 28 days or less after notice has been given, notice shall be deemed to have been properly given.
  - (iii) Where special notice of a resolution to remove an auditor is received by the co-operative, it shall forthwith send a copy of the notice to the auditor and lodge a copy of the notice with the registrar.
  - (iv) The co-operative shall give notice of a resolution to remove the auditor



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to persons entitled to be given notice of a meeting of the co-operative at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give notice of the resolution to them in any manner allowed by these rules not less than 14 days before the meeting.

- (v) Within 7 days after receiving a copy of the notice, the auditor may make representations in writing, not exceeding a reasonable length, to the co-operative and request that before the meeting at which the resolution is to be considered, a copy of the representations be sent by the co-operative at its expense to every member of the co-operative to whom notice of the meeting is sent.
- (vi) Unless the registrar on the application of the co-operative otherwise orders, the co-operative shall send a copy of the representations in accordance with the auditor's request. The auditor may require that the representations be read out at the meeting and may also speak at the meeting.
- (l) The auditor may, by notice in writing given to the co-operative, resign as auditor of the co-operative if -
  - (a) the auditor has, by notice in writing given to the registrar, applied for consent to resign and Stated the reasons and, at or about the same time, notified the co-operative in writing of the application; and
  - (b) the auditor has received the consent of the registrar.
- (m) The resignation of the auditor takes effect -
  - (A) on the date (if any) specified for the purpose in the notice of resignation;
  - (B) on the date on which the registrar consents to the resignation; or
  - (C) on the date (if any) fixed by the registrar for the purpose,whichever last occurs, unless the Supreme Court makes an Order under clause 19(9) of the Co-operation (Accounts and Audit) Regulation 1988 or clause 19(10) of that Regulation applies.
- (n) Within 14 days after the removal from office of the auditor or after the receipt of a notice of a resignation from an auditor, the co-operative shall lodge with the registrar a notice of the removal or resignation in or to the effect of Form 1 of the Co-operation (Accounts and Audit) Regulation 1988 and, where there is a trustee for the holders of debentures of the co-operative, give to the trustee a copy of the notice lodged with the registrar.



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## CO-OPERATIVE FUNDS

69. (a) The income and property of the co-operative however derived shall be applied solely towards the promotion of the objects of the co-operative and no portion thereof shall be paid or transferred directly or indirectly by way of discount, rebate or otherwise by way of profit to the members of the co-operative.
- (b) Payment may be made in good faith of:-
- (i) any commensurate remuneration of any member or servant of the co-operative or other person in return for any services actually rendered to the co-operative: or
  - (ii) reasonable interest on money lent or reasonable or proper rent for property or premises demised, or let by any member to the co-operative.
- (c) Any surplus resulting from the co-operative's operations during a financial year, after providing for depreciation in value of the co-operative's property or for contingent liability for loss, shall be applied to carrying out the co-operative's objects.
- (d) An amount not exceeding 50 percent of the surplus may be applied to any charitable purpose, or for promoting co-operation or any community advancement object.

## PROVISION FOR LOSS

70. The board shall make such provisions for loss which may result from the transactions of the co-operative as the Act requires or allows.

## DISPUTES

71. (a) A dispute between a member (in the person's capacity as a member) and the co-operative may be settled by arbitration in accordance with the Commercial Arbitration Act 1984.
- (b) Where such a dispute is not referred to arbitration under paragraph (a), or, if so referred, has not within one month been the subject of an award, the dispute may be referred to the registrar under Section 91 of the Act by any party to the dispute.
- (c) Nothing in this rule shall extend to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.

## NOTICES



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72. (a) A notice may be given by the co-operative to any member either personally or by sending it by post to the member at his or her registered address, or where the member has notified the co-operative of a facsimile number, by facsimile transmission to the number notified. If the member has no registered address then the notice can be sent to any address supplied by the member to the co-operative for the giving of notices.
- (b) Where a notice is sent by post, service shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice. In the case of a notice of a meeting service is deemed to be effected at the expiration of 24 hours after the letter containing the notice is posted. In every other case service is deemed to be effected at the time at which the letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (c) If a member has no registered address (and has not supplied to the co-operative an address for the giving of notices) a notice addressed to the member and advertised in the newspaper circulating in the neighbourhood of the registered office of the co-operative shall be deemed to be duly given to the member on the date on which the advertisement appears.
- (d) A notice forwarded by facsimile transmission shall be deemed to have been served, unless the sender's facsimile machine indicates 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 the joint holders of a share by giving the notice to the joint holder named first in the register of members and shares in respect of that share.
- (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. The address should be that supplied for the purpose by the person claiming to be entitled. Alternatively, 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.
- (g) Notice of every general meeting shall be given in the same manner as authorised above, to -
- (i) every member of the co-operative except those members who have not supplied to the co-operative an address for the giving of notices to them; and



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- (ii) every person entitled to a share in consequence of the death, incapacity or bankruptcy of a member, who, but for that member's death, incapacity or bankruptcy, would be entitled to receive notice of the meeting.
  - (h) Except as provided in this rule and in Rule 68(j) no other persons shall be entitled to receive notices of general meetings.
  - (i) For the purpose of this rule "registered address" means the address of the member as appearing in the register of members and shares.

### **WINDING UP**

73. (a) The winding up of the co-operative shall be in accordance with Part 12 of the Act.
- (b) At any postal ballot held in accordance with the Act, not less than four fifths of the formal votes cast must be in favour of winding up if the requirement under the Act is to be regarded as satisfied.
- (c) If upon the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities any property, this shall not be paid to or distributed among the members of the co-operatives but shall be given or transferred to an institution:-
- (i) which has objects similar to those of the co-operative;
  - (ii) whose constitution prohibits the distribution of its property among 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 acquire jurisdiction in the matter; and
  - (iv) which satisfies the relevant sub-section of Section 23 of the Income Tax Assessment Act.
- (d) In paragraph (c), the expression "institution" includes an institution or institutions.

### **FINES PAYABLE BY MEMBERS**

74. (a) The board may impose on a member maximum fine of \$10 for any infringement of the rules.
- (b) A fine exceeding \$20 shall not be imposed on a member pursuant to Paragraph (a) unless;



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- (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.

### **SCHEDULE OF CHARGES**

- 75. Copy book of Rules - .....\$10..... – Rule 2(c)
- Inspection of Register-.....\$5..... - Rule 10(b)
- Annual Subscriptions-....\$100 max...- Rule 12A
- Nominal Value of Shares - .....\$5..... - Rule 14(a)
- Duplicate Share Certificate - ....\$5..... - Rule 21 (c)
- Transfer of Shares -.....\$5..... - Rule 26(f)
- Maximum Fine- .....\$10.....- Rule 74(a)