

**RULES OF**  
**ARCHITEAM CO-OPERATIVE LTD**

Registered under the Co-operatives National Law Application Act 2013 (Victoria)

## TABLE OF CONTENTS

DIVISION 1 – INTRODUCTION.....	6
1 NAME OF THE CO-OPERATIVE.....	6
2 DISTRIBUTING CO-OPERATIVE .....	6
3 MEMBERS TO ABIDE BY CO-OPERATIVE PRINCIPLES .....	6
4 DEFINITIONS.....	6
5 THE RULES .....	10
6 AMENDMENT OF THE RULES .....	10
7 POWERS .....	11
DIVISION 2 – SHARES.....	11
8 CO-OPERATIVE SHARE CAPITAL .....	11
9 TERMS OF ISSUE OF SHARES .....	11
10 ALLOTMENT OF SHARES.....	12
11 SALE, TRANSMISSION AND TRANSFER OF SHARES .....	12
12 DEATH, INCAPACITY & BANKRUPTCY OF MEMBERS – TRANSMISSION OF SHARE AND INTERESTS.....	13
13 SALE, TRANSMISSION AND TRANSFER OF DEBENTURES.....	15
14 LIEN AND SET-OFF.....	16
15 REPURCHASE AND REPAYMENT OF SHARES.....	16
16 FORFEITED SHARES – LIABILITY OF MEMBERS .....	16
17 DISCLOSURE & NOTICE REQUIREMENTS FOR VOTING INTEREST .....	17
DIVISION 3 – MEMBERS .....	19
18 ACTIVE MEMBERSHIP PROVISIONS .....	19
19 APPLICATION, QUALIFICATIONS & SHAREHOLDING REQUIRED FOR MEMBERSHIP .....	20
20 ORDINARY MEMBERS.....	22
21 INSURANCE MEMBERS .....	23
22 CEASING MEMBERSHIP .....	24

23	CANCELLATION OF MEMBERSHIP OF INACTIVE MEMBERS .....	25
24	REPAYMENT OF AMOUNTS DUE IN RESPECT OF CANCELLED MEMBERSHIP ..	26
25	RESIGNATION OF MEMBERS .....	27
26	EXPULSION OF MEMBERS.....	27
27	REPAYMENT OF SHARES ON EXPULSION OR RESIGNATION .....	28
28	SUSPENSION OF MEMBERS.....	29
29	ONE MEMBER ONE VOTE .....	30
30	RIGHTS AND LIABILITIES OF MEMBERS TO THE CO-OPERATIVE.....	31
31	MEMBER MAY BE REQUIRED TO DEAL WITH CO-OPERATIVE.....	31
32	COMPULSORY LOAN BY MEMBER TO THE CO-OPERATIVE.....	31
33	FINES PAYABLE BY MEMBERS.....	32
	DIVISION 4 – GENERAL MEETINGS .....	32
34	ANNUAL GENERAL MEETING & SPECIAL GENERAL MEETINGS.....	32
35	REQUISITION OF GENERAL MEETING .....	33
36	NOTICE OF GENERAL MEETINGS .....	34
37	BUSINESS AT GENERAL MEETINGS .....	34
38	QUORUM AT GENERAL MEETING.....	35
39	CHAIRPERSON AT GENERAL MEETINGS .....	36
40	ADJOURNMENT OF MEETINGS .....	36
41	STANDING ORDERS AT GENERAL MEETINGS .....	36
42	ATTENDANCE AND VOTING AT GENERAL MEETINGS .....	37
43	POLL AT GENERAL MEETINGS .....	38
44	POWER OF ATTORNEY & RESTRICTIONS .....	38
46	REQUISITION OF A POSTAL BALLOT .....	41
47	SPECIAL POSTAL BALLOTS .....	41
48	RESOLUTIONS .....	42
	DIVISION 5 – DIRECTORS.....	43

49	BOARD OF DIRECTORS .....	43
50	QUALIFICATIONS OF DIRECTORS.....	43
51	RETIREMENT OF DIRECTORS.....	44
52	ELECTION OF DIRECTORS.....	44
53	FILLING OF CASUAL VACANCIES .....	46
54	REMOVAL FROM OFFICE OF DIRECTOR .....	46
55	VACATION OF OFFICE OF DIRECTOR.....	47
56	REMUNERATION .....	48
57	PERSONAL INTERESTS IN CONTRACTS.....	48
58	ALTERNATE DIRECTORS.....	49
59	POWERS OF THE BOARD .....	50
60	PROCEEDINGS OF THE BOARD .....	50
61	TRANSACTION OF BUSINESS OUTSIDE BOARD MEETINGS .....	51
62	QUORUM FOR BOARD MEETINGS.....	51
63	CHAIRPERSON OF THE BOARD.....	52
64	BOARD DELEGATION AND BOARD COMMITTEES .....	52
65	OTHER COMMITTEES .....	53
66	MINUTES.....	53
67	OFFICERS.....	54
68	APPOINTMENT OF A SECRETARY .....	54
69	APPOINTMENT OF CHIEF EXECUTIVE OFFICER.....	55
70	INDEMNITY OF OFFICERS, THE CO-OPERATIVE AND INSURANCE.....	55
	DIVISION 7 – DEFAULT AND WARRANTY .....	56
71	DEFAULT .....	56
72	WARRANTY AND LIMITATION OF LIABILITY .....	57
	DIVISION 8 – ACCOUNTING AND FINANCIAL MATTERS.....	58
73	FINANCIAL REPORTING REQUIREMENTS.....	58

74	LODGMET OF ANNUAL RETURN .....	60
75	APPOINTMENT, DUTIES AND RESPONSIBILITIES OF AUDITOR/REVIEWER .....	61
76	REMOVAL OF AUDITORS/REVIEWERS .....	63
77	RESIGNATION OF AUDITOR/REVIEWER.....	64
78	BANKING .....	64
79	CUSTODY OF SECURITIES .....	64
80	DISTRIBUTION OF SURPLUS.....	64
81	PROVISION FOR LOSS.....	66
82	ACQUISITION AND DISPOSAL OF ASSETS .....	66
	DIVISION 9 – MISCELLANEOUS.....	66
83	SERVICE AND NOTICES .....	67
84	TECHNOLOGY .....	68
85	EXECUTION OF DOCUMENTS.....	68
86	BY-LAWS .....	68
87	AGENT EXERCISING CO-OPERATIVE POWER TO MAKE CONTRACTS .....	69
88	DISPUTES .....	69
89	REGISTERS TO BE KEPT.....	70
90	CUSTODY AND INSPECTION OF RECORDS .....	71
91	CO-OPERATIVE POLICIES .....	71
92	WINDING UP .....	72
93	TRANSITIONAL PROVISIONS.....	72
	ATTACHMENT TO THE RULES OF THE ARCHITEAM CO-OPERATIVE LIMITED .....	73

## **DIVISION 1 – INTRODUCTION**

### **1 NAME OF THE CO-OPERATIVE**

- 1.1 The name of the Co-operative is ArchiTeam Co-operative Ltd.
- 1.2 The Co-operative may, in accordance with section 224 of the Law, change its name by Special Resolution to a name approved by the Registrar.
- 1.3 The Co-operative may, in accordance with section 222 of the Law, abbreviate its name.

### **2 DISTRIBUTING CO-OPERATIVE**

- 2.1 The Co-operative is a distributing co-operative within the meaning of section 18 of the Law.

### **3 MEMBERS TO ABIDE BY CO-OPERATIVE PRINCIPLES**

- 3.1 The Co-operative and its Members must comply with the co-operative principles within the meaning of section 10 of the Law to the extent that they apply to them.

### **4 DEFINITIONS**

- 4.1 In these Rules, unless the context otherwise requires the following words will have the following meanings:
  - (a) **“Active Member”** means a Member who is in active membership within the meaning of **Rule 18**.
  - (b) **"alter"** or similar word or expression used in relation to a rule amendment, includes add to, substitute, and rescind.
  - (c) **“Annual General Meeting”** means the annual general meeting of the Co-operative under the provisions of these Rules and the Law and any adjournment of the annual general meeting.
  - (d) **“Annual Subscription Fee”** means the subscription imposed on Members being a minimum amount of \$50.00 and a maximum amount of \$5,000.00 as determined by the Members at a General Meeting. The Annual Subscription Fee is payable by the 31<sup>st</sup> May in each year.
  - (e) **“Ballot Paper”** means a ballot paper in paper or electronic form as required by the Board pursuant to **Rule 45**.
  - (f) **“Basic Minimum Financial Statements”** means the financial statements required of a small co-operative under the National Regulations.
  - (g) **"Board"** means the board of the Co-operative;
  - (h) **“Business Day”** means a day other than a Saturday, Sunday or gazetted public holiday in Victoria.

- (i) **“Business Hours”** means 9.00am to 5.00pm on a Business Day.
- (j) **“By-Laws”** mean the By-Laws approved by Members pursuant to **Rule 86**.
- (k) **“Capital”** means the Co-operative’s share capital.
- (l) **“Co-operative”** means the above named Co-operative under **Rule 1.1**.
- (m) **“Co-operative Capital Unit”** (CCU) means a co-operative capital unit as provided for by Division 2 of Part 3.4 of the Law.
- (n) **“Co-operative Policy”** means the policies passed by the Board from time to time.
- (o) **“Debenture”** means a debenture as defined in section 4 of the Law.
- (p) **“Director”** has the meaning given to it in section 4 of the Law.
- (q) **“Dispute”** means any dispute that may arise between any two or more Members, or between any Member and the Co-operative.
- (r) **“Eligibility For Ordinary Membership”** means persons who are eligible to be an Ordinary Member of the Co-operative as follows:
  - i. Registered Architect;
  - ii. Graduate Architect registered with the relevant authority; or
  - iii. Any other categories of persons as deemed appropriate by the Board (such as non-registered architects, students enrolled in architecture course(s))
- (s) **“Eligibility For Insurance Membership”** means persons who are eligible to be an Insurance Member of the Co-operative as follows:
  - i. Registered Architect; or
  - ii. Graduate Architect registered with the relevant authority.
- (t) **“Financial Year”** means the financial year of the Co-operative commencing on 1 July of one year and ending 30 June of the following year.
- (u) **“General Meeting”** is a meeting of Members and means either the Annual General Meeting or a Special General Meeting as the case may be.
- (v) **“Insurance Member”** means a Member who is an "Insurance Member" as contemplated in **Rule 21**.
- (w) **“Joining Fee”** means the joining fee imposed on Members being a minimum amount of \$20.00 with the actual amount determined by the Members at a General Meeting.

- (x) **“Jurisdiction”** means a State or Territory applying to the Law.
- (y) **“Law”** means the *Co-operatives National Law Application Act 2013 (Victoria)* and Regulations made under the Law.
- (z) **“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.
- (aa) **“Member”** means a Member of the Co-operative in accordance with Part 2.5 of the Law, and who is either an initial Member of the Co-operative, or who has been approved for Membership of the Co-operative in accordance with **Rule 19**.
- (bb) **“Member Director”** has the meaning under **Rule 49** and section 174 of the Law.
- (cc) **“Month”** means calendar month.
- (dd) **“Non-member Director”** has the meaning under **Rule 49** and section 174 of the Law.
- (ee) **“Office”** means the registered office from time to time of the Co-operative.
- (ff) **“Ordinary Member”** means a Member who is not an Insurance Member.
- (gg) **“prescribed”** means prescribed by the Law or under the Law by Regulations.
- (hh) **“provision”** in relation to the Law means words or other matter that form or forms part of the Law, and includes:
  - iv. a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph or Schedule of or to the Law;
  - v. a section, clause, subclause, item, table or form of or in a Schedule to the Law; and
  - vi. the long title and any preamble to the Law.
- (ii) **“Register of Members and Shares”** means the register of Members and Shares that is maintained by the Co-operative in accordance with Schedule 2 of the National Regulations.
- (jj) **“Registrar”** means the person for the time being holding office of Registrar of the Co-operatives under the Law.
- (kk) **“Regulations”** means any Regulation made under the Law, and any Regulation that applies to a co-operative by way of a transitional Regulation made under the Law and includes the *Co-operatives National Regulations (Victoria)* and the *Local Regulations 2014 (Victoria)*.
- (ll) **“Relevant Interest”** has the same meaning as given in Schedule 2 of the Law.
- (mm) **“Remuneration”** means any money, consideration or benefit but does not



include amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the Co-operative.

- (nn) **“Rules”** mean these Rules as altered or added to from time to time. A reference to a Rule by number is a reference to the Rule of that number in these Rules, as altered or added to from time to time.
- (oo) **“Secretary”** means the secretary of the Co-operative appointed by the Board as a secretary of the Co-operative in accordance with section 190 of the Law.
- (pp) **“Share”** means a share in the Capital of the Co-operative. A reference to Share includes all existing Shares, whether part of the original Capital or not.
- (qq) **“Special General Meeting”** means any General Meeting of the Co-operative other than the Annual General Meeting.
- (rr) **“Special Resolution”** means a resolution which is passed in accordance with **Rule 48** and section 239 of the Law.
- (ss) **Technology** includes all information and communications devices for audio, visual, audio-visual or electronic communication including, but not limited to, radio, telephone, facsimile, closed circuit television, data storage devices, internet communication via an automated or user operated system, electronic mail, automated election processes, direct recording electronic voting systems, or any other electronic means available.
- (tt) **“will”** or a similar word or expression, used in relation to a power of the board indicates that the power must be exercised, subject to the Law or the Rule granting the power.
- (uu) **“writing”** includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and “written” has a corresponding meaning.

4.2 Words importing one gender include the other genders.

4.3 Words referring to individuals refer also to a body corporate. Reference to “a person” or “persons” includes a body corporate or other incorporated or unincorporated association.

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

4.5 Except so far as the contrary intention appears in the Rules, an expression has, in a provision of these Rules that deals with a matter dealt with by a particular provision of the Law, the same meaning as in that provision of the Law.

4.6 A reference in these Rules to “the Law” includes a reference to:

- (a) the Law as originally enacted, and as amended from time to time since its original enactment; and
- (b) if the Law has been repealed since the inclusion of the reference in these Rules -

the legislation enacted in substitution of the Law (whether legislation of the State or Federal Parliament) and as amended from time to time since its enactment;

- 4.7 A reference in these Rules to a provision in "the Law" includes a reference to:
- (a) the provision as originally enacted, and as amended from time to time since the original enactment;
  - (b) if the provision has been omitted and re-enacted (with or without modification) since the enactment of the reference - the provision as re-enacted and as amended from time to time since its re-enactment; and
  - (c) if the provision has been omitted and replaced with a new provision dealing with the same area of law or procedure - the new provision as enacted and as amended from time to time since its enactment.
- 4.8 In the interpretation of a Rule, or paragraph of a Rule, the interpretation that will best achieve the purpose of the Rule is to be preferred to any other interpretation. This provision applies whether or not the purpose is expressly stated in the Rule or paragraph of the Rule.
- 4.9 In these Rules, unless the context indicates a contrary intention, headings are for convenience and do not affect interpretation.

## 5 THE RULES

- 5.1 The Rules of the Co-operative have the effect of a contract under seal:
- (a) between the Co-operative and each Member;
  - (b) between the Co-operative and each Director, chief executive officer and the Secretary of the Co-operative; and
  - (c) between a Member and each other Member.
- 5.2 Under the contract referred to in **Rule 5.1**, each of those persons agrees to observe, perform and abide by:
- (a) the provisions of the Rules applicable to that person; and
  - (b) the provisions of the Law and the Regulations,
- in force and amended from time to time.
- 5.3 Any Member is entitled to obtain from the Co-operative a copy of these Rules on payment of \$19.00 plus \$1.00 for each page after the first page to a maximum of \$30.00. Any person may inspect a copy of these Rules free of charge at the Office during all reasonable hours.

## 6 AMENDMENT OF THE RULES

- 6.1 These Rules may be altered by Special Resolution in accordance with section 61 of the Law or by a resolution in accordance with section 62 of the Law.
- 6.2 The Board must refer to the Registrar for prior approval of the proposed amendments to the Rules that are a class of rule amendment specified in section 60 of the Law.
- 6.3 Special Resolutions for the alteration of the Rules must be lodged with the Registrar in accordance with section 63 of the Law.
- 6.4 An alteration of these Rules does not take effect unless and until it is registered by the Registrar under section 63 of the Law.

## 7 POWERS

- 7.1 The Co-operative will have, both within and outside this Jurisdiction, the legal capacity of an individual and has all the powers allowed by or under the Law, including but not limited to sections 38, 39 and 42 of the Law.

## DIVISION 2 – SHARES

### 8 CO-OPERATIVE SHARE CAPITAL

- 8.1 The Capital of the Co-operative will be raised by the issue of Shares which will be of one class, all ranking equally, and have a nominal value of \$1.00 per share.
- 8.2 The Capital will vary in amount according to the nominal value of Shares from time to time subscribed.
- 8.3 The Board must not issue Shares other than in accordance with **Rules 8.4 and 8.5**.
- 8.4 Every Member must, on admission to Membership of the Co-operative, apply for, acquire and hold only 1 Share at a nominal value of \$1 (**the minimum number of shares** for the purposes of section 77 of the Law).
- 8.5 The Board must not issue and allot a Share to a person unless:
  - (a) the person is admitted, in accordance with **Rule 19**, as a Member of the Co-operative;
  - (b) the Board has provided the person with a disclosure statement in accordance with section 70 of the Law;
  - (c) the Board is satisfied that the person has applied for the Share under **Rule 8.4**; and
  - (d) the person has paid the nominal value of the Share to be issued in full.
- 8.6 Members cannot apply for, or hold, additional Shares above the minimum number of shares.

### 9 TERMS OF ISSUE OF SHARES

- 9.1 The Board may refuse to allot a Share to any person or entity without giving any reason for the refusal, although the Board may choose to give reasons if the Board considers it appropriate to do so.
- 9.2 Subject to section 363 of the Law, a person must not hold more than 20% of the nominal value of the issued Capital of the Co-operative.
- 9.3 Shares of the Co-operative must 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* (Cth).
- 9.4 Shares must not to be issued at a discount.
- 9.5 Subject to section 82 of the Law, the Board may require a Member to take up or subscribe for additional Shares in accordance with a proposal approved by a Special Resolution of the Co-operative passed by a special postal ballot.

## 10 ALLOTMENT OF SHARES

- 10.1 No Share is to be allotted unless the full amount of the nominal value of the Share has been paid.
- 10.2 If a Share is allotted, the applicant's name, number of Shares, date of allotment and any other information required by or under the Law or Regulations must be entered in the Register of Members and Shares. The applicant must be notified in writing of the issue of the Share.

## 11 SALE, TRANSMISSION AND TRANSFER OF SHARES

- 11.1 In accordance with section 99 of the Law, a Share in the Co-operative cannot be sold, transmitted or transferred except:
  - (a) on the death of a Member – in accordance with Division 8 Part 2.4 of the Law and **Rule 12**; or
  - (b) to a person appointed to administer the estate of a shareholder under a law relating to the administration of the estates of persons who, through mental or physical infirmity, are incapable of managing their affairs; or
  - (c) with the consent of the Board – to any person, if there are reasonable grounds for believing the person will qualify for membership under **Rule 19**.
- 11.2 Except on the death of a Member, the Board may refuse to register a transfer of Shares:
  - (a) if the fee of \$10.00 is not paid to the Co-operative for the transfer;
  - (b) to a transferee who or which is not qualified to be a Member under **Rule 19**, or of whom the Board, for any reasons whatsoever, does not approve; or
  - (c) if the Co-operative has a lien or charge over the Share in accordance with section 127 of the Law; or

- (d) if the instrument of transfer is not accompanied by any evidence the Board may require to prove title of the transferor and of the right of the transferor to transfer the Share; or
- (e) which would result in a breach of **Rules 8.6 or 9.2**.

- 11.3 If the Board refuses to register a transfer of Shares, it must send written notice of its decision to the proposed transferee within 21 days after making the decision. The Board is not bound to give any reason for the refusal to register any transfer of Shares.
- 11.4 The instrument of transfer of any Share must be signed by or on behalf of the transferor and the transferee and in the form prescribed by the Board from time to time or in particular cases accept.
- 11.5 Every instrument of transfer must be left at the Office for registration and must be accompanied by other evidence the Board may require to proving the title of the transferor and the right to transfer the Share.
- 11.6 The transferor is deemed to remain the holder of the Share until the name of the transferee is entered into the Register of Members and Shares.
- 11.7 Every instrument of transfer which is registered must be retained by the Co-operative and recorded in the Register of Members and Shares. However, any instrument of transfer which the Board refuses to register (except in the case of fraud) must be returned to the persons depositing the instrument of transfer on demand.
- 11.8 The Board will suspend the registration of transfers during the 21 days immediately preceding the Annual General Meeting.
- 11.9 A Member, who has sold, transferred or disposed of the beneficial interest in respect of all of their Shares ceases to be a Member of the Co-operative in accordance with section 118 of the Law.

## 12 DEATH, INCAPACITY & BANKRUPTCY OF MEMBERS – TRANSMISSION OF SHARE AND INTERESTS

- 12.1 A person ceases to be a Member of the Co-operative:
- (a) on the death of the Member;
  - (b) if the Member, through mental or physical infirmity, becomes incapable of managing their affairs (**an incapable person**) and a person is appointed to administer their estate pursuant to section 94 of the Law; or
  - (c) if the Member becomes bankrupt or the Member's property becomes subject to control under the law relating to bankruptcy,

each a "**Transmission Event**".

- 12.2 On the death of a Member of the Co-operative, the Board is only obliged to transfer the deceased Member's interest (as defined in section 102 of the Law) or Share in the Co-

operative to:

- (a) a trustee, executor or administrator (**the personal representative**) of the estate of the deceased Member; or
- (b) one or more persons that the deceased's personal representative specifies in an application for transfer made to the Co-operative within 3 months after the death of the Member.

12.3 The following persons may be registered as the holder of a Share in the Co-operative:

- (a) in accordance with section 94 of the Law, the administrator of the estate of an incapable person, if the incapable person was a Member and held a Share in the Co-operative. If the incapable person was entitled in equity to a Share in the Co-operative, the administrator of the estate may, with the consent of the Co-operative and of the registered holder of the Share, be registered as the holder of the Share as administrator of the estate of the incapable person; and
- (b) in accordance with section 95 of the Law, the official trustee in bankruptcy, if the bankrupt was a Member and held a Share in the Co-operative. If the bankrupt is entitled in equity to the Share, the official trustee in bankruptcy may, with the consent of the Co-operative and of the registered holder of the Share, be registered as the holder of the Share as the official trustee in bankruptcy.

12.4 The Board must not transfer a Share under this **Rule 12** if, because of the transfer, the nominal value of the Share held by the transferee would be more than 20% of the nominal value of the Capital of the Co-operative.

12.5 The Board may withhold consent to the transfer of a Share under this **Rule 12** if the Board reasonably believes the only transferee or each transferee will not be eligible for membership of the Co-operative or will not be an Active Member of the Co-operative.

12.6 In accordance with section 104 of the Law, if the total value of a deceased Member's Share or interest in the Co-operative is less than \$10,000 (or a higher amount prescribed by the Regulations), the Board may, on the basis of evidence that it considers sufficient, transfer the Share or interest under whichever of the following sub-rules are appropriate:

- (a) if the Member dies testate – to the person who appears to the Board to be entitled to the Share or interest under the will of the deceased Member;
- (b) if the Member dies intestate – to any person who appears to the Board to be entitled to obtain a grant of administration of the estate of the deceased, and that person must then hold the Share or interest on the same trusts as if he or she had obtained the grant.

12.7 A transfer must not be made under **Rule 12.6** until after evidence has been produced to the Co-operative of the grant of letters of administration of the estate, or probate of the will, of the deceased Member.

12.8 For the purposes of section 105 of the Law:

- (a) the value of the Share held by the deceased Member will be the paid up amount of that Share; and
- (b) the value of any other interest of a deceased Member will be determined by the instrument creating the interest.

12.9 On the occurrence of a Transmission Event, the Member's estate remains liable as the Member until the Member's personal representative or some other person is registered in the Member's place.

12.10 Subject to the Law, a person registered pursuant to **Rule 12.2 or 12.3** is, while so registered:

- (a) entitled to the same dividends and other benefits; and
- (b) subject to the same liabilities -

in relation to the Share as those to which the person would have been subject if the Share had remained, or had been, registered in the name of the dead person, the incapable person or the bankrupt.

12.11 The person registered under **Rule 12.2 or 12.3** is:

- (a) subject to no other liabilities in relation to the Share; and
- (b) is not entitled to exercise any right conferred by membership in relation to meetings of the Co-operative (unless they also qualify for, and are registered as, a new Member of the Co-operative).

12.12 If, within twelve (12) months of the occurrence of a Transmission Event, the affected Member's Share has not been transferred as this **Rule 12** allows, the Board must:

- (a) declare the Share of that Member as forfeited (noting that the Member's membership was cancelled on the occurrence of the Transmission Event);
- (b) cancel all Shares so forfeited;
- (c) repay to the personal representative the amount owing to the former Member because of the cancellation (if any) excluding the amount paid up for the Share(s) forfeited; and
- (d) donate the amount paid up on the Share(s) forfeited to the Co-operative (and all Members agree to the donation of the paid up amounts, and will ensure that their personal representative is informed of this).

### **13 SALE, TRANSMISSION AND TRANSFER OF DEBENTURES**

13.1 In accordance with section 341 of the Law, a Debenture of the Co-operative cannot be sold, transmitted or transferred except with consent of the Board and in a manner prescribed by this **Rule 13**.

- 13.2 A transfer of Debentures must be in the form approved by the Board from time to time and signed by the transferor and the transferee.
- 13.3 The Board may decline to recognise any instrument of transfer of a Debenture and may decline to register the transfer unless:
- (a) a fee of \$10.00 is paid to the Co-operative for the transfer; and
  - (b) the instrument of transfer is accompanied by the Debenture and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) any stamp duty payable in respect of the instrument of transfer has been paid.
- 13.4 The transferor remains the holder of the Debenture until the Board consents to the transfer and the name of the transferee is entered into the register of Debentures.
- 13.5 If the Board refuses to register a transfer of Debenture, it must send written notice of its decision to the proposed transferee within 28 days after making the decision. The Board is not bound to give any reason for the refusal to register any transfer of Debenture.

#### **14 LIEN AND SET-OFF**

- 14.1 In addition to the rights granted under section 127 of the Law, for giving effect to any such appropriation, the Board may authorise a person to transfer the thing to the Co-operative.
- 14.2 The Capital associated with the appropriation will be applied in or towards satisfaction of the Member or former Member's debts, liabilities or engagements. The residue (if any) will be paid to the Member, former Member or the Member's executors, administrators or assigns.
- 14.3 An entry in the minute book of the Co-operative that the Shares have been duly appropriated in accordance with this **Rule 14** will be sufficient evidence of that fact as against all persons entitled to the thing immediately before their appropriation.

#### **15 REPURCHASE AND REPAYMENT OF SHARES**

- 15.1 For the purposes of section 107 of the Law, the Co-operative is not authorized to :
- (a) purchase any Share of that Member at the request of the Member; or
  - (b) 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.

#### **16 FORFEITED SHARES – LIABILITY OF MEMBERS**

- 16.1 A person whose Share has been forfeited under these Rules or the Law stops being a Member if the membership is conditional on the holding of the Share or membership



has otherwise been called under these Rules or the Law. The person nevertheless remains liable to pay to the Co-operative for all amounts that are (as at the date of forfeiture) payable by the person to the Co-operative for the Share.

- 16.2 The Board's declaration has the effect of forfeiting the Share.
- 16.3 A statutory declaration in writing by a Director, the chief executive officer, or Secretary of the Co-operative stating that a Share 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.

## 17 DISCLOSURE & NOTICE REQUIREMENTS FOR VOTING INTEREST

17.1 The Board may direct:

- (a) a Member; or
- (b) a person named in a previous disclosure under **Rule 17.2** as having a Relevant Interest in, or having given instructions about, a Share in the Co-operative;

to make the disclosure required under **Rule 17.2**.

17.2 A person given a direction under **Rule 17.1** must disclose in writing to the Board giving the direction the following information:

- (a) full details of their own Relevant Interest in the Share and of the circumstances that give rise to that interest; and
- (b) the name and address of each other person who has a Relevant Interest in the Share together with full details of:
  - i. the nature and extent of the interest; and
  - ii. the circumstances that give rise to the other person's interest; and
- (c) the name and address of each person who has given the person instructions about:
  - i. the acquisition or disposal of the Share; or
  - ii. the exercise of any voting or other rights attached to the Share; or
  - iii. any other matter relating to the Share or interests;

together with full details of those instructions (including the date or dates on which they were given).

17.3 The disclosure required under **Rule 17.2** must be made within 5 Business Days after:

- (a) the person is given the direction; or
- (b) if the person applies for an exemption from complying with the direction with the

Registrar, in accordance with section 92(6) of the Law, and the Registrar refuses to grant the exemption – the Registrar notifies the person of the Registrar’s decision on the application.

- 17.4 If the Board receives information from a person acting on a direction made under **Rule 17.1** the Board must pay to the person the fee prescribed by the Regulations.
- 17.5 In accordance with section 360(1) of the Law, a person (whether or not a Member of the Co-operative) must give notice to the Co-operative within 5 Business Days after becoming aware the person has Relevant Interest in the right to vote of a Member of the Co-operative.
- 17.6 In accordance with section 360(2) of the Law, a person (whether or not a Member of the Co-operative) who has ceased to have a Relevant Interest in the right to vote of a Member of the Co-operative must give notice to the Co-operative within 5 Business Days after becoming aware of the fact.
- 17.7 In accordance with section 361(1) of the Law, a person must give notice to the Co-operative within 5 Business Days after becoming aware the person has a substantial share interest, as determined by **Rule 17.10**, in the Co-operative.
- 17.8 In accordance with section 361(2) of the Law, a person who has a substantial share interest in the Co-operative must give notice to the Co-operative within 5 Business Days after becoming aware a substantial change, as determined by **Rule 17.11**, has occurred in the share interest.
- 17.9 In accordance with section 361(3) of the Law, a person who has ceased to have a substantial share interest, as determined by **Rule 17.10**, in the Co-operative must give notice to the Co-operative within 5 Business Days after becoming aware the person has ceased to have the interest.
- 17.10 A person has a “**substantial share interest**” in the Co-operative if the nominal value of the Share in the Co-operative in which the person has a Relevant Interest is 5% or more of the nominal value of the issued Capital of the Co-operative.
- 17.11 A “**substantial change**” takes place in a person’s share interest in the Co-operative if there is an increase or decrease in the number of Shares in the Co-operative in which the person has a Relevant Interest and the increase or decrease represents at least 1% of the nominal value of the issued Capital of the Co-operative.
- 17.12 A person must not have a Relevant Interest in Shares of the Co-operative the nominal value of which is more than a maximum of 20% of the nominal value of the issued Capital of the Co-operative.
- 17.13 The maximum of 20% stated in **Rule 17.12** may be increased for a particular person by Special Resolution of the Co-operative passed by a special postal ballot. Any Special Resolution passed under this **Rule 17.13** must be approved by the Registrar.
- 17.14 If a person has a Relevant Interest in a Share of the Co-operative in contravention of **Rule 17** that is not remedied within 14 days of a notice of that contravention, which is

issued by the Board, the Board of the Co-operative must declare to be forfeited enough of the Share in which the person has a Relevant Interest to remedy the contravention.

17.15 The Shares to be forfeited pursuant to **Rule 17.14** are:

- (a) the Share nominated by the person for the purpose; or
- (b) in the absence of that nomination, the Share in which the person has had a Relevant Interest for the shortest time.

17.16 A declaration of the Board that Shares are forfeited operates to forfeit the Shares concerned.

17.17 If the Board of the Co-operative is satisfied on reasonable grounds that a person has contravened section 361 of the Law in relation to the Co-operative, the Board may do either or both of the following:

- (a) refuse to register a Share transfer involving the person;
- (b) suspend a stated right or entitlement a person has as a Member of the Co-operative or attaching to any Shares of the Co-operative in which the person has a Relevant Interest.

17.18 The Co-operative must inform the Registrar in writing within 14 days after the Board becomes aware that:

- (a) a particular person has a Relevant Interest in the Shares of the Co-operative the nominal value of which is more than 20% of the nominal value of the issued Capital of the Co-operative; or
- (b) there has been a change in the number of Shares in which a person referred to in **Rule 17.18(a)** holds a relevant interest.

17.19 The Co-operative must keep a register of notifiable interests made in accordance with this **Rule 17**.

17.20 The register must be open for inspection by a Member of the Co-operative free of charge.

## **DIVISION 3 – MEMBERS**

### **18 ACTIVE MEMBERSHIP PROVISIONS**

18.1 The primary activity of the ArchiTeam Co-operative Ltd is to further the interests of architects and allied professionals by facilitating communication, education, access to activities, resources and services offered by, or to members through the encouragement of group activities.

18.2 In order to establish active membership of the Co-operative, an Ordinary Member must pay the Annual Subscription Fees and comply with the following requirements:

- (a) Participate in Professional Indemnity Insurance; and/or
- (b) Participate in a minimum of one CPD session per year, plus additional sessions as deemed necessary by the Board; and/or
- (c) Participate in the administration operations or a committee of the Co-operative; and/or
- (d) Attend General Meetings; and/or
- (e) Participate in professional development activities; and/or
- (f) Participate in promotional activities; and/or
- (g) Contribute to any Co-operative sponsored product or activity; and/or
- (h) Share member's own resources with other Co-operative members.

18.3 In order to establish active membership of the Co-operative, an Insurance Member must:

- (a) meet the requirements of active membership for Ordinary Members set out in Rule 18.2; and
- (b) pay the relevant insurance premium as determined under **Rule 21**; and
- (c) attend at least one insurance CPD session.

18.4 All Members must be Active Members of the Co-operative.

18.5 All Members must comply with any By-Laws of the Co-operative as amended from time to time.

18.6 If a Member fails or ceases to be an Active Member, the Board must, in accordance with Division 4 of Part 2.6 of the Law:

- (a) declare the membership of the Member cancelled; and
- (b) declare the Share of the Member forfeit.

## **19 APPLICATION, QUALIFICATIONS & SHAREHOLDING REQUIRED FOR MEMBERSHIP**

19.1 A person is entitled to qualify for membership of the Co-operative and hold a Share only if:

- (a) the person first proves to the reasonable satisfaction of the Board that the person will be an Active Member of the Co-operative under **Rule 18**; and
- (b) the person has applied for the minimum number of Shares specified in **Rule 8.4**.

- 19.2 A person who wishes to be an Ordinary Member must submit all documentation required by the Board, including an application form prescribed by the Board from time to time and a copy of their resume, unless otherwise approved by the Board.
- 19.3 The Board must consider every application. The Board may, at its discretion, refuse any application for membership as an Ordinary Member. The Board need assign no reasons for its refusal, although the Board may choose to give reasons if the Board considers it appropriate to do so. Upon refusal, any monies accompanying the application for membership will be refunded without interest.
- 19.4 Applications for membership as an Ordinary Member must be lodged:
- (a) at the Office;
  - (b) in the form approved by the Board;
  - (c) be accompanied by the Joining Fee; and
  - (d) include an application for Shares in the Co-operative.
- 19.5 The Board of the Co-operative must give each person intending or applying to become a Member of the Co-operative:
- (a) a consolidated copy of the Rules of the Co-operative; and
  - (b) a copy of all Special Resolutions that would apply to the prospective member passed by the Members of the Co-operative, except Special Resolutions providing for an amendment of the Rules of the Co-operative;
  - (c) a copy of the most recent financial information reported to Members under **Rule 73**; and
  - (d) a disclosure statement in accordance with section 70 of the Law.
- 19.6 The Board of the Co-operative will comply with **Rule 19.5** by:
- (a) giving the person notice that the documents referred to in **Rule 19.5** may be inspected by the person at the Office of the Co-operative and making the documents available for inspection in person; or
  - (b) if the person has elected to receive the documents as an electronic copy – by sending the person an electronic copy of the documents; or
  - (c) if the person did not make the election – by directly notifying, in writing, that the documents are accessible on the website and specify the direct address on the website where the documents may be accessed.
- 19.7 The Co-operative must give to any person intending or applying to become a Member written notice of the Joining Fee and Annual Subscription Fee payable by a Member to the Co-operative and the dates by which those fees are payable.

- 19.8 If the Board approves an application for membership as an Ordinary Member:
- (a) the relevant Share must be allotted to the applicant (upon payment in full for that Share);
  - (b) the Board must ensure that the name of a person admitted to membership, the date of admission and any other information is recorded in the Register of Members and Shares within 28 days after the person is admitted to membership;
  - (c) the Board must notify the applicant in writing of the entry in the Register of Members and Shares;
  - (d) the applicant for membership becomes entitled to exercise the rights of membership when:
    - i. the Member's name appears in the Register of Members and Shares; and
    - ii. the Member has paid to the Co-operative the relevant Joining Fees and Annual Subscription Fees.
- 19.9 The Board may determine that there will be different categories of membership.

## **20 ORDINARY MEMBERS**

- 20.1 A Member will be an Ordinary Member if he/she:
- (a) meets the active membership requirements for Ordinary Members under **Rule 18**;
  - (b) meets one of the Eligibility For Ordinary Membership requirements; and
  - (c) pays the relevant Joining Fee and Annual Subscription Fees.
- 20.2 An Ordinary Member will have the following rights:
- (a) be entitled to a single vote at a General Meeting;
  - (b) attend any functions such as CPD sessions, investigative/organising committee etc. by the Board or an approved sub-committee; and
  - (c) submit applications, design work, architectural work or other materials as invited for any function organised by the Co-operative.
- 20.3 The Ordinary Member expressly consents to the monetary value of its Share being allocated to general revenue (subject to verification by the Co-operative's accountant) and the Member will be notified of these details.
- 20.4 The information in this **Rule 20** must be set out in the membership application form for ordinary membership.
- 20.5 If a person whose ordinary membership is cancelled subsequently re-applies and is

accepted for membership of the Co-operative then he/she will be reissued with the same membership number.

## 21 INSURANCE MEMBERS

21.1 A Member will be an Insurance Member if he/she:

- (a) meets the active membership requirements for ordinary membership under **Rule 18** and is accepted as an Ordinary Member; and
- (b) meets the active membership requirements for insurance membership under **Rule 18**; and
- (c) meets one of the Eligibility For Insurance Membership requirements; and
- (d) pays the relevant Joining Fee and Annual Subscription Fees; and
- (e) pays the prescribed insurance premium annually as determined by this **Rule 21**; and
- (f) once approved as an Ordinary Member, applies and obtains one combined insurance share of the Co-operative's group master insurance policies in public liability and professional liability.

21.2 Only once a Member is approved as an Ordinary Member can that Member apply to become an Insurance Member. Refusal of ordinary membership will preclude the person from being accepted as an Insurance Member.

21.3 The Board must consider every application for membership as an 'Insurance Member'. Applications for membership as an Insurance Member must be lodged:

- (a) at the Office;
- (b) in the form approved by the Board and accompanied by all documentation required by the Board from time to time; and
- (c) be accompanied by the Joining Fee.

21.4 If the Co-operative's current insurer approves the Member for an insurance policy, then the Board must accept the Member's application to be an 'Insurance Member'. If the Co-operative's current insurer rejects the Member for an insurance policy, then the Co-operative will refuse the application for membership as an 'Insurance Member'. Upon refusal, any monies accompanying the application for insurance membership will be refunded, without interest, on request. The person can choose to continue as an Ordinary Member or cancel their membership.

21.5 If the Co-operative's current insurer cancels an insurance policy, or chooses not to renew the insurance policy(ies) offered to an Insurance Member during the insurance policy renewal period, then the Insurance Member will no longer meet the eligibility criteria to remain an Insurance Member (and will cease to be an Insurance Member on the date of cancellation) but the person can choose to continue as an Ordinary Member

or cancel their membership.

- 21.6 If, at any time the Insurance Member ceases to meet the Eligibility for Insurance Membership, or ceases to meet the Active Membership requirements for Insurance Members, then the Member will cease to be an Insurance Member upon the eligibility or requirements not being met, and will be downgraded to Ordinary Membership.
- 21.7 If the Board approves an application for membership as an Insurance Member then the Board will update the Register of Members and Shares to reflect the change in membership status.
- 21.8 The proportion of the insurance premium to be paid by an Insurance Member will be based on the individual's gross annual income (excluding taxes).
- 21.9 The Board will establish gross annual income bands for the purposes of setting membership fees and the insurance premiums for Insurance Members on an annual basis. These bands will reflect the policies' annual renewal and relevant external current events including any administrative costs.
- 21.10 The membership application form for insurance membership and any terms and conditions of being an Insurance Member will be reviewed by the Board as required and published on the Co-operative's website.
- 21.11 The insurance membership will become active:
- (a) once the prescribed insurance premium has been paid in full, unless otherwise decided by the Board; and
  - (b) two certificates of currency have been issued by the relevant insurance underwriter.
- 21.12 The insurance membership will become inactive at the end of the last day of cover under the relevant insurance policy. Subsequently, if the new policy is not activated for the relevant Member then no cover will be provided by the new insurance policy and they will revert to being an "Ordinary Member" only.
- 21.13 If the inactive Insurance Member renews their insurance membership after the relevant cut-off date, the Insurance Member will not be covered for the period between the cut-off date and the starting date of the new insurance membership. The starting date of cover will be that date shown on the relevant certificates of currency by the underwriter. Exceptions may occur at the discretion of the insurance underwriter.

## 22 CEASING MEMBERSHIP

- 22.1 A person ceases to be a Member of the Co-operative under sections 117 and 118 of the Law, in each of the following circumstances:
- (a) if the Member's membership is cancelled under **Rule 23** (Inactive Members);
  - (b) if the Member is expelled in accordance with **Rule 26** (Expulsion of Members);



- (c) if the Member suffers a Transmission Event in accordance with **Rule 12** (Death, Incapacity & Bankruptcy of Members);
- (d) if the contract of Membership is rescinded on the ground of misrepresentation or mistake;
- (e) if the Member's total shareholding is transferred to another person under these Rules and the name of the transferee is entered in the Register of Members and Shares in respect of the shareholding;
- (f) if the Member's total shareholding is forfeited under the Law or these Rules;
- (g) if the Member's total shareholding is sold by the Co-operative under a power conferred by these Rules and the name of the purchaser is entered in the Register of Members and Shares in respect of the shareholding;
- (h) if the Member's total shareholding is purchased by the Co-operative under the Law and these Rules;
- (i) if the amount paid up on the Member's Shares is repaid to the Member under these Rules;
- (j) on notice in writing given by the Member to the Secretary, of the Member's resignation from membership;
- (k) if the Member does not qualify as a Member under **Rule 19**.

## **23 CANCELLATION OF MEMBERSHIP OF INACTIVE MEMBERS**

- 23.1 It is a condition of being a Member of the Co-operative that the Member complies with the Active Member obligations under **Rule 18**.
- 23.2 In accordance with section 156 of the Law, the Board, after giving the Member no less than 28 days notice of its intention to cancel that Member's membership, unless **Rule 23.8** applies, must declare the membership of that Member cancelled if:
- (a) the whereabouts of the Member is not presently known to the Co-operative and has not been known to the Co-operative for a continuous period of at least 1 year before that time; or
  - (b) the Member is not presently an Active Member of the Co-operative and has not been an Active Member of the Co-operative at any time during the past 1 year immediately before that time.
- 23.3 Notice is not required to be given in accordance with **Rule 23.2** if:
- (a) the Member's whereabouts are unknown to the Co-operative; and
  - (b) the amount required to be repaid to the Member in relation to the cancelled membership (whether because of cancellation of the Share or otherwise) is not more than \$100 (or any amount prescribed by the National Regulations).

- 23.4 Notice may be given by publication of a notice in a newspaper in the district in which the Office of the Co-operative is situated if:
- (a) the member's whereabouts are unknown to the Co-operative; and
  - (b) the amount required to be repaid to the Member in relation to the cancelled membership (whether because of the cancellation of the Share or otherwise) is more than the applicable amount under **Rule 23.3(b)**.
- 23.5 Where a Member's membership has been cancelled under **Rule 23.2**, the Board must:
- (a) declare the Share of that Member as forfeited at the same time the Member's membership is cancelled;
  - (b) cancel all Shares so forfeited; and
  - (c) (except in the case of cancellation due to a Transmission Event which is dealt with in **Rule 12**) deal with any amount due to the Member in respect of the cancellation in accordance with **Rule 24**.
- 23.6 A Member must be given an opportunity to make a submission to the Board in relation to a notice issued under **Rule 23.2**.
- 23.7 The Co-operative must keep a register of cancelled membership in accordance with clause 7 of Schedule 2 of the National Regulations.
- 23.8 The Board may by resolution defer cancellation of a Member's membership for up to 1 year:
- (a) if the Board has reasonable grounds to believe a Member has ceased to be an Active Member because of unusual circumstances that prevent the Member fulfilling his or her active membership obligations; or
  - (b) if:
    - i. the Board thinks that during the deferral period an active membership resolution, under Division 3 Part 2.6 of the Law, may be put to the Members of the Co-operative; and
    - ii. the effect of the resolution would be relevant to the question of whether the Member is an Active Member.
- 23.9 The Board of the Co-operative must review the resolution to defer within the deferral period to decide if a further resolution should be made under **Rule 23.8**.

## **24 REPAYMENT OF AMOUNTS DUE IN RESPECT OF CANCELLED MEMBERSHIP**

- 24.1 If the membership of a Member is cancelled under **Rule 23**, the Co-operative must within 1 year after the date of cancellation:

- (a) repay to the former Member the amount owing to the Member because of the cancellation; or
- (b) apply the amount in accordance with section 163(2), section 164 and section 165 of the Law if:
  - i. the Board considers repayment would adversely affect the financial position of the Co-operative; or
  - ii. the Board and the former Member so agree.

24.2 The amount payable to a former Member because of cancellation of membership excludes any amount paid up for Shares forfeited because of the cancellation of membership as the Members and the Co-operative agree that the amount paid up on the Share(s) will be donated to the Co-operative pursuant to section 163(2)(c) of the Law.

24.3 The Co-operative may retain the amount otherwise payable to a former Member, 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 (or any other amount prescribed by the Regulations).

## 25 RESIGNATION OF MEMBERS

25.1 A Member may resign from the Co-operative by giving a minimum 28 days notice in writing addressed to the Secretary.

25.2 The Share of the resigning Member must be cancelled as at the day of resignation, and cancellation must be noted in the Register of Members and Shares.

## 26 EXPULSION OF MEMBERS

26.1 A Member may be expelled from the Co-operative if the Co-operative by Special Resolution determines that the Member should be expelled on the ground(s) that:

- (a) the Member has failed to discharge the Member's obligations to the Co-operative under a contract, the Law or these Rules; or
- (b) the Member has acted in a manner that:
  - i. has prevented or hindered the Co-operative in carrying out any of its primary activities;
  - ii. has brought the Co-operative into disrepute;
  - iii. is prejudicial or detrimental to the interests of the Co-operative; or
  - iv. is contrary to any of the co-operative principles and in so acting caused the Co-operative harm; or

- v. the Member has ceased to be qualified as a Member as specified in **Rule 19**.
- 26.2 A written notice of the Special Resolution to expel a Member must be given to the Member not less than 28 days before the date of the meeting at which the Special Resolution is to be moved. The notice must state the date, time and place of the meeting and also state the nature of the relevant act or omission in question.
- 26.3 The procedure at a General Meeting to consider the proposed Special Resolution is as follows:
- (a) the Member must be given a reasonable opportunity to be heard at the meeting;
  - (b) the Member is entitled to call witnesses and to cross examine witnesses called against the Member;
  - (c) if the Member fails, without reasonable excuse, to attend the meeting at the time and place of which notice has been given, the Co-operative may consider the matter in the absence of the Member; and
  - (d) after considering the matter, the Co-operative may by Special Resolution determine to expel the Member.
- 26.4 When the Member is expelled, the Co-operative must within 7 days after the meeting, provide the Member with written notice of the decision.
- 26.5 The expulsion of the Member takes effect from the moment the Special Resolution is passed by the Co-operative.
- 26.6 The Share of an expelled Member must be cancelled as at the day of expulsion, and cancellation must be noted in the Register of Members and Shares.
- 26.7 An expelled Member must not be re-admitted as a Member unless re-admission is approved by Special Resolution of the Co-operative.

## **27 REPAYMENT OF SHARES ON EXPULSION OR RESIGNATION**

- 27.1 When a Member is expelled or resigns from the Co-operative, the Co-operative must, within 1 year after the day of expulsion or resignation:
- (a) (subject to **Rule 27.2**)\_repay to the former Member an amount (the **repayable amount**) made up of the amount paid up on the Share held by the Member at the day of expulsion or resignation, less any amount owed by the Member to the Co-operative at the date of expulsion or resignation under these Rules or any contract or otherwise; or
  - (b) if the Board considers that repayment would adversely affect the financial position of the Co-operative or the Board and the former Member agree the Co-operative may appropriate the repayable amount as a donation to the Co-operative but only if the former Member consents in writing to the donation; or

- (c) if the Board considers that repayment would adversely affect the financial position of the Co-operative or the Board and the former Member agree the Co-operative may allot or issue Debentures or CCUs of the Co-operative to the former Member in satisfaction of the amount.

27.2 If the repayable amount is only the amount paid up on the Share held by the Member, then the Member and the Co-operative agree that the amount paid up on the Share(s) will be donated to the Co-operative pursuant to section 128(2(a) of the Law.

27.3 If the balance sheet of the Co-operative last issued before the expulsion or resignation of a Member disclosed a loss or deficiency, there must be a proportionate reduction in the Capital to be repaid to the Member.

27.4 The proportionate reduction, under **Rule 27.4**, must be by an amount that corresponds to the amount of the loss or deficiency disclosed and in proportion to the number of Shares held by the Member as opposed to the total number of Shares held by all Members as at the date of expulsion or resignation of the Member.

27.5 Shares for which Capital has been repaid must be cancelled.

## 28 SUSPENSION OF MEMBERS

28.1 A Member may be suspended from membership of the Co-operative for a period not exceeding 1 year, if the Board by Special Resolution determines that the Member should be so suspended on the ground that:

- (a) the Member has contravened these Rules or any Co-operative Policy;
- (b) the Member has failed to discharge the Member's obligations to the Co-operative under these Rules or any contract; or
- (c) the Member has acted in a manner prejudicial or detrimental to the interests of the Co-operative.

28.2 Where the Board receives a complaint that a Member has committed any act referred to in **Rule 28.1**, the Board may meet within 21 days of receipt of the complaint to consider the complaint.

28.3 Where the Board is to meet pursuant to **Rule 28.2**, the following procedure will apply:

- (a) at least 7 days written notice stating the date, time and place of the Board meeting must be given to any Member against whom a complaint has been received. The written notice must also state the nature of the complaint;
- (b) the Member must be given a reasonable opportunity to be heard at the meeting. If the Member is not able to attend, the Member may make a written statement for the consideration of the members of the Board;
- (c) the Member is entitled to call witnesses and to cross examine witnesses called against the Member;

- (d) if the Member fails, without reasonable cause, to attend at the time and place of which notice has been given, the Board may consider the matter in the absence of the Member; and
  - (e) after considering the matter, the Board may by resolution determine to suspend the Member.
- 28.4 If the Board resolves to suspend the Member, the Co-operative must, within 7 days after the Board meeting, cause written notice to be given to the Member of the decision, the Member's right to appeal and the period of suspension.
- 28.5 A Member who has been suspended by resolution of the Board may appeal to the Co-operative in a General Meeting within 7 days after notice of the decision is served on the Member, by lodging a notice of appeal with the Secretary.
- 28.6 On receipt of the notice of appeal, the Secretary must notify the Board, which is to convene a General Meeting of the Co-operative to be held within 28 days after the date on which the Secretary received the notice of appeal, to consider a Special Resolution to confirm the Board's decision to suspend the Member.
- 28.7 At the General Meeting of the Co-operative convened under **Rule 28.6**:
- (a) no business other than the question of appeal is to be transacted;
  - (b) the Board and the Member must be given the opportunity to state their respective cases orally or in writing, or both; and
  - (c) the Members present are to vote by secret ballot on the question of whether the Board's decision should be confirmed.
- 28.8 If the Special Resolution confirming the Board's decision to suspend the Member is passed, the Member's suspension will take effect from that time. If the Special Resolution confirming the Board's decision to suspend the Member is not passed, the Board resolution is revoked.
- 28.9 A Member who has been suspended is not entitled to the rights of membership and use of the Co-operative's facilities but remains liable for all their obligations as a Member under these Rules and the Law.

## 29 ONE MEMBER ONE VOTE

- 29.1 The right to vote attaches to membership and not shareholding.
- 29.2 Each Active Member of the Co-operative has only one vote in respect of any question or motion arising at a General Meeting of the Co-operative.
- 29.3 A Member of the Co-operative is not entitled to vote at a meeting of the Co-operative:
- (a) if the person is not an Active Member of the Co-operative; or
  - (b) the person is excluded from voting under the Law or the Rules.

29.4 In the case of joint membership, the joint members will have 1 vote only between them and that vote may only be exercised (subject to any power of attorney) by the joint member whose name appears first in the Register of Members and Shares.

### **30 RIGHTS AND LIABILITIES OF MEMBERS TO THE CO-OPERATIVE**

30.1 A Member, in accordance with sections 121, 124 and 126 of the Law, is liable to the Co-operative for the following amounts:

- (a) any charges or penalties, including entry and periodic fees (if any), payable by the Member to the Co-operative as required by these Rules; and
- (b) the amount, if any, unpaid on the Share held by that Member.

30.2 A Member of the Co-operative is not, as a Member, under any personal liability to the Co-operative, except as provided by this **Rule 30**.

30.3 This Rule does not affect a liability that a Member of the Co-operative may have to the Co-operative in respect of:

- (a) any trade or other business conducted by the Member with the Co-operative; or
- (b) any fines imposed on the Member by the Co-operative.

30.4 On the death of a Member, the Member's estate is subject to the same liability as the Member would have been liable until the Member's executor or administrator or some other person is registered in the Member's place. The Board must follow the provisions in Division 8 Part 2.4 of the Law and **Rule 12** in dealing with a deceased Member's estate.

### **31 MEMBER MAY BE REQUIRED TO DEAL WITH CO-OPERATIVE**

31.1 The Co-operative may, in accordance with section 125 of the Law, make a contract with a Member requiring the Member to have specified dealings with the Co-operative for a fixed period.

31.2 The provisions of the contract may require a Member:

- (a) to sell products through or to the Co-operative; or
- (b) to obtain supplies or services through or from the Co-operative; or
- (c) to pay to the Co-operative specified sums as liquidated damages for any failure to comply with a requirement authorised by this **Rule 31**.

31.3 Any amount required to be paid to the Co-operative as liquidated damages is, for the purpose of section 127 of the Law, a debt payable by the Member to the Co-operative and is accordingly subject to that section.

### **32 COMPULSORY LOAN BY MEMBER TO THE CO-OPERATIVE**

- 32.1 The Co-operative may by levy, in accordance with section 343 of the Law, require its Members to lend money to the Co-operative, with or without security, in accordance with a proposal by Special Resolution passed by a special postal ballot. Any such proposal must be accompanied by a disclosure statement approved by the Registrar.
- 32.2 The term of the loan must not be for more than 7 years or a shorter period prescribed by the Regulations.
- 32.3 The approved proposal will be binding on all Members, when registered with the Registrar, other than a Member who has given notice of resignation under section 343(3)(c) of the Law and on all persons who become Members of the Co-operative after that date and before the total amount of the loan to be raised has been raised.

### **33 FINES PAYABLE BY MEMBERS**

- 33.1 The Board may impose a fine on a Member for an infringement of these Rules, Co-operative Policy or By-Laws.
- 33.2 The fine must not exceed \$1,000.00.
- 33.3 A fine pursuant to **Rule 33.1** must not be imposed on a Member unless:
  - (a) written notice of intention to impose the fine and the reason for it has been given to the Member; and
  - (b) 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.
- 33.4 Notwithstanding **Rule 33.1** above, the Board may impose on a Member the equivalent of any fine imposed upon the Co-operative by a Government or statutory authority as a result of a legal obligation of the Co-operative arising from the action or inaction of a Member.

## **DIVISION 4 – GENERAL MEETINGS**

### **34 ANNUAL GENERAL MEETING & SPECIAL GENERAL MEETINGS**

- 34.1 The Annual General Meeting of the Co-operative must be held within:
  - (a) 5 months after the close of the Financial Year of the Co-operative; or
  - (b) any further time that may be allowed by the Registrar or is prescribed.
- 34.2 The Board may determine the date, time and place of the Annual General Meeting and the Technology to be used (if any).
- 34.3 All other meetings of the Co-operative will be called Special General Meetings.
- 34.4 If any Annual General Meeting is not held in accordance with **Rule 34.1**, the Members may requisition the meeting. This requisition must be in accordance with section 257 of



the Law and **Rule 35**.

34.5 A Special General Meeting of the Co-operative may be called at any time by the Board.

### **35 REQUISITION OF GENERAL MEETING**

35.1 In accordance with section 257 of the Law, the Board must call a General Meeting of the Co-operative on the written requisition of 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.

35.2 A Member is not entitled to be a requisitioning Member unless the Member is an Active Member.

35.3 The written requisition referred to in **Rule 35.1** 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 Office.

35.4 A meeting requisitioned by Members under this **Rule 35** must be called and held as soon as practicable and in any case must be held within 63 days after the requisition is served.

35.5 If the Board does not call the meeting within 21 days after the requisition is served, the following provisions apply:

- (a) the requisitioning Members (or any of them representing at least half their total voting rights) may call the meeting in the same manner as nearly as possible as meetings are called 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 to receive notice of General Meetings of the Co-operative, when the requisition was served;
- (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 called by the requisitioning Members must be held within 91 days after the requisition is served;
- (e) any reasonable expenses incurred by the requisitioning Members because of the Board's failure to call the meeting must be paid by the Co-operative;
- (f) any amount required to be paid by the Co-operative under **Rule 35.5(e)** must be retained by the Co-operative out of any money due from the Co-operative by way of fees or other remuneration for their services to the Directors in default.

## 36 NOTICE OF GENERAL MEETINGS

- 36.1 Subject to **Rule 36.2**, the Board must give 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) of any General Meeting specifying the place, day and hour of the business and whether the meeting is to be conducted using Technology (including instructions on how to participate in the meeting) to all Members in the manner provided in these Rules, and to all other persons as may be entitled to receive the notice from the Co-operative.
- 36.2 The Board must give 21 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) to all Members of a General Meeting at which a Special Resolution is to be considered and the notice must specify:
- (a) the intention to propose the Special Resolution;
  - (b) the reasons for making of the Special Resolution;
  - (c) the effect of the Special Resolution being passed; and
  - (d) the place, day and hour of the business and whether the meeting is to be conducted using Technology (including instructions on how to participate in the meeting);
- and be in the manner provided in these Rules, and be provided to all other persons as may be entitled to receive the notice from the Co-operative.
- 36.3 Notice of every General Meeting must be given to:
- (a) Members of the Co-operative, by the method specified in **Rule 83**;
  - (b) every person entitled to Shares in consequence of a Transmission Event, who, but for the Transmission Event, would not be entitled to receive notice of the meeting; and
  - (c) auditor or reviewer of the Co-operative (if any).
- 36.4 The non-receipt of a notice by, or the accidental omission to give a notice to, any of the Members of the General Meeting will not invalidate any resolution passed at the meeting.
- 36.5 Any Member who has a resolution to submit to a General Meeting must give written notice of the terms of the resolution to the Co-operative not less than 28 days prior to the date of the meeting.
- 36.6 The Board must insert in any notice convening a General Meeting any proper business that a Member has notified the intention to move and for which notification has been given in accordance with **Rule 36.5**.

## 37 BUSINESS AT GENERAL MEETINGS

37.1 The ordinary business of the Annual General Meeting will be all of the following:

- (a) to confirm minutes of the last preceding General Meeting (whether annual or special);
- (b) to receive from the Board, auditor/reviewer, or any other 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 cash flows, and the state of affairs at the end of the Financial Year;
- (c) to elect Directors and other officers in the place of those retiring;
- (d) to determine the Remuneration (if any) of the Board and the auditor or reviewer (as applicable);
- (e) to determine the rates of dividend, bonus shares and rebate (if applicable);
- (f) to transact any other business which under these Rules ought to be transacted at an ordinary General Meeting; and
- (g) for Members to have a reasonable opportunity to ask questions about, or provide comments on, the management of the Co-operative and to ask the auditor/reviewer questions relevant to the conduct of the audit/review and the preparation and content of their report and the accounting policies adopted by the Co-operative in relation to the financial statements.

**Commented [KI1]:** Noting that you are not a large co-operative, the decision to appoint an auditor or a review rests with the Board.

37.2 The Annual General Meeting may also transact special business of which notice has been given to Members in accordance with these Rules.

37.3 All business of a General Meeting, other than ordinary business, is special business.

## 38 QUORUM AT GENERAL MEETING

38.1 An item of business must not be transacted at a meeting of a Co-operative unless a quorum of Members entitled to vote is present during the transaction of that item. For the purposes of these **Rules**, “**present**” means present in person, by power of attorney or present through the use of Technology.

38.2 Subject to **Rule 38.3**, the quorum of the Co-operative is 5 Members entitled to vote at a meeting of the Co-operative plus (if the active membership of the Co-operative exceeds 50), 1 additional Member for each 50 Active Members after the first 50.

38.3 If within 30 minutes after the appointed time for the meeting a quorum is not present, the meeting:

- (a) if called by requisition of Members under **Rule 35**, is abandoned; and
- (b) in any other case is to be adjourned to a time and place nominated by the chairperson.

38.4 If at an adjourned meeting, under **Rule 38.3(b)**, a quorum is not present within half an

hour after the time appointed for the meeting the meeting must be abandoned.

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

- 39.1 The chairperson of the Board will be entitled to take the chair at every General Meeting.
- 39.2 If there is no chairperson, or at any General Meeting the chairperson is not present within 15 minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Members may elect one member of the Board to take the chair or if all the Board members are not present or decline to take the chair, the Members present will choose one of their number to be the chairperson (until such time as the chairperson attends and is willing to act).
- 39.3 The person selected under **Rule 39.2** presides at that meeting until the time that the chairperson attends and is willing to act.

### **40 ADJOURNMENT OF MEETINGS**

- 40.1 The chairperson of a General Meeting may, pursuant to an ordinary resolution passed by the Members, adjourn the General Meeting from time to time and from place to place. However, no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 40.2 If any General Meeting is adjourned for more than 21 days, a notice of adjournment must be given to all the Members in the same manner as notice was (or ought to) have been given as set out in **Rule 36**.
- 40.3 This **Rule 40** only applies if there is a quorum at the meeting to be adjourned.

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

- 41.1 Subject to **Rule 41.3**, the following standing orders must be observed at General Meetings of the Co-operative:
- (a) The mover of a proposition must not speak for more than 10 minutes.
  - (b) Subsequent speakers are 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 41**.
  - (c) If an amendment to an original proposition is proposed, no second amendment may be considered until the first amendment is disposed of.
  - (d) If an amendment is carried, the proposition as so amended displaces the original proposition and may itself be amended.
  - (e) If an amendment is defeated, then a further amendment may be moved to the original proposition. However, only one amendment may be submitted to the meeting for discussion at one time.
  - (f) The mover of every original proposition, but not of an amendment, has the right

to reply. Immediately after this the question must be put from the chair. No other Member may speak more than once on the same question, unless permission is given for an explanation, or the attention of the chairperson is called to a point of order.

(g) Propositions and amendments must be submitted in writing, if requested by the chairperson.

(h) Any discussion may be closed by a resolution "that the question be now put" be moved, seconded and carried. That resolution must be put to the meeting without debate.

41.2 Any Member, or visitor invited to attend the meeting by the Board, may speak on any issue at a meeting with the permission of the chairperson subject to any conditions imposed by the chairperson.

41.3 The standing orders may be suspended for any period by ordinary resolution.

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

42.1 A Member whose membership is required to be cancelled under **Rule 23** is not entitled to attend any meeting of the Co-operative.

42.2 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.

42.3 A Member of the Co-operative who is under 18 years of age is not entitled to vote.

42.4 A question for decision at a General Meeting of the Co-operative is to be decided by a show of hands, unless a poll is required.

42.5 The question is to be decided by a poll if a poll is required by the chairperson of the meeting or by any 5 Members present and entitled to vote at the meeting.

42.6 Subject to **Rule 29**:

(a) on a show of hands every Member present in person (or by Technology) or under power of attorney and entitled to vote will have one vote; and

(b) upon a poll every Member present in person (or by Technology) or under power of attorney and entitled to vote will have one vote.

42.7 The Board must at least 21 days prior to the calling of a General Meeting close the Register of Members and Shares for the purposes of establishing voting entitlements and no changes to voting entitlements between that date and the close of the General Meeting will be acknowledged without a resolution of the Board to that effect.

42.8 Subject to these Rules, votes may only be exercised personally (physically present or present through the use of Technology) or by attorney. Voting may not be by proxy.

42.9 In the case of joint Membership:

- (a) the joint Members have only one vote between them; and
- (b) that vote may be exercised by the Member whose name appears first in the Register of Members and Shares unless the other joint Members otherwise direct.

42.10 Subject to the Law and these Rules, a question for decision at a General Meeting, other than a Special Resolution, must be determined by a majority of Members present at the meeting and voting.

42.11 The chairperson may declare that a resolution has been passed or lost having regard to the majority required on a show of hands or a count of votes (unless a poll be demanded by the chairperson or by at least 5 Members present and entitled to vote). An entry to the effect in the book to be kept of the proceedings of the Co-operative signed by the chairperson at that or the next succeeding meeting, is conclusive evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of, or against, the resolution.

42.12 In the case of an equality of votes at a meeting of the Co-operative, 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 will exercise a second vote or casting vote.

#### **43 POLL AT GENERAL MEETINGS**

43.1 If a poll is demanded by at least 5 Members present and entitled to vote at the meeting or by the chairperson, it will be taken in the manner, time, place and Technology (if applicable) that the chairperson of the meeting directs, and either at once, after an interval or adjournment or otherwise. The result of the poll is deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn. In the case of any Dispute as to the admission or rejection of a vote the chairperson will determine the Dispute. A determination made in good faith is final and conclusive.

43.2 The demand for a poll will not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

43.3 A poll demanded for the election of the chairperson or on a question of adjournment must be taken immediately, but any other poll may be conducted at any time before the close of the meeting.

#### **44 POWER OF ATTORNEY & RESTRICTIONS**

44.1 Any Member may, by power of attorney duly executed, appoint an attorney (who must be an Active Member of the Co-operative) to act on the Member's behalf at all meetings of the Co-operative. Before the attorney is entitled to act, the power of attorney (or its proof to the satisfaction of the Board) must be produced for inspection at the Office, together with such evidence of the due execution of the attorney as the Board may require.

44.2 A person is not entitled to exercise a Member's right to vote under a power of attorney if that person has a power of attorney to vote in respect of another Member of the Co-

operative under another power of attorney.

#### **45 POSTAL BALLOT – FORM AND MANNER**

45.1 A postal ballot must be conducted in accordance with Regulation 3.9 of the National Regulations and in a form and manner as determined by this **Rule 45**.

45.2 The Co-operative may hold a postal ballot to determine any issue or proposal by the Members in the following manner:

- (a) the Board will cause the details of the proposal upon which the ballot 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;
- (b) every ballot will be conducted by the returning officer who will 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, will be the returning officer;
- (c) 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;
- (d) the returning officer may be assisted in the performance of any duties or powers under this Rule by any person (who would be eligible to be returning officers) appointed by the returning officer;
- (e) the returning officer will 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;
- (f) a person whose name is on the roll, will be entitled to vote in a postal ballot, and no person will otherwise be so eligible or so entitled;
- (g) the returning officer will cause Ballot Papers to be prepared in such form and with such content as the Board may approve from time to time);
- (h) each Ballot Paper should be accompanied by:
  - i. 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;
  - ii. an explanation of how to lodge a valid vote;
  - iii. the majority required to pass the vote; and
  - iv. notice of the closing time and date of the postal ballot;
- (i) If Technology for the postal ballot is to be used:

- i. Members who have limited or no access to the Technology chosen must not be prejudiced in their ability to be advised of the postal ballot and to consider, record and return their vote; and
  - ii. accordingly, facilities must be reasonably available for Members to be advised of the postal ballot, and to consider, record and return their vote, otherwise than by the use of the Technology chosen;
- (j) 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 **Rule 45.2(h)** having endorsed any duplicate outer envelope with the word "duplicate". Any Member who makes a declaration under this **Rule 45**, which is false, in any particular material, will be guilty of a breach of these Rules;
  - (k) Ballot Papers received after noon on the date fixed for the closing of the ballot will not be taken into account at the ballot;
  - (l) 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 will count the votes;
  - (m) the decision of the returning officer as to the formality of any Ballot Paper will be final and there will be no appeal from the decision;
  - (n) the returning officer will 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; and
    - iii. the number of informal votes cast.
  - (o) 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 **Rule 45.2(n)**;
  - (p) the returning officer will forward the statement to the chairperson of the Co-operative who will announce the result of the ballot at the next General Meeting;
  - (q) the proposal which received the required majority of votes will have been passed;
  - (r) notification of the result of the ballot (other than a ballot conducted to alter these rules and a ballot to elect Directors) will be displayed on the notice board at the Office;
  - (s) 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; and

- (t) in the case of a postal ballot to elect Directors, the Co-operative must act in accordance with **Rule 52**.

#### **46 REQUISITION OF A POSTAL BALLOT**

46.1 The Board must conduct a postal ballot (including a special postal ballot) for the passing of a Special Resolution on the written requisition of the number of Members who together are able to cast at least 10% of the total number of votes able to be cast at a meeting of the Co-operative.

46.2 A Member cannot be a requisitioning Member unless the Member is an Active Member.

46.3 The following rule applies to a requisition for a postal ballot:

- (a) it must state:
  - i. the proposed Special Resolution to be voted on; and
  - ii. the reasons for the making of the Special Resolution; and
  - iii. the effect of the Special Resolution being passed.
- (b) it must be signed by the requisitioning Members;
- (c) it must be served on the Co-operative by being filed at the Office of the Co-operative; and
- (d) the requisition must specify whether the postal ballot is to be a secret postal ballot.

46.4 The postal ballot must be conducted as soon as practicable and in any case must be conducted within 2 months after the requisition is served on the Co-operative.

46.5 If the Special Resolution for which the requisitioned postal ballot is conducted is not passed, the Co-operative may recover the expenses of the postal ballot from the Members who requisitioned the postal ballot as a debt payable to the Co-operative.

46.6 A postal ballot requisitioned under **Rule 46.1** is to be conducted in accordance with section 250 of the Law, Regulation 3.9 of the National Regulations and in the form and manner as determined by **Rule 45**.

#### **47 SPECIAL POSTAL BALLOTS**

47.1 The Board must send a draft disclosure statement to the Registrar for approval at least 28 days before the notice of the special postal ballot is to be given to Members.

47.2 Ballot papers (in such form as required by **Rule 45**) must be sent to all voting Members so that they arrive at least 28 days before the closing date of the special postal ballot (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given).

47.3 A special postal ballot must be held where there is a proposed resolution dealing with one of the following matters:

- (a) conversion of:
  - i. the Co-operative to a co-operative without share capital, or vice-versa; or
  - ii. the Co-operative to a non-distributing co-operative, or vice-versa.
- (b) a Special Resolution to require Members to take up or subscribe for additional Shares and a Special Resolution to deduct amounts for additional Shares in accordance with section 82 of the Law;
- (c) a Special Resolution on the requisition of Members under **Rule 46**;
- (d) a Special Resolution to require Members to lend money to the Co-operative in accordance with section 343 of the Law;
- (e) an acquisition or disposal of certain assets of the Co-operative as prescribed by section 359 of the Law;
- (f) to increase the maximum permissible level of Share interest in the Co-operative in accordance with section 363 of the Law;
- (g) certain share offers as prescribed by section 374 of the Law;
- (h) a merger in accordance with sections 396 and 476 of the Law;
- (i) a transfer of engagements in accordance with section 396 and 476 of the Law;
- (j) a transfer of incorporation in accordance with section 404 of the Law;
- (k) a compromise or arrangement between the Co-operative and its Members in accordance with section 414 of the Law; and
- (l) a Members' voluntary winding up in accordance with section 445 of the Law.

#### 48 RESOLUTIONS

48.1 A Special Resolution is a resolution which is passed in accordance with sections 239 and 240 of the Law:

- (a) by a two-thirds majority at a General Meeting of Members;
- (b) by a two-thirds majority in a postal ballot (other than a special postal ballot) of Members; or
- (c) by a three-quarters majority in a special ballot of Members.

48.2 A resolution must not be considered to be passed as a Special Resolution unless the notice requirements under **Rule 36.2** have been given to Members.

- 48.3 A Special Resolution has effect from the date it is passed, other than a Special Resolution required under the Law or Rules to be passed by special postal ballot (other than a special postal ballot in favour of a voluntary winding up) in which case it has effect from the time it is registered by the Registrar.
- 48.4 A Special Resolution amending these Rules does not take effect until they have been registered by the Registrar in accordance with section 63 of the Law.
- 48.5 The Co-operative must lodge 2 copies of each Special Resolution passed by the Co-operative with the Registrar. The copies must:
- (a) be lodged within 28 days after the passing of a Special Resolution or a further period as the Registrar allows;
  - (b) be signed by a Director and the Secretary of the Co-operative; and
  - (c) be accompanied by the lodgement fee prescribed by the Regulations.
- 48.6 Except as otherwise provided in the Law or by the Rules, every question for decision by the Co-operative must be determined by ordinary resolution.
- 48.7 In accordance with section 238 of the Law, an ordinary resolution is a resolution of the Co-operative that is passed by a simple majority at a General Meeting of the Co-operative or by a postal ballot of Members.

## **DIVISION 5 – DIRECTORS**

### **49 BOARD OF DIRECTORS**

- 49.1 There will be a board of 5 Directors, all of whom will be:
- (a) a natural person, whether as a Member of the Co-operative or otherwise; and
  - (b) at least 18 years old.
- 49.2 At least 2 of the Directors must be ordinarily resident in Australia.
- 49.3 Subject to the Law and these Rules, the business of the Co-operative is to be managed by the Board. The Board may exercise all the powers of the Co-operative that are not, by the Law or the Rules, required to be exercised by the Co-operative in a General Meeting.
- 49.4 The acts of a Director, a meeting of the Board, a committee of the Directors, or any person acting as a Director are valid despite any defect that may afterwards be discovered in his or her appointment or qualification.

### **50 QUALIFICATIONS OF DIRECTORS**

- 50.1 A person is not qualified to be a Director unless he or she is:
- (a) an Active Member of the Co-operative ("**Member director**"); or

- (b) an employee of the Co-operative (**Non-Member Director**); or
- (c) a person qualified as set out in **Rule 50.6** (“**Non-Member Director**”).

50.2 In accordance with section 174 of the Law, the majority of Directors must be Member Directors.

50.3 A person must not act as a Director if the person is disqualified under section 181 of the Law.

50.4 A partner, employer, or employee of an auditor/reviewer of the Co-operative must not be appointed as a Director or alternate Director of the Co-operative.

50.5 All Directors must within 12 Months of becoming elected attend a training course on directors’ duties and regularly attend courses for the purposes of attaining or maintaining skills appropriate to directors of a co-operative which provides activities in accordance with the Co-operative’s primary activity.

50.6 A person is not eligible to be elected as a Non-Member Director unless he or she has the expertise and skills required to carry out the activity, or has other complimentary skills to execute the office of director, as determined by the Board from time to time.

50.7 Any person standing for election as a Non-Member Directors must be nominated for election by an ordinary resolution of the Board.

## 51 RETIREMENT OF DIRECTORS

51.1 At alternating Annual General Meetings of the Co-operative 3 of the Directors must retire and at the next Annual General Meeting 2 of the Directors must retire and this pattern of rotation is to continue in ensuing years.

51.2 A retiring Director remains in office until the close of the Annual General Meeting at which his or her successor is elected.

51.3 The Directors to retire in any year must be (subject to the provision as to filling casual vacancies) those who have been longest in office since their last election and as between persons who became Directors on the same day, the Directors to retire must be determined by lot (unless they otherwise agree among themselves). In such a case, the order for retirement will be the order in which the names are withdrawn.

51.4 A retiring Director is eligible for re-election subject to the person holding the qualifications specified in **Rule 50**.

51.5 A retiring Director who is eligible for re-election must be nominated.

## 52 ELECTION OF DIRECTORS

52.1 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 in a manner specified in this **Rule 52**.

- 52.2 At least six weeks before the Annual General Meeting, the Board must:
- (a) notify all Members of the number of Directors retiring at the Annual General Meeting; and
  - (b) advise the Members of:
    - i. their eligibility to nominate as a Director;
    - ii. the duties and responsibilities of a Director;
    - iii. the anticipated remuneration (if any); and
    - iv. the nomination and election procedures.
- 52.3 Not less than six weeks before the Annual General Meeting, a notice must be displayed at the Office of the Co-operative inviting nominations of candidates for election as Directors.
- 52.4 A nomination for the position of Director must:
- (a) be signed by 2 or more Active Members;
  - (b) provide details of the qualifications and experience of the person nominated; and
  - (c) be accompanied by a notice in writing signed by the candidate agreeing to his or her nomination.
- 52.5 The nomination and the notice referred to in the **Rule 52.4** must be lodged at the Office at least 30 days before the Annual General Meeting.
- 52.6 Details to be provided to Members must include the candidate's:
- (a) name; and
  - (b) age; and
  - (c) qualifications and experience; and
  - (d) length of any previous service as a Director of the Co-operative or with any other co-operative.
- 52.7 The ballot for the election of Directors must be conducted by postal ballot in accordance with **Rule 45** and the results announced at the Annual General Meeting. The Members must by ordinary resolution, which is to be conducted by postal ballot, confirm or reject the nominee's election as a Director.
- 52.8 If, at the Annual General Meeting at which an election of Directors ought to take place, the place of any retiring Directors or casual vacancies is not filled, the meeting stands adjourned until the same day and time in the next week and at the same place unless

another place is specified by a Director or officer of the Co-operative:

- (a) at the time of the adjournment; or
- (b) by written notice to Members given before the day to which the meeting is adjourned.

52.9 At the resumption of the adjourned meeting nominations for any unfilled positions of Director may be received and an election may be held.

52.10 If any vacancies remain at the end of the adjourned meeting, such vacancies will be casual vacancies and will be filled in accordance **Rule 53**.

### **53 FILLING OF CASUAL VACANCIES**

53.1 The Board may, subject to **Rule 50**, appoint a person to fill a casual vacancy in the office of Directors (including a vacancy created under **Rule 55**). Any Director appointed under this Rule will hold office only until the next Annual General Meeting, but may then be eligible for re-election upon nomination.

53.2 In the event that the Board does not make an appointment under **Rule 53.1**, a casual vacancy is to be filled by election by the Members held:

- (a) at a General Meeting of the Co-operative; or
- (b) in a manner specified in **Rule 52**; or
- (c) in such other manner as the Registrar may approve in a particular case.

53.3 The person chosen under **Rule 53.2** will retire at the same time as the Director who vacated the office would have done if that Director had not vacated it.

53.4 For the purposes of this Rule, a casual vacancy will arise where the office of a Director is vacated in accordance with **Rule 55**.

### **54 REMOVAL FROM OFFICE OF DIRECTOR**

54.1 The Co-operative may at a General Meeting by ordinary resolution passed by a simple majority remove any Director before the expiration of the Director's period of office and by ordinary resolution appoint another person in place of that Director.

54.2 Notice of intention to move the resolution must be given to the Co-operative at least 2 months before the meeting is to be held. However, subject to **Rule 54.3**, if the Co-operative calls a meeting after the notice of intention is given under this Rule, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

54.3 At least 21 days notice must be given of a meeting of the Members of the Co-operative at which a resolution will be moved:

- (a) to remove a Director from office; or

(b) to appoint a Director in place of a Director removed from office.

54.4 The Co-operative must give the Director a copy of the notice as soon as practicable after it is received.

54.5 The Director is entitled to put his or her case to Members by:

- (a) giving the Co-operative a written statement for circulation to Members; and
- (b) speaking to the motion at the meeting.

54.6 The written statement is to be circulated by the Co-operative to Members by:

- (a) sending a copy to everyone to whom notice of the meeting is sent if there is time to do so; or
- (b) if there is not time to comply with **Rule 54.6(a)** – having the statement distributed to Members attending the meeting and read out at the meeting before the resolution is voted on.

54.7 The Director's statement does not have to be circulated to Members if it is more than 1,000 words long or defamatory.

54.8 The person appointed under **Rule 54.1** must retire at the same time as the removed Director would have retired if not removed.

## 55 VACATION OF OFFICE OF DIRECTOR

55.1 The office of a Director will be vacated:

- (a) if the Director is disqualified from being a Director as provided by section 181 of the Law;
- (b) if the Director absents himself or herself from 3 consecutive ordinary meetings of the Board without its leave;
- (c) on the expiration of 1 month's notice in writing of the Director's intention to resign office, given by the Director to the Board;
- (d) if the Director is removed from office by ordinary resolution of the Co-operative or by Board resolution in accordance with **Rule 54**;
- (e) if the person ceases to hold the qualification by which the person was qualified to be a Director;
- (f) if an administrator of the Co-operative's affairs is appointed under Part 4.1 of the Law;
- (g) if the Director becomes bankrupt, suspends payment, liquidates by arrangement, compounds with or assigns that Director's estate for the benefit of creditors; or

- (h) if the Director becomes mentally incapacitated or unsound of mind.

## 56 REMUNERATION

56.1 A Director of the Co-operative must not receive remuneration for services as a Director other than:

- (a) fees, concessions and other benefits approved at a General Meeting of the Co-operative; and
- (b) reimbursement or payment of Director's travelling and other expenses that the Director properly incurs:
  - i. in attending meetings of the Board of Directors of the Co-operative or any other meetings of committees of Directors of the Co-operative; and
  - ii. in attending any General Meeting of the Co-operative.

## 57 PERSONAL INTERESTS IN CONTRACTS

57.1 A Director who is in any way (whether directly or indirectly) interested personally in a contract (or proposed contract) with the Co-operative, must declare the nature and extent of the interest to the Board and the Board must record it in the Board minutes.

57.2 In the case of a proposed contract, the declaration must be made:

- (a) at the meeting of the Board at which the question of entering into the contract is first considered; or
- (b) if the Director was not at that time interested in the proposed contract – at the next meeting of the Board held after the Director becomes interested in the proposed contract.

57.3 If a Director becomes interested in a contract with the Co-operative after it is made, the declaration must be made at the next meeting of the Board held after the Director becomes interested in the contract.

57.4 A Director who holds office or has an interest in property whereby, whether directly or indirectly, duties or interests might be created that could conflict with the Director's duties or interests as a Director must declare at a meeting of the Board the fact and the nature, character and extent of the conflict. The declaration must be recorded in the Board minutes.

57.5 A declaration required under **Rule 57.4** in relation to holding office or having an interest in property must be made by a person:

- (a) if the person holds the office or has the interest in the property when he or she becomes a Director of the Co-operative – at the first meeting of the Board held after whichever is the later of the following:
  - i. the person becomes a Director;



- ii. the relevant facts as to holding the office or having the interest in the property come to the person's knowledge; or
  - (b) if the person starts to hold the office or acquires the interest in the property after the person becomes a Director of the Co-operative – at the first meeting of the Board held after the relevant facts as to holding office or having the interest in the property come to the person's knowledge.
- 57.6 If a Director has made a declaration under this **Rule 57**, then unless the Board determines otherwise, the Director cannot:
- (a) be present during any deliberation of the Board in relation to the matter; or
  - (b) take part in any decision of the Board in relation to the matter.
- 57.7 For the purposes of the making of a determination of the Board, the Director cannot:
- (a) be present during any deliberation of the Board for the purpose of making the determination; or
  - (b) take part in the making by the Board of the determination.
- 57.8 A Director is not required to declare his or her interest in a contract or proposed contract if he or she has an interest in any contract listed in section 211 of the Law.

## **58 ALTERNATE DIRECTORS**

- 58.1 In the absence of a Director from a meeting of the Board, the Board may appoint a person (other than the auditor/reviewer, or a partner, employer or employee of the auditor/reviewer) to act as an alternate Director to sit in the Director's place on the Board.
- 58.2 A Director may from time to time apply, in writing, for any person (other than the auditor/reviewer or a partner or employer or employee of the auditor/reviewer) to be appointed by the Board as an alternate Director to sit in the Director's place on the Board.
- 58.3 A person appointed under **Rules 58.1** and **58.2** must:
- (a) be a Member, if the absent Director is a Member; or
  - (b) be an employee or a person qualified as a Non-Member Director, if the absent Director is a Non-Member Director.
- 58.4 An alternate Director appointed by the Board is entitled to notice of meetings of the Directors and, in the absence of the nominating Director, to attend and vote at those meetings and to sign resolutions and to exercise such powers, authorities and discretions as are vested in or would otherwise be exercisable by the nominating Director.
- 58.5 The other Members of the Board may by majority vote remove an alternate Director from office.

- 58.6 An alternate Director vacates office:
- (a) if the alternate Director is removed from office under this **Rule 58**; or
  - (b) if the nominating Director ceases to hold office; or
  - (c) if the alternate Director dies; or
  - (d) if the alternate Director resigns.
- 58.7 An alternate Director while acting as a Director is entitled to the same Remuneration as that to which the nominating Director would have been entitled.
- 58.8 An appointment or removal under this **Rule 58** must be in writing and must be served on the alternate Director. The appointment or removal takes effect from service of the notice of appointment or removal, as the case may be. Service of any such notice may be affected in accordance with **Rule 83**.
- 58.9 An alternate Director whilst acting in the absence of the nominating Director must not be an agent of the nominating Director and the nominating Director is not liable for the actions of the alternate Director.
- 58.10 The attendance of the alternate Director at any meeting of the Board will be deemed to be attendance by the nominating Director.

## **DIVISION 6 – THE BOARD**

### **59 POWERS OF THE BOARD**

- 59.1 Subject to the Law and these Rules, the Board may exercise all the powers conferred on the Co-operative by the Law for the control of the affairs of the Co-operative.
- 59.2 Subject to these Rules, the Board may execute and exercise all contracts, powers, acts, matters, transfers, assurances, deeds and things required and necessary to give effect to the above powers and authorities, and to all or any sale or sales or disposition provided that the Co-operative complies with section 359 of the Law.
- 59.3 In accordance with section 207 of the Law, the Board may, subject to approval by Special Resolution of the Members, enter into a management contract with an external third party for the day-to-day management of the Co-operative but the responsibility for the corporate governance of the Co-operative remains with the Board.

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

- 60.1 Meetings of the Board must be held at least once every 3 months in accordance with section 175 of the Law and otherwise as often as may be necessary for properly conducting the business of the Co-operative.
- 60.2 Questions arising at a Board meeting must be decided by a majority of votes of Directors present and voting, and any decision is for all purposes deemed to be a decision of the Board.

- 60.3 In case of an equality of votes, the chairperson of the meeting will have a second or casting vote.
- 60.4 A Director may at any time convene a meeting of the Board by giving notice individually to every other Director.
- 60.5 Except in special circumstances determined by the chairperson, at least 48 hours notice must be given to the Directors of all board meetings.
- 60.6 A meeting of the Board may be called or held using any Technology consented to by the Board. The consent may be a standing one.
- 60.7 Subject to **Rule 57** a Director must not vote in respect of any contract or proposed contract with the Co-operative in which the Director is in any way interested or in respect of any matter arising out of such a contract or proposed contract.

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

- 61.1 The Board of the Co-operative may, if it thinks fit, transact any of its business by the circulation of papers among all of the Directors of the Board.
- 61.2 A resolution in writing approved in writing by a majority of the Directors of the Board is to be taken to be a decision of the Board.
- 61.3 Separate copies of a resolution may be distributed for signing by the Directors if the wording of the resolution and approval is identical in each copy.
- 61.4 For the purpose of approving a resolution under this **Rule 61**, the chairperson of the Board and each Director of the Board have the same voting rights as they have at an ordinary meeting of the Board.
- 61.5 The resolution is approved when the last Director required for the majority signs.
- 61.6 A resolution approved under this **Rule 61** must be recorded in the minutes of the meetings of the Board within 28 days after the resolution is approved and when possible, recorded as a resolution in the minutes of the next Board meeting.
- 61.7 The Secretary may circulate papers among Directors of the Board for the purposes of this **Rule 61** by facsimile, email or other transmission of the information in the papers concerned.
- 61.8 The Board of the Co-operative may, if it thinks fit, transact any of its business at a meeting at which Directors (or some Directors) participate by any form of Technology, but only if any Director who speaks on a matter can be heard by the other Directors.

## **62 QUORUM FOR BOARD MEETINGS**

- 62.1 The quorum for a meeting of the Board will be 3 Directors.
- 62.2 For a quorum, the Member Directors must outnumber the Non-Member Directors by at least one.

### **63 CHAIRPERSON OF THE BOARD**

- 63.1 The chairperson of the Board must be elected by the Board by ordinary resolution.
- 63.2 If no such chairperson is elected, or if at any meeting the chairperson is not present within 15 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.
- 63.3 The Board may by ordinary resolution of the Board remove the chairperson from office. The former chairperson remains as a Director after their removal as chairperson.
- 63.4 A chairperson must be elected in the last month of each Financial Year.

### **64 BOARD DELEGATION AND BOARD COMMITTEES**

- 64.1 The Board may, in accordance with section 178 of the Law, by resolution delegate the exercise of any of the Board's functions (other than this power of delegation) stated in the resolution to:
  - (a) a Director; or
  - (b) a committee of 2 or more Directors; or
  - (c) a committee of Members of the Co-operative; or
  - (d) to a committee of Members and other persons if the Members comprise the majority of persons on the committee.
- 64.2 The Co-operative or the Board may by resolution revoke wholly or in part any delegation.
- 64.3 A function, the exercise of which has been delegated under this **Rule 64**, may be exercised from time to time in accordance with the terms of the delegation while the delegation remains unrevoked.
- 64.4 A delegation under this **Rule 64** may be made subject to conditions or limitations as to the exercise of any of the functions delegated, or as to time or circumstance.
- 64.5 Despite any delegation under this **Rule 64**, the Board may continue to exercise all or any of the functions delegated.
- 64.6 A committee may elect a chairperson of their meetings. If no chairperson is elected or, if at any meeting the chairperson is not present within 15 minutes after the time appointed for holding the meeting, then the committee members present may choose one of the committee members to be chairperson of the meeting.
- 64.7 A committee may meet, and adjourn, as it thinks fit. Questions arising at any meeting must be determined by a majority of votes of the members of the committee present and voting. In case of an equality of votes, the chairperson of the meeting has a second

or casting vote.

- 64.8 Any decision or action of a committee appointed by the Board is subject to review by the Board. Any decision or action of a committee not previously approved by the Board may be overturned by the Board.
- 64.9 Where a function is exercised by a Director (either alone or with other Directors) and the exercise of the function is evidenced in writing, signed by the Director in the name of the Board or his or her name on behalf of the Board, then the function will be deemed to have been exercised by the Board. This is so whether or not a resolution delegating the exercise of the function to the Director was in force when the function was exercised, and whether or not any conditions or limitations referred to in **Rule 64.4** were observed by the Director exercising the functions.
- 64.10 An instrument purporting to be signed by a Director will be 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 will be deemed to be an instrument signed by a delegate of the Board under section 178 of the Law.

## **65 OTHER COMMITTEES**

- 65.1 The Board may by resolution appoint committees comprised of Members or other persons, or both, to act in an advisory role to the Board and to any committees of Directors.
- 65.2 The provisions of **Rule 64** apply to committees appointed under this Rule subject to any variations approved of by the Board.
- 65.3 The quorum for any meeting of the committee is one half (or where one half is not a whole number the whole number next higher than one half) of the number of Members in the committee.

## **66 MINUTES**

- 66.1 The Board must enter minutes of meetings into books provided for this purpose. In particular, minutes must record:
- (a) all appointments of officers and employees made by the Directors;
  - (b) the names of the Directors present at each meeting of the Board and of any committee of the Board;
  - (c) all resolutions and proceedings at all meetings of the Co-operative and of Directors and of committees of Directors;
  - (d) the appointments of Directors and Secretaries;
  - (e) the details of personal interests of Directors in contracts entered into by the Co-operative;
  - (f) all Co-operative Policies made by the Board; and

(g) the General Meetings of the Co-operative.

- 66.2 Minutes of each General Meeting, board meeting and committee meeting must be recorded in the minute book within 28 days after the meeting to which they relate.
- 66.3 The minutes must be confirmed by the Board and signed by the chairperson of the meeting 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, the minutes must be confirmed at the next succeeding meeting.
- 66.4 The minutes are to be kept in the English language.
- 66.5 The minutes of each General Meeting must be available for inspection by Members.
- 66.6 The minutes of Board meetings and subcommittee meetings are not to be made available for inspection by Members or the public.
- 66.7 The books, records, minutes and registers of the Co-operative may be kept in hard copy form or electronic form (or both). Books, records, minutes and registers which must be signed, may be signed using a physical or 'wet-ink' signature or by using digital/electronic signatures.

## **67 OFFICERS**

- 67.1 Without prejudice to the general powers conferred on the Board, by the Law and these Rules, the Board has power to appoint and, at its discretion, remove or suspend officers, employees, agents and contractors, and to fix their powers, duties and Remuneration. These powers are subject to any terms and conditions of employment and termination in Co-operative's employment agreements.
- 67.2 The Board may delegate any of its powers under **Rule 67.1** to an officer or employee of the Co-operative, subject to any conditions or limitations which the Board sees fit to impose.
- 67.3 The Board may, at any time, revoke or vary a delegation made under **Rule 67.2**.
- 67.4 Despite any delegation under this Rule, the Board may continue to exercise all or any of the powers under **Rule 67.1**.

## **68 APPOINTMENT OF A SECRETARY**

- 68.1 The Board must appoint a Secretary who will perform all of the functions and duties required by the Law, the Regulations, these Rules and the law to be performed or undertaken by the Secretary of the Co-operative.
- 68.2 A Secretary will:
- (a) be appointed to the office on such terms and conditions as the Board may determine; and
  - (b) hold office until death or removal by the Board, or resignation from office.

- 68.3 The Board may appoint a person to act as the Secretary during the absence or incapacity of the Secretary.
- 68.4 For the purposes of the *Income Tax Assessment Act 1936* (Cth), the Secretary will act as the Public Officer.
- 68.5 In the event of any vacancy in the office of Secretary, the Board must appoint a person to serve as the Public Officer of the Co-operative until the office of Secretary is filled.
- 68.6 The Public Officer must:
- (a) be a natural person aged 18 or over;
  - (b) ordinarily reside in Australia; and
  - (c) be a Member of the Co-operative.

## **69 APPOINTMENT OF CHIEF EXECUTIVE OFFICER**

- 69.1 The Board may, if it considers appropriate, appoint a person to be responsible for the day to day management of the Co-operative. The person may be a Director or the Secretary or a Member of the Co-operative or some other person.
- 69.2 The appointed person is the chief executive officer of the Co-operative, and may be called the chief executive officer or (if a Director of the Board) the managing Director.
- 69.3 The conditions and the period of appointment including termination must be decided by the Board.
- 69.4 The chief executive officer is not entitled to be present or to vote at a meeting of the Directors on a motion concerning the conditions of his or her own appointment, conditions of service or termination of service.
- 69.5 The chief executive officer cannot be required to be an Active Member of the Co-operative.
- 69.6 In the event of any conflict between the terms of the appointment of a person as the chief executive officer and that person's obligations or privileges under the Law, the terms of the Law prevail over the terms of appointment.

## **70 INDEMNITY OF OFFICERS, THE CO-OPERATIVE AND INSURANCE**

- 70.1 The Co-operative may indemnify its officers and agents out of the funds of the Co-operative against all costs, charges, losses, damages and expenses which they respectively incur, or be put to, in the execution of their respective offices, or by reason on account of any contract, act, deed or matter or thing which is made done, permitted, entered into or executed by them respectively on behalf of, or bona fide in the interests of, or with the view to benefiting, the Co-operative, notwithstanding that these may be ultra vires in point of law. The Co-operative must not exempt a person from liability or provide an indemnity which would breach sections 198 or 199 of the Law.

- 70.2 Directors, trustees or other officers will be chargeable only for so much money as they actually receive. They respectively are not answerable for:
- (a) the acts, receipts or defaults of each other, but each of them for their own acts, receipts, defaults or neglects only;
  - (b) any solicitor, banker, broker, collector or other person appointed by the Board or trustees with whom or into whose hands any property or money of the Co-operative may be deposited or come;
  - (c) the insufficiency of any title to the estate or property which may from time to time be purchased by order of the Board on behalf of the Co-operative;
  - (d) the insufficiency of any security upon which any of the moneys of the Co-operative are invested by order of the Board or trustees; and
  - (e) for any loss or damage which may happen in the execution of their respective duties, unless this occurs or arises through their own respective wilful neglect or fault.
- 70.3 However, nothing in these Rules will exempt any Director, manager or officer of the Co-operative or any person (whether an officer of this Co-operative or not), employed by this Co-operative as auditors or reviewers, from, or indemnify the person against, any liability which by virtue of any rule or law would otherwise attach to the person in respect of any negligence, default, breach of duty or breach of trust of which the person may be guilty in relation to the Co-operative.
- 70.4 The Co-operative will take out indemnity insurance cover as may be resolved by the Board upon from time to time in order to protect and indemnify Directors and officers in respect of all actions taken by them in good faith in their capacity as Directors and officers of the Co-operative.
- 70.5 The Board will effect, and maintain, a policy of insurance for the indemnity of the Co-operative against the pecuniary loss to the Co-operative resulting from any act of fraud or dishonesty committed:
- (a) by any officer of, or other person employed by, the Co-operative in connection with his or her duties; or
  - (b) 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.
- 70.6 The Board will arrange insurance against loss, damage to or liability of the Co-operative by reason of fire, accident or otherwise.

## **DIVISION 7 – DEFAULT AND WARRANTY**

### **71 DEFAULT**



71.1 Each Member must:

- (a) comply at all times with the provisions of these Rules and at all times observe the provisions of the relevant laws;
- (b) not do anything (or allow anything to be done) the doing or omission of which may result in a breach by the Co-operative of the Law, the Regulations or any laws;
- (c) not do anything (or allow anything to be done) that is contrary to the interests of the Co-operative;
- (d) not cause damage to the assets of the Co-operative;
- (e) pay the amount, if any, unpaid on the Share held by that Member;

and the Member will be in default of these Rules if the Member contravenes any of these obligations.

71.2 Subject to **Rule 71.3** where a Member is in default the Co-operative may by written demand require the default to be remedied. If the default by the Member continues for 30 days after the written demand the Co-operative is entitled to take any action necessary to remedy the default on behalf of the Member.

71.3 If the Member is in default because of his or her contravention of **Rule 71.1** and as a consequence of that contravention, the Co-operative remedies the default; the Member will be liable for all costs and expenses incurred by the Co-operative in remedying the default.

71.4 If:

- (a) the Member repeatedly defaults; or
- (b) if any default of the Member is so severe or prolonged that the Co-operative forms the view (on reasonable grounds) that the default may cause or substantially contribute to a breach of the Law, the Regulations, the law or any legal right or entitlement of a third party;

the Co-operative may suspend all or part of the Member's benefits pending remedy of the default and without any obligation to make up any shortfall in providing any benefit to the Member once the default is remedied.

71.5 The Co-operative's rights under this **Rule 71** are in addition to any other rights the Co-operative may have at law or in equity.

## 72 WARRANTY AND LIMITATION OF LIABILITY

72.1 The Co-operative warrants that it will use all reasonable endeavours to operate its business in an efficient and cost-effective manner and to comply with its obligations under the Law.

- 72.2 Nothing done or omitted to be done by the Co-operative or any persons acting under the authority of the Co-operative will render the Co-operative or that person liable for any loss, damage, sum of money, costs, cause of action, liability, claim or demand of any type by the Member. Without limitation, no matter or thing done by the Co-operative, or by any person acting under the authority of the Co-operative, will, if that matter or thing was done bona fide, subject the Co-operative or any such person to any action, liability, claim or demand whatsoever.
- 72.3 A Member does not have any right or claim to relief of any kind whatever in any legal or other proceeding against the Co-operative or officer or employee of the Co-operative in respect of any nuisance connected with or in any way arising out of:
- (a) the design, construction, alteration, maintenance, non-maintenance, operation, repair, disrepair or non-repair of an asset owned or controlled by the Co-operative;
  - (b) the destruction or damage, or partial destruction or partial damage, caused by an asset owned or controlled by the Co-operative; or
  - (c) the exercise, in respect of an asset owned or controlled by the Co-operative, by the Co-operative of any function conferred or imposed on the Co-operative under these Rules, the Law or any other law.
- 72.4 The Co-operative will not incur any liability in respect of:
- (a) any advice furnished in good faith by the Co-operative; or
  - (b) any other thing done or omitted to be done in the exercise of the Co-operative's functions under any law.
- 72.5 To the extent permissible by law, any and all implied warranties or representations by the Co-operative are negated.
- 72.6 Notwithstanding any other provision of these Rules, the Co-operative will not be liable for any failure or delay in the Co-operative's performance of its obligations under these Rules if such failure or delay is caused or contributed to by any event or circumstance beyond the control of the Co-operative.

## **DIVISION 8 – ACCOUNTING AND FINANCIAL MATTERS**

### **73 FINANCIAL REPORTING REQUIREMENTS**

- 73.1 The Co-operative must prepare the Basic Minimum Financial Statements in accordance with the Law, the Regulations and these Rules.
- 73.2 The Co-operative will appoint a reviewer of the Basic Minimum Financial Statements, unless directed by its Members or the Register under **Rules 73.7** or **73.12**.
- 73.3 If the Co-operative is required to have its Basic Minimum Financial Statements reviewed or audited, then they will be reviewed or audited (as applicable) in accordance with

Division 3 of Part 2M.3 of the *Corporations Act 2001* (Cth) as applying under section 283 of the Law.

73.4 The Co-operative is not required to prepare a directors report or financial report in accordance with Part 3.3 of the Law unless directed by its Members or the Registrar under **Rules 73.7** and **73.12**.

73.5 If the Co-operative has not received a direction from its Members or the Registrar under **Rules 73.7** and **73.12**, it must prepare the following Basic Minimum Financial Statements for a Financial Year:

- (a) an income and expenditure statement that sets out the appropriately classified individual sources of income and individual expenses incurred in the operation of the Co-operative and the assets and liabilities of the Co-operative;
- (b) balance sheet (including appropriately classified individual assets and liabilities of the Co-operative);
- (c) statement of changes in equity (if any);
- (d) cash flow statements. A cash flow statement is not required if:
  - i. the consolidated revenue of the Co-operative and the entities it controls (if any) is less than \$750,000; and
  - ii. the value of the consolidated gross assets and entities it controls (if any) is less than \$250,000.

73.6 The Basic Minimum Financial Statements required under **Rule 73.5** must:

- (a) include comparative figures from the previous Financial Year;
- (b) include a statement of significant accounting policies; and
- (c) present a true and fair view of the Co-operative's financial position, performance and cash flows.

73.7 In accordance with section 271 of the Law, Members with at least 5% of the votes in the Co-operative may give the Co-operative a direction to:

- (a) prepare a financial report or director's report or both for a Financial Year in accordance with all or with specified requirements of Part 3.3 of the Law; and
- (b) send them to all Members.

73.8 A direction given by the Members under **Rule 73.7** must be:

- (a) signed by the Members giving the direction; and
- (b) made no later than 12 months after the end of the Financial Year concerned.

73.9 A direction given by the Members under **Rule 73.7** may specify all or any of the following matters:

- (a) that the financial report does not have to comply with some or all of the accounting standards under section 314 of the Law; and/or
- (b) that a director's report or a part of that report need not be prepared in accordance with Part 3.3 of the Law; and/or
- (c) that the financial report is to be audited or reviewed.

73.10 If a direction given by the Members under **Rule 73.7** is given to the Co-operative before the end of the Financial Year, the direction must specify the date by which the documents have to be prepared, sent or lodged. The date must be a reasonable one in view of the nature of the direction.

73.11 If a direction given by the Members under **Rule 73.7** is given to the Co-operative after the end of the Financial Year, the Co-operative must report to Members in a manner provided for by sections 284 and 271(6) of the Law by the later of:

- (a) 2 months after the date on which the direction was given; and
- (b) 5 months after the end of the Financial Year.

73.12 The Registrar may give a direction to the Co-operative, in accordance with section 272 of the Law, to comply with all or specified requirements of Part 3.3.

73.13 The Co-operative must lay before the Annual General Meeting the Basic Minimum Financial Statements and/or the reports required as a result of the a direction made under **Rules 73.7** and/or **73.12**.

73.14 The Co-operative must have a copy of the Basic Minimum Financial Statements and/or the reports required as a result of a direction made under **Rules 73.7** and/or **73.12** displayed at the Office of the Co-operative for a period of no less than 14 days before the date of the Annual General Meeting.

73.15 The Co-operative will send a copy of the Basic Minimum Financial Statements and/or the reports required as a result of a direction made under **Rules 73.7** and/or **73.12** to each Member, in a manner prescribed by section 284 of the Law, with the notice of the Annual General Meeting.

73.16 The Co-operative must report to Members, in a manner prescribed by section 284 of the Law, within 5 months after the end of the Financial Year.

## **74 LODGMENT OF ANNUAL RETURN**

74.1 The Co-operative must lodge its annual return with the Registrar for each Financial Year in accordance with section 293 of the Law.

74.2 The Co-operative must lodge the annual return with the Registrar within 5 months after the end of the Financial Year.

**75 APPOINTMENT, DUTIES AND RESPONSIBILITIES OF AUDITOR/REVIEWER**

- 75.1 An auditor or reviewer appointed must hold office, be remunerated and have qualifications, duties and responsibilities in accordance with the *Corporations Act 2001* (Cth) as applied by the Law and Regulations. No person will be appointed as an auditor or reviewer who is under the Law, Regulations or the *Corporations Act 2001* (Cth) disqualified from acting as an auditor or reviewer.
- 75.2 Except where the appointment must be approved by the Members pursuant to the Law, the Board may appoint an auditor or reviewer for the Co-operative.
- 75.3 An auditor or reviewer appointed under **Rule 75.2** holds office, subject to this **Division**, until the Co-operative's next Annual General Meeting.
- 75.4 The Co-operative may appoint an auditor or reviewer (as applicable) to fill any vacancy in the office of auditor / reviewer at the Annual General Meeting.
- 75.5 An auditor / reviewer appointed under **Rule 75.4** holds office until they
- (a) die; or
  - (b) are removed, or resigns, from office in accordance with section 310 of the Law; or
  - (c) ceases to be capable of acting as auditor/reviewer because of Division 2 of Part 2M.4 of the *Corporations Act 2001* (Cth) as applying under section 297 of the Law; or
  - (d) ceases to be an auditor/reviewer as a result of section 300(3)-(5) of the Law.
- 75.6 If:
- (a) a vacancy occurs in the office of auditor / reviewer; and
  - (b) the vacancy is not caused by the removal of an auditor / reviewer from office; and
  - (c) there are no surviving or continuing auditor or reviewer (as applicable);
- the Board must, within 1 month after the vacancy occurs, appoint a replacement auditor or reviewer (as applicable) to fill the vacancy unless the Co-operative at a General Meeting has appointed an auditor or reviewer (as applicable) to fill the vacancy.
- 75.7 The auditor / reviewer appointed under **Rule 75.6** holds office until the Co-operative's next Annual General Meeting.
- 75.8 If an auditor or reviewer is removed from office in accordance with **Rule 76** at a General Meeting, the Co-operative may at that General Meeting (without adjournment), by Special Resolution immediately appoint an individual, firm or company as auditor or reviewer (as applicable) of the Co-operative if a copy of the notice of nomination has

been sent to the individual, firm or company.

75.9 If a Special Resolution is not passed under **Rule 75.8** or could not be passed because a copy of the notice of nomination has not been sent to the individual, firm or company, the General Meeting may be adjourned and the Co-operative may, at the adjourned meeting, by ordinary resolution appoint an individual, firm or company as auditor or reviewer (as applicable) of the Co-operative if:

- (a) a Member gives the Co-operative notice of the nomination of the individual, firm or company for appoint as auditor or reviewer (as applicable); and
- (b) the Co-operative receives the notice at least 14 clear days before the day to which the meeting is adjourned.

75.10 The day to which the General Meeting is adjourned, under **Rule 75.9** must be:

- (a) not earlier than 20 days after the day of the meeting; and
- (b) not later than 30 days after the day of the meeting.

75.11 An auditor or reviewer appointed under **Rule 75.8** holds office until the next Annual General Meeting.

75.12 If an auditor or reviewer is *not* removed from office at the Annual General Meeting under **Rule 76**, a Co-operative may appoint an individual, firm or company as auditor or reviewer (as applicable) at its Annual General Meeting only if a Member gives the Co-operative written notice of the nomination of the individual, firm or company as auditor or reviewer (as applicable) no less than 21 days before the Annual General Meeting.

75.13 If a Member gives the Co-operative notice of the nomination in accordance with **Rule 75.12** the Co-operative must send a copy of the notice, no less than 7 days before the meeting, to:

- (a) each individual, firm or company nominated; and
- (b) each auditor or reviewer currently appointed; and
- (c) each person entitled to receive notice of General Meetings.

75.14 The Co-operative or the Board must only appoint an individual, firm or company as auditor or reviewer if that individual, firm or company:

- (a) has consented, in writing, before the appointment, to act as auditor or reviewer; and
- (b) has not withdrawn that consent before the appointment is made.

75.15 The Board must notify the Registrar of the appointment, by the Co-operative or the Board, of an auditor or reviewer within 28 days of appointment.

75.16 The Board will enable the auditor or reviewer (as applicable) 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 or any other officers as may be necessary for the performance of the duties of the auditor or reviewer (as applicable).

75.17 The Board must give its auditors / reviewers (as applicable):

- (a) notice of a General Meeting in the same way that a Member is entitled to receive notice; and
- (b) any other communications relating to the General Meeting that a Member is entitled to receive.

75.18 The auditor or reviewer (as applicable) is entitled to attend any General Meeting and is entitled to be heard at the meeting on any part of the business of the meeting that concerns them in the capacity of auditor / reviewer.

75.19 The auditor/reviewer is entitled to be heard even if:

- (a) the auditor/reviewer retires at the meeting; or
- (b) the meeting passes a resolution to remove the auditor/reviewer from office.

75.20 While a vacancy in the office of auditor/reviewer (as applicable) continues, the surviving or continuing auditor or reviewer (if any) may act as the auditors or reviewer (as applicable).

75.21 All reasonable fees and expenses of an auditor or reviewer (as applicable) are payable by the Co-operative. The remuneration of the auditor or reviewer (as applicable) will be fixed by the Board.

## **76 REMOVAL OF AUDITORS/REVIEWERS**

76.1 An auditor or reviewer may be removed from office by resolution of the Co-operative at a General Meeting only if notice under **Rule 76.2** has been given, but not otherwise.

76.2 Notice of intention to move the resolution must be given to the Co-operative at least 2 months before the meeting is to be held. However, if the Co-operative calls a meeting after the notice of intention is given under this **Rule 76**, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

76.3 Where notice under **Rule 76.2** of a resolution to remove an auditor/reviewer is received by the Board, it must as soon as possible send a copy of the notice to the auditor/reviewer (as applicable) and lodge a copy of the notice with the Registrar.

76.4 Within 7 days after receiving a copy of the notice, the auditor/reviewer 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 to whom notice of the meeting is sent.

76.5 Unless the Registrar on the application of the Co-operative otherwise orders, the Co-operative must send a copy of the representations in accordance with the auditor's / reviewer's request, and the auditor/reviewer (as applicable) may, require that the representations be read out in the meeting and may also speak at the meeting.

76.6 Within 14 days after the removal from office of an auditor / reviewer (as applicable), the Co-operative must lodge with the Registrar a notice of the removal.

## **77 RESIGNATION OF AUDITOR/REVIEWER**

77.1 An auditor or reviewer may, by notice in writing given to the Co-operative, resign as auditor or reviewer of the Co-operative.

77.2 The auditor / reviewer is not required to first obtain the consent of the Registrar to resign.

77.3 Resignation takes effect:

- (a) on the day (if any) specified for the purposes of the notice of resignation; or
- (b) on the day on which the notice is received by the Co-operative whichever is the later.

77.4 Within 14 days after the receipt of notice of resignation, the Co-operative must lodge with the Registrar a notice of the resignation.

## **78 BANKING**

78.1 The Board must ensure that:

- (a) a banking account or accounts are kept in the name of the Co-operative; and
- (b) all money received by the Co-operative is to be paid into that account or those accounts as soon as practicable after it is received.

78.2 All cheques drawn on such accounts, electronic funds transfer and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the Co-operative, must be signed by any 2 or more Directors.

## **79 CUSTODY OF SECURITIES**

79.1 A person or persons appointed by the Board annually will have the custody of the securities and records of the Co-operative. For the purposes of this **Rule**, "securities" includes, but is not limited to Shares held by the Co-operative.

## **80 DISTRIBUTION OF SURPLUS**

80.1 Subject to **Rule 80.4** the Board may resolve to retain all or any part of the Surplus arising in any year from the business of the Co-operative to be applied for the benefit of the Co-operative.



- 80.2 The Board may resolve to retain part of the Surplus arising from the business of the Co-operative in any Financial Year to be applied to meet any past loss or potential future loss on transactions of the Co-operative.
- 80.3 “**Surplus**” for the purposes of this **Rule** means the excess of income over expenditure after making adequate allowance for taxation expense, for depreciation in value of the property of the Co-operative and for future contingencies.
- 80.4 In accordance with section 356 of the Law, a part of the Surplus not exceeding 5%, arising in any year from the business of the Co-operative may be applied for one of both of the following:
- (a) charitable purposes; or
  - (b) supporting any activity approved by the Co-operative.
- 80.5 Any part of the Surplus arising in any year from the business of the Co-operative or any of the reserves may be distributed to Members:
- (a) as a rebate in proportion to the value of business done by each Member with the Co-operative or profits earned by the Co-operative on business done by each Member with the Co-operative ; or
  - (b) the issue to Members of a limited dividend for Shares held by each Member (as defined in section 357(5) of the Law).
- 80.6 The amount of a rebate payable to a Member under **Rule 80.5(a)** may be applied as a loan to the Co-operative with the consent of the Member.
- 80.7 The amount of a dividend payable to a Member under **Rule 80.5(b)** may be applied as a loan to the Co-operative with the consent of the Member.
- 80.8 The rebate or limited dividend:
- (a) must be declared at the Annual General Meeting of the Co-operative; and
  - (b) must not exceed the amount recommended by the Board; and
  - (c) in the case of a limited dividend must not exceed the amount prescribed in the Law and Regulations.
- 80.9 The Board must give notice of any dividend or rebate that has been declared by displaying it at the Office of the Co-operative in any other manner the Board determines.
- 80.10 Any part of the Surplus arising in any year from the business of the Co-operative may be credited to any person who is not a Member, but is qualified to be a Member, by way of rebate in proportion to the business done by him or her with the Co-operative if:
- (a) the person was a Member at the time the business was done and that membership has lapsed; or

(b) the person has applied for membership after the business was done.

80.11 Nothing in **Rule 80.10** precludes the payment of a bonus to an employee in accordance with the terms of his or her employment.

80.12 Except where the Law or these Rules specify otherwise, interest does not accrue to a Member on any dividend or rebate held by the Co-operative for a Member.

## **81 PROVISION FOR LOSS**

81.1 The Board must make appropriate provision for losses in the Co-operative's accounts. If the Co-operative operated at a loss in the Financial Year the Board must, when reporting to Members, indicate whether the loss is expected to continue and whether there is any real prejudice to the Co-operative's solvency.

## **82 ACQUISITION AND DISPOSAL OF ASSETS**

82.1 In accordance with s 359 of the Law, the Co-operative must not do any of the following things except as approved by Special Resolution by special postal ballot:

- (a) sell or lease the undertaking of the Co-operative as a going concern;
- (b) sell or lease a part of the undertaking of the Co-operative that relates to its primary activities and the value of which represents 25% or more of the total book value of the undertaking;
- (c) acquire from or dispose of to:
  - i. a Director or employee of the Co-operative; or
  - ii. a relative (within the meaning of the *Corporations Act 2001* (Cth)) of a Director or employee of the Co-operative or of the spouse or de facto partner of a Director or employee of the Co-operative;property the value of which represents 5% or more of the total book value of all assets of the Co-operative relating to its primary activities
- (d) acquire an asset the value of which represents 25% or more of the total book value of the undertaking of the Co-operative, if the acquisition would result in the Co-operative commencing to carry on an activity that is not one of its primary activities;
- (e) dispose of an asset, if the disposal would result:
  - i. in the Co-operative ceasing to carry on a primary activity of the Co-operative; or
  - ii. in the ability of the Co-operative to carry on a primary activity of the Co-operative being substantially impaired.

## **DIVISION 9 – MISCELLANEOUS**

## 83 SERVICE AND NOTICES

83.1 A notice or other document is required to be given to a Member:

- (a) personally;
- (b) by post to a registered address of the Member as appearing in the Register of Members and Shares or an alternate address supplied by the Member;
- (c) by some other form of Technology, where the Member has given consent and notified the Co-operative of the relevant contact details; or
- (d) subject to section 611 of the Law, by publishing the notice in a newspaper circulating generally in this Jurisdiction or in the area served by the Co-operative if the Members' whereabouts are unknown to the Co-operative and the Registrar permits notice to be given to Members of the Co-operative in that way.

83.2 A document may be served on a Co-operative in accordance with section 610 of the Law:

- (a) by post addressed to the Office; or
- (b) by leaving it at the Office with a person who appears to be aged 16 or more; or
- (c) by delivering a copy of the document personally to a Director of the Co-operative who resides in Australia.

83.3 A notice is deemed to be given:

- (a) if sent by post, three (3) Business Days after it is posted except in the case of a notice of meeting in which case service is deemed to be effected at the expiration of 24 hours after the letter containing the notice of meeting is posted;
- (b) if sent by email or other Technology during Business Hours, on the day it was sent; and if sent outside Business Hours, on the first Business Day after the day it was sent;
- (c) if delivered during Business Hours, on the day of delivery; and if delivered outside Business Hours, on the first Business Day after the day of delivery; and
- (d) if advertised in a newspaper, is deemed to be duly given to the Member on the date on which the advertisement appears.

83.4 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 and Shares.

83.5 A notice may be given by the Co-operative to the person entitled to an interest in consequence of a Transmission Event by sending it in accordance with Rule 83.3 addressed to that person by name. Alternatively, it can be addressed to the person by the title of the 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 Transmission Event had not occurred.

83.6 For the purposes of this Rule “registered address” means the address of the Member as appearing in the Register of Members and Shares.

## **84 TECHNOLOGY**

84.1 Without limiting the discretion of the Board to regulate their meetings and General Meetings, the Board may, if it sees fit, give notice of meetings, confer, meet, hold elections or conduct postal ballots or special postal ballots using any Technology.

84.2 For meetings the use of Technology should permit the Directors and/or the Members (as applicable) to participate contemporaneously in the meeting and enable the Directors and/or the Members to hear proceedings, ask questions of the Board or the auditor/reviewer (as applicable), and to cast a vote.

84.3 Notwithstanding that the Board or the Members (as applicable) are not present together in one place at the time of the meeting, a resolution passed by the use of Technology will be deemed to have been passed at a meeting of the Board or the Co-operative held on the day and time at which the meeting was held.

84.4 A Director or Member (as applicable) present at the commencement of the meeting will be conclusively presumed to have been present and, subject to other provisions of these rules, to have formed part of the quorum throughout the meeting.

84.5 The provisions relating to the procedure of board meetings, General Meetings, Postal Ballots and Special Postal Ballots apply to the meeting or ballot to the extent they are capable of applying, and with the necessary changes where Technology is used.

## **85 EXECUTION OF DOCUMENTS**

85.1 The Co-operative is not required to execute documents by common seal.

85.2 The Co-operative must execute documents by:

- (a) 2 Directors signing the document; or
- (b) a Director and the Secretary.

85.3 The Co-operative may execute a document as a deed if the document is expressed to be executed as a deed and is executed in accordance with **Rule 85.2**.

## **86 BY-LAWS**

86.1 The Board will have power to make By-Laws, not inconsistent with the Law, the Regulations or these Rules, relating to the conduct of Members or to the operations of the Co-operative.

86.2 A breach of a By-Law will be deemed to be an infringement of the Rules for the

purposes of fines.

86.3 The Members may by ordinary resolution make, amend and repeal By-Laws, not inconsistent with the Law, the Regulations or these Rules, relating to the conduct of Members or to the operations of the Co-operative.

## **87 AGENT EXERCISING CO-OPERATIVE POWER TO MAKE CONTRACTS**

87.1 The Co-operative may, in writing, empower a person, either generally or in respect of a specified matter or specified matters, as its agent or attorney to make, vary, ratify or discharge a deed or contract on the Co-operative's behalf.

87.2 The power under **Rule 87.1** is to be exercised without using a common seal.

## **88 DISPUTES**

88.1 The grievance procedure set out in this **Rule 88** applies to Disputes under these Rules between:

- (a) a Member and another Member;
- (b) a Member (including a former member) and the Co-operative.

88.2 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 88**, except where a person seeks urgent interlocutory relief.

88.3 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 other parties involved, of the Dispute or grievance.

88.4 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 practicable, hold a meeting in the presence of a mediator.

88.5 The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:

- (a) for a Dispute between a Member and another Member, a person appointed by the Board; or
- (b) for a Dispute between a Member (including a former member) and the Co-operative, a person appointed by a mediation service accredited by the Australian Mediation Association.

88.6 The mediator may (but need not) be a Member of the Co-operative, unless the Member is a party to the Dispute.

- 88.7 The parties to the Dispute must, in good faith, attempt to settle the Dispute by mediation.
- 88.8 The mediator, in conducting 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 witness statement submitted by any party; and
  - (c) ensure that natural justice is accorded to the parties to the Dispute throughout the mediation process.
- 88.9 The mediator cannot determine the Dispute.
- 88.10 The mediation must be confidential and without prejudice.
- 88.11 The cost of the mediation is to be shared equally between the parties unless otherwise agreed.
- 88.12 Nothing in this **Rule 88** applies to any Dispute as to the construction or effect of any mortgage or contract contained in any document other than these Rules.
- 88.13 Nothing in this **Rule 88** applies to any Dispute involving the expulsion or suspension of a Member or the imposition of a fine.
- 88.14 If the mediation process does not result in the Dispute being resolved, the Dispute will be settled by arbitration in accordance with the *Commercial Arbitration Act 2011 (Vic)*.

## **89 REGISTERS TO BE KEPT**

- 89.1 A Co-operative must keep the following registers in written or electronic form:
- (a) a register of Directors;
  - (b) a register of Members (including their shareholding, if any);
  - (c) a register of:
    - i. loans to, securities given by, Debentures issued by, and deposits received by the Co-operative; and
    - ii. names of persons who have given loans or deposits to the Co-operative or hold securities or Debentures given or issued by the Co-operative;
  - (d) a register of loans made by or guaranteed by the Co-operative, and of securities taken by the Co-operative;
  - (e) a register of CCUs issued by the Co-operative and their holders;
  - (f) a register of membership cancelled under Part 2.6 and **Rule 23**;

(g) a register of notifiable interests under section 368 of the Law;

(h) other registers required by the Regulations.

89.2 The registers listed in **Rule 89.1** must contain the particulars described in Schedule 2 of the Regulations.

## **90 CUSTODY AND INSPECTION OF RECORDS**

90.1 The Co-operative must have at the Office, or another location specified in section 213 of the Law, available during all reasonable hours for inspection by any Member free of charge the following:

(a) a copy of:

- i. the Law; and
- ii. the Co-operatives National Law Act of Victoria; and
- iii. the National Regulations; and
- iv. the local regulations;

(b) a copy of these Rules of the Co-operative and attachments to the Rules required under section 421 of the Law;

(c) a copy of the minutes of each General Meeting of the Co-operative;

(d) a copy of the last annual return of the Co-operative;

(e) the register of Directors;

(f) the Register of Members and Shares;

(g) the register of names of persons who have given loans or deposits to the Co-operative or hold securities or Debentures given or issued by the Co-operative;

(h) the register of CCUs issued by the Co-operative and their holders; and

(i) register of loans made by or guaranteed by the Co-operative, and of securities taken by the Co-operative; and

(j) the register stating particulars of persons whose membership has been cancelled under **Rule 23**.

90.2 A Member is entitled to make a copy of entries in a register specified in **Rule 90.1** on payment of the prescribed fee of \$1.00 per page up to a maximum of \$20.00.

## **91 CO-OPERATIVE POLICIES**

91.1 The Board may make policies for the Co-operative not inconsistent with these Rules,

the Law and Regulations and any other law to govern the Co-operative's activities, conduct and dealings generally (**Co-operative Policy**). A breach of a Co-operative Policy will be deemed to be an infringement of the Rules for the purposes of fines.

- 91.2 A copy of the Co-operative Policies made under this Rule must be made available for inspection at the Office and at no cost.

## **92 WINDING UP**

- 92.1 The winding up of the Co-operative must be in accordance with Part 4.5 of the Law.
- 92.2 If on the winding up or dissolution there remains property after the satisfaction of all the Co-operative's debts and liabilities (including the refund of the amounts paid up on the Share), this must be paid to, or distributed among, the Members of the Co-operative in proportion to the amount of business conducted with the Co-operative over the past 3 completed Financial Years.
- 92.3 If on the winding up or dissolution there is a deficiency, Members are liable to contribute towards the deficiency to the extent of any amount unpaid on the Share held by the Member and any charges payable by the Member to the Co-operative as required by these Rules.

## **93 TRANSITIONAL PROVISIONS**

- 93.1 This **Rule 93** is of a savings and transitional nature and is for clarification. It takes effect on the registration of the rules passed by the Annual General Meeting held on 27 October 2022.
- 93.2 The Active Members as at 27 October 2022 will, under the rules commencing on 28 October 2022, continue to be the Active Members up to and including 31 May 2023 when their membership is due for renewal.
- 93.3 Inactive member's status as at 27 October 2022 continues to be inactive under the rules commencing on 28 October 2022 until they meet the active membership test or their membership is cancelled, the period of inactivity including inactivity under the rules as at 27 October 2022 and the rules on and from 28 October 2022.
- 93.4 The Directors as at 27 October 2022 continue to be the Directors under the Rules commencing on 28 October 2022 in the same rotation.



**ATTACHMENT TO THE RULES OF THE ARCHITEAM CO-OPERATIVE LIMITED**

We the undersigned being the Directors of the **ArchiTeam Co-operative Ltd (the Co-operative)** in relation to the attached **Rules**:

1. **Confirm** that we have read the proposed Rules of the Co-operative; and
2. **Approve** the Rules for presentation and approval at the Annual General Meeting of the Co-operative to be held on 27 October 2022.

Name	Address	Signature

