

Avoca District Co-Operative Limited
Rules



9th Floor, Canberra House, 40 Marcus Clarke Street, Canberra ACT 2601
GPO Box 240 Canberra ACT 2601 | DX 5626 Canberra | www.ballawyers.com.au
T: 02 6274 0999 | F: 02 6274 0888
Our Ref: 240616

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INTRODUCTION, PURPOSE & PRIMARY ACTIVITIES

1. APPLICATION OF THESE RULES & THE NAME OF THE CO-OPERATIVE

- 1.1 These rules are the rules of the Avoca District Co-operative Limited (**the co-operative**).
- 1.2 The co-operative may change or abbreviate its name in accordance with the CNL.

2. DEFINITIONS

2.1 In these rules-

- (a) **"board"** means the board of the co-operative;
- (b) **"board meeting"** means a meeting of the board of the co-operative;
- (c) **"CNL"** is a reference to the Co-operatives National Law as applying in Victoria;
- (d) **"general meeting"** means either an annual general meeting or special general meeting of the members (as the context permits);
- (e) **"member"** means a member of the co-operative;
- (f) **"month"** means calendar month;
- (g) **"Registrar"** means the person for the time being holding the office of Registrar of Co-operatives under the CNL;
- (h) **"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; and
- (i) **"the National Regulations"** means the Co-operatives National Regulations as applying in Victoria.

2.2 Except so far as the contrary intention appears in these rules, words and expressions used in these rules have the same meanings as they have, from time to time, in the CNL or relevant provisions of the CNL.

2.3 In these rules, unless a contrary intention appears:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing any gender include all other genders;
- (c) any headings inserted in this rules are included for convenience and shall not affect its construction;
- (d) the word "includes" in any form is not a word of limitation;
- (e) the word "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust; and
- (f) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning.

3. CO-OPERATIVE PRINCIPLES, POWERS OF THE CO-OPERATIVE & ALTERATION OF THE RULES

- 3.1 The co-operative and its members must comply with the co-operative principles to the extent that they apply to them.
- 3.2 The co-operative has the powers set out in the CNL (and where applicable the *Corporations Act 2001* (Cth) but only to do all things that are necessary, convenient or incidental to carry out the primary activities of the co-operative.
- 3.3 These rules may be altered by a special resolution in accordance with section 61 of the CNL or by a resolution of the board in accordance with section 62 of the CNL.
- 3.4 An alteration of these rules does not take effect unless and until it is registered by the Registrar under section 63 of the CNL.
- 3.5 Any member is entitled to obtain from the co-operative a copy of these rules on payment of the amount set by the board from time to time, which must be no more than \$5 plus \$1 for each page after the first page to a maximum of \$10. A member is entitled to an electronic copy of the rules for free.

4. PRIMARY ACTIVITY

- 4.1 The co-operative was established as a social purpose and community based enterprise.
- 4.2 Without limiting the activities the co-operative may carry on as a community based enterprise, the **primary activity** of the co-operative is to provide suitable premises, furniture, equipment, staff and other resources to enable the operation of Community Bank branches of the Bendigo and Adelaide Bank Limited, by way of a management contract with Bendigo Bank Limited and a franchise agreement with a subsidiary company of Bendigo Bank Limited.

MEMBERSHIP & SHAREHOLDING

5. QUALIFICATIONS FOR MEMBERSHIP & ACTIVE MEMBERSHIP

- 5.1 A person is not qualified to be admitted to membership unless there are reasonable grounds for believing that the person will be an active member of the co-operative.
- 5.2 To establish and maintain active membership of the co-operative, a member must:
- (a) hold a current bank account with one or more of the branches resourced by the co-operative;
 - (b) acquire and maintain the minimum number of shares set out in rule 7.
- 5.3 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 CNL:
- (a) declare the membership of the member cancelled; and
 - (b) declare the shares of the member forfeit.

6. APPLICATION FOR MEMBERSHIP

- 6.1 An application for membership of (and therefore shares in) the co-operative must -
- (a) be in a format approved by the board from time to time;

- (b) include an application for at least the minimum number of shares set out in rule 7;
- (c) be lodged at the registered office of the co-operative; and
- (d) be accompanied by payment for the allotment of shares requested, and the relevant entry fee or amount determined by the board from time to time (and published at the registered office or on the website of the co-operative).

6.2 The board must consider each application.

6.3 The board at its sole discretion may accept or reject an application for membership or shares and need not give any reason for its decision.

6.4 If the board approves an application for membership or shares -

- (a) the relevant shares must be allotted to the applicant; and
- (b) the board must ensure that the name of the person and the number of shares allotted is entered in the register of members, directors and shares in accordance with section 120 of the CNL; and
- (c) the board must notify the applicant in writing of allotment of the shares and of the entry in the register, and
- (d) the applicant for membership becomes entitled to exercise the rights of membership when the member's name appears in the register of members.

6.5 If the board rejects an application, the whole of the money lodged in respect of the application must be refunded to the applicant within 28 days, without interest.

7. SHARES

7.1 The capital of the co-operative must be raised by the issue of shares of nominal value of \$20 each.

7.2 Each member must hold a minimum of 10 shares and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative unless permitted to do so under section 363 of the CNL.

7.3 No share is to be allotted unless 100% of the nominal value of the share has been paid.

7.4 A share in the co-operative does not carry a vote. The right to vote in the co-operative is attached to membership and governed by section 228 of the CNL.

8. CEASING MEMBERSHIP

8.1 A person ceases to be a member in each of the following circumstances -

- (a) if the member's membership is cancelled under Part 2.6 of the CNL;
- (b) if the member is expelled in accordance with rule 9;
- (c) if the member becomes bankrupt and the trustee of the member's estate disclaims any debt, contract, duty or liability of the member with the co-operative;
- (d) on the death of the member,
- (e) if the contract of membership is rescinded on the ground of misrepresentation or mistake;

- (f) if all of the member's shares are transferred to another person and the transferee is registered as the holder of the shares;
- (g) if the member's shares are forfeited in accordance with the provisions of the CNL or the provisions of these rules;
- (h) if all of the member's shares are purchased by the co-operative in accordance with the provisions of these rules;
- (i) if all of a member's shares are sold by the co-operative pursuant to any power in these rules and the purchaser is registered as holder in the member's place;
- (j) if the amount paid up on the member's shares is repaid to the member in accordance with the provisions of these rules;
- (k) on notice in writing given by the member to the Secretary, of the member's resignation from membership; or
- (l) in the case of a member that is a body corporate, if the body is dissolved.

9. EXPULSION OF MEMBERS

- 9.1 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 that -
- (a) the member has failed to discharge the member's obligations to the co-operative under the CNL or these rules;
 - (b) the member has acted in a manner that has -
 - (i) prevented or hindered the co-operative in carrying out any of its primary activities; or
 - (ii) brought the co-operative into disrepute; or
 - (c) the member has acted in a manner contrary to any of the co-operative principles and in so acting caused the co-operative harm.
- 9.2 The member must be given at least 28 days written notice of the proposed resolution and of the date, time and place of the meeting at which the resolution will be moved.
- 9.3 The procedure at the general meeting to consider the proposed 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 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.
- 9.4 The expulsion of the member does not take effect until the special resolution is registered with the Registrar.

9.5 When a member is expelled, the co-operative must, in accordance with section 128 of the CNL, repay to the member an amount determined in accordance with that section in respect of the member's shares and cancel the member's shares.

10. DISPUTES

10.1 The grievance procedure set out in this rule applies to disputes under these rules between -

- (a) a member and another member; or
- (b) a member and the co-operative.

10.2 The parties, to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days after the dispute comes to the attention of all of the parties.

10.3 If the parties are unable to resolve the dispute at the meeting under 10.2 or if a party fails to attend that meeting, then the parties must, within 10 days, hold a meeting in the presence of a mediator.

10.4 The mediator must be -

- (a) a person chosen by agreement between the parties; or
- (b) in the absence of agreement -
 - (i) in the case of a dispute between a member and another member, by the board of the co-operative; or
 - (ii) in the case of a dispute between a member and the co-operative, a person who is a member of the Dispute Settlement Centre of Victoria (Department of Justice).

10.5 A member of the co-operative can be a mediator.

10.6 The mediator cannot be a member who is a party to the dispute.

11. FINES

11.1 The co-operative may impose a fine on a member for any infringement of these rules. The fine must not exceed \$1,000

12. LIABILITY OF MEMBERS

12.1 A member is not, as a member, under any personal liability to the co-operative except for the amount, if any, unpaid on the shares held by the member together with any charges payable by the member to the cooperative as required by these rules.

12.2 On the death of a member, 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.

13. CALLS ON SHARES

13.1 The board may make calls on the members in respect of any money unpaid on their shares.

13.2 Rule 13.1 does not apply if the terms of issue of the shares provide for the money unpaid on the shares to be paid at fixed times.

13.3 A call must not -

- (a) exceed one-quarter of the sum of the nominal value of the shares; or
 - (b) be payable earlier than one month after the day fixed for the payment of the last preceding call.
- 13.4 A member must be given at least 14 days notice specifying the time or times and place of payment of the call.
- 13.5 A member who receives notice of a call must pay the amount of the call on the member's shares to the co-operative at the time or times and at the place specified in the notice.
- 13.6 The board may revoke or postpone a call.
- 13.7 A sum that becomes payable on a share under the terms of issue of the share is deemed for the purposes of these rules to be an amount payable on a call notified under this rule as if the time and place for payment specified in the terms of issue were the time and place for payment of the call.
- 13.8 The board may accept from a member the whole or a part of the amount unpaid on a share although no part of that amount has been called up.

14. FORFEITURE OF SHARES

- 14.1 If a member fails to pay a call on any day appointed for the payment of the call, the board may serve a notice on the member requiring payment of so much of the call as is unpaid.
- 14.2 The notice must -
- (a) specify a day (being not less than 28 days after the date of service of the notice) on or before which the payment required by the notice is to be paid; and
 - (b) state that if the payment is not so paid, the shares in respect of which the call was made are liable to be forfeited.
- 14.3 If the payment is not made in accordance with the notice, the board may, by resolution, declare that the shares are forfeited.
- 14.4 The board's declaration has the effect of forfeiting the shares concerned.

15. SHARE CERTIFICATES

- 15.1 The board, on the application of a person holding shares in the co-operative, must issue to that person, without payment, a certificate specifying the shares held by that person and the amount paid up on those shares. The certificate may be issued in physical or electronic format (as determined by the board from time to time).
- 15.2 However, if shares are held jointly -
- (a) the board is not required to issue more than one share certificate in respect of those shares and
 - (b) the delivery of the share certificate to one joint shareholder is sufficient delivery to all.
- 15.3 If the board is satisfied that a share certificate issued by the co-operative is defaced, lost or destroyed, the board may issue a duplicate share certificate.

16. SALE OR REPURCHASE OF MEMBERS' SHARES

- 16.1 Subject to sections 99 and 100 of the CNL, the co-operative may sell a member's shares at the request of the member.

16.2 The co-operative may (but is not obliged) to repurchase any share of a member at the request of a member in accordance with the CNL.

16.3 A member who wishes the co-operative to repurchase any shares must do so by submitting a request to the board in the following form (or another form or format approved by the board from time to time):

I/We being members of the Avoca District Co-operative Limited (**the co-operative**) and the holders of(number of shares) in the co-operative that are fully/partly paid, request that the co-operative repurchase(number of shares). I/We are aware of the conditions of repayment under the Co-operatives National Law or relevant Act.

Signed.....

Dated.....

Witness (name and signature).....

16.4 The board of the co-operative must consider each request for repurchase in accordance with the CNL and cancel any shares that have been repurchased.

17. TRANSFER AND TRANSMISSION OF SHARES

17.1 The instrument of transfer of any share must be signed by or on behalf of the transferor (the giver) and the transferee (the receiver of the share).

17.2 The transferor remains the holder of the share/s until the name of the transferee is entered in the register of members in respect of the share/s.

17.3 Shares must be transferred in the following form (or another form or format approved by the board from time to time):

I, A.B. (the transferor) of in the State/Territory of in consideration of the sum of \$ paid to me by C.D. (the transferee), of in the State/Territory of transfer to the transferee the share (or shares) numbered in the Avoca District Co-operative Limited to hold for the transferee, the transferee's executors, administrators, and assigns, subject to the several conditions on which I hold the same at the time of the execution.

And I, the transferee, agree to take the said share (or shares) subject to the conditions previously mentioned in this document.

Dated this day of 20

Signed by transferor.

In the presence of witness.

Signed by transferee.

In the presence of witness.

17.4 A share cannot be sold or transferred except -

(a) with the consent of the board, to any person who is qualified to be admitted to membership of the co-operative under rule 5: or

(b) as otherwise provided by the CNL or these rules,

provided also that the transferee will hold the minimum number of shares required by rule 7.

- 17.5 The board may refuse to register a transfer of shares -
- (a) to a person who is not eligible to be a member; or
 - (b) to a person whom the board does not approve.
- 17.6 If the board refuses to register a transfer of shares, it must send written notice of its decision to the proposed transferee within 14 days after making that decision.
- 17.7 The board of the co-operative must not consent to the sale or transfer of shares that would result in more than the nominal value of shares permitted under section 363 of the CNL.
- 17.8 The board may decline to recognise any instrument of transfer unless the instrument of transfer is accompanied by the certificate (if any) of the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.
- 17.9 The board may suspend the registration of transfers during the 45 days immediately preceding the annual general meeting in each year.
- 17.10 A member who has sold or transferred, or disposed of the beneficial interest in, all the member's shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the co-operative.
- 17.11 The transfer of share in the co-operative is not effective until the transfer is registered and the name of the transferee is entered in the register of members.

18. FORFEITURES AND CANCELLATIONS – INACTIVE MEMBERS

- 18.1 In accordance with section 156 of the CNL, the board, after giving any notice required under section 161 of the CNL, must declare the membership of a member cancelled if -
- (a) the whereabouts of the member are not presently known to the cooperative and have not been known to the co-operative for a period of at least 12 months 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 period of 12 months immediately before that time.
- 18.2 Rule 18.1 applies to a member only if he or she was a member of the co-operative throughout the period referred to in paragraph (a) or (b), as the case requires.
- 18.3 In accordance with section 157 of the CNL, the board must declare the shares of a member to be forfeited at the same time as the member's membership is cancelled under section 156 of the CNL.
- 18.4 The board's declaration has the effect of forfeiting the shares concerned.
- 18.5 If the membership of a member is cancelled any amount due to the member in respect of the cancellation must be dealt with in accordance with section 163 of the CNL.

19. FORFEITED SHARES

- 19.1 A person whose shares have been forfeited under the CNL or these rules remains liable to the co-operative for any amount still unpaid at the date of forfeiture in respect of those shares.

20. DEATH OF A MEMBER

- 20.1 The legal personal representative of a deceased member may apply to the board for a transfer of the deceased member's shares in the following form (or another form or format approved by the Board from time to time):

I,, am the legal personal representative of(a member of the co-operative) who died on Copies of my appointment as executor/administrator of the estate are attached.

I request that the board transfer all shares attaching to the membership ofbeing shares numbered in the co-operative, to me.

A. I intend to hold the shares subject to the deceased member's last will and testament / letters of administration and will notify the board of any proposal to transfer the shares to any beneficiary/ies *OR*

B. I am also the beneficiary of the estate of the deceased member and I am aware of the requirements for active membership under the rules of the co-operative.

(Include any additional information to enable the board to consider whether the transferee is likely to be an active member of the co-operative.)

Dated

Signed by

Legal personal representative

In the presence of witness.

20.2 Subject to the rights and discretions under the CNL, on the death of the member, the board must transfer the deceased member's share or interest in the co-operative to -

(a) the legal personal representative of the deceased member; or

(b) with the consent of the board, to a person -

(i) who is specified by the legal personal representative of the deceased member in an application under section 103 of the CNL; and

(ii) who is qualified to be a member in accordance with the CNL and these rules.

20.3 The board may transfer the shares or interest of a deceased member to a person entitled in accordance with section 104 of the CNL if -

(a) the total value of the shares or interest is less than \$10,000 (or such other amount as may be prescribed by the National Regulations); and

(b) there has not been a grant of administration of the estate, or probate of the will of the deceased member.

21. BANKRUPTCY OR MENTAL INCAPACITY OF A MEMBER

21.1 A person's membership ceases upon bankruptcy and that person's shares may be transferred to the Official Trustee in Bankruptcy and dealt with under the provisions of section 95 of the CNL.

21.2 A person appointed under a law of a State or Territory to administer the estate of a member who, through mental or physical infirmity, is incapable of managing his or her affairs, may be registered as the holder of the member's shares and the rights and liabilities of membership vest in that person during the period of the appointment.

21.3 The liabilities attaching to the shares of a person under bankruptcy or mental incapacity continue in accordance with section 96 of the CNL.

21.4 Upon application by a person appointed to manage the affairs of a member referred to in rule 21.2, the board may decide to suspend some or all active membership obligations if there are grounds to believe that the member's physical or mental infirmity is temporary.

22. ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, ADMINISTRATOR ETC

22.1 A person becoming entitled to be a shareholder because of the death, bankruptcy or incapacity of the holder is entitled to the dividends and other advantages to which the person would be entitled if he or she were the registered holder of the share or shares. However, before being registered as a member, the person is not entitled to exercise any right conferred by membership in relation to meetings of the co-operative.

22.2 A person registered as holder of the shares of a member who has died, or is bankrupt or incapable of managing his or her affairs, has the same liabilities in relation to the share or shares as those to which the deceased, bankrupt or incapable person would have been liable if he or she had remained a member with full legal capacity.

22.3 The board has the same right to decline or to suspend registration of a share as it would have had for a transfer of a share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

23. TRANSFER AND TRANSMISSION OF DEBENTURES

23.1 The instrument of transfer of any debenture must be signed by or on behalf of the transferor (the giver) and the transferee (the receiver of the debenture).

23.2 The transferor remains the holder of the debenture until the board consents to the transfer and the name of the transferee is entered in the registers of debentures in respect of the debenture.

23.3 Debentures must be transferred in the following form (or another form or format approved by the board from time to time):

I, A.B. (the transferor) of in the State/Territory of in consideration of the sum of \$ paid to me by C.D. (the transferee), of in the State/Territory of transfer to the transferee the debenture (or debentures) numbered in the Avoca District Co-operative Limited to hold for the transferee, the transferee's executors, administrators, and assigns, subject to the several conditions on which I hold the same at the time of the execution.

And I, the transferee, agree to take the said debenture (or debentures) subject to the conditions previously mentioned in this document.

Dated this day of 20

Signed by transferor.

In the presence of witness.

Signed by transferee.

In the presence of witness.

23.4 The board may decline to recognise any instrument of transfer of a debenture and may decline to register the transfer unless -

(a) A transfer fee (which is an amount determined by the Board from time to time, and published at the registered office or on the website of the co-operative) 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.

23.5 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 that decision.

GENERAL MEETINGS OF MEMBERS

24. ANNUAL GENERAL MEETINGS

24.1 An annual general meeting of the co-operative must be held at least once in each calendar year and 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.

24.2 All general meetings of the co-operative other than the annual general meeting shall be special general meetings.

24.3 The board may determine the date, time and place of the annual general meeting and any special general meeting, including whether the co-operative will use any Technology to facilitate the meeting.

24.4 Annual general meetings and special general meetings may be held wholly virtually, or as a hybrid meeting.

24.5 If the board does not hold an annual general meeting within the required time, the members may requisition the meeting in accordance with section 257 of the CNL.

25. SPECIAL GENERAL MEETINGS

25.1 A special general meeting of the co-operative may be convened at any time by the board.

25.2 The board must convene a special general meeting of the co-operative on the written requisition of the members in accordance with section 257 of the CNL.

26. NOTICE OF GENERAL MEETINGS

26.1 Except where there is an election of directors (in which case the notice period in rule 38.1 applies), the board must give each member at least 14 days notice of each general meeting. The notice may be given in accordance with section 611 of the CNL.

26.2 The notice must specify the place, the day and the time of the meeting, what Technology (if any) will be used to facilitate the meeting and if special business is to be transacted, set out generally the nature of the special business.

26.3 If a special resolution is to be proposed at the meeting at least 21 days notice of that special resolution must be given to the members of the co-operative in accordance with section 239 of the CNL.

26.4 A member of the co-operative who wishes to propose a resolution at a general meeting must give the co-operative written notice of the resolution.

26.5 If notice of an ordinary resolution is given under rule 26.4 at least 14 days before the board gives notice of the meeting, the board must include details of that resolution in the notice of the meeting.

27. BUSINESS AT GENERAL MEETINGS

- 27.1 The ordinary business of the annual general meeting shall be -
- (a) to confirm minutes of the last preceding general meeting (whether annual or special);
 - (b) to receive from the board, auditors (if applicable), or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of cash flows, and the state of affairs at the end of that year;
 - (c) to elect and determine the remuneration (if any) of directors; and
 - (d) to determine the rates of dividend, bonus shares and rebate.
- 27.2 The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- 27.3 All business of a general meeting, other than ordinary business, is special business.

28. QUORUM AT GENERAL MEETINGS

- 28.1 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.
- 28.2 Subject to rule 28.3 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. Proxies do not count in the calculation of quorum.
- 28.3 If within half an hour after the appointed time for the meeting a quorum is not present, the meeting -
- (a) if convened upon the requisition of members, is abandoned; and
 - (b) in any other case is to be adjourned to the same day and time in the next week at the same place.
- 28.4 If at an adjourned meeting, under rule 28.3(b), a quorum is not present within half an hour after the time appointed for the meeting the meeting must be abandoned.

29. PRESIDING AT GENERAL MEETINGS

- 29.1 Subjective to this rule, the chairperson of the board presides at every general meeting of the co-operative.
- 29.2 If the chairperson of the board is unable or unwilling to preside or is not present within 15 minutes after the time appointed for the meeting, then:
- (a) the directors present at the meeting will appoint from amongst themselves a person to act as the chairperson of the meeting; and
 - (b) (if there are no directors willing or able to preside as chairperson) then the members present must select one of their number to preside.
- 29.3 The person selected under rule 29.2 presides at that meeting until the time that the chairperson attends and is willing to act.
- 29.4 The person acting as chairperson of the meeting has the power to determine the conduct of the meeting. 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.

30. ADJOURNMENT OF MEETINGS

- 30.1 The person presiding may, with the consent of a majority of members present at the meeting, adjourn the meeting from time to time and from place to place.
- 30.2 The person presiding must, if directed by a majority of members present at the meeting, adjourn the meeting to a date and time agreed.
- 30.3 No business may be transacted at an adjourned meeting other than business unfinished at the meeting which was adjourned.
- 30.4 This rule only applies if there is a quorum at the meeting to be adjourned.

31. ATTENDANCE AND VOTING AT GENERAL MEETINGS

- 31.1 A member of the co-operative is not entitled to vote at a meeting of the cooperative unless that person is an active member of the co-operative.
- 31.2 Subject to the CNL and this rule, each member:
- (a) present (at the general meeting in person or through the use of Technology);
 - (b) represented by a non-member acting under a power of attorney;
 - (c) represented by a non-member appointed under the provisions of the CNL; or
 - (d) represented by a member acting under a proxy, may exercise one vote.
- 31.3 A member of a co-operative who is under 18 years of age is not entitled to vote.
- 31.4 In the case of joint membership -
- (a) the joint members have only one vote between them;
 - (b) that vote may be exercised by the member whose name appears first in the register of members unless the other joint members otherwise direct; but
 - (c) each joint member is entitled to attend and be heard at a general meeting.
- 31.5 Subject to the CNL 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.
- 31.6 In accordance with section 256(2) of the CNL unless a poll is demanded by at least 5 members, a question for decision at a general meeting must be determined by a show of hands.
- 31.7 Where a poll is demanded for the election of a person presiding the general meeting 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. The chairperson can determine the manner in which the poll is taken.
- 31.8 In the case of an equality of votes at a general 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 may exercise a second or casting vote.

32. PROXY VOTES

- 32.1 Voting may be by proxy at a general meeting.
- 32.2 The instrument appointing a proxy must be in writing signed by the member (the appointer) or the appointer's attorney properly authorised in writing.
- 32.3 An instrument appointing a proxy may direct the way the proxy is to vote in relation to a particular resolution and, if an instrument of proxy directs, the proxy is not entitled to vote on the resolution other than as directed in the instrument.
- 32.4 Only an active member may act as a proxy.
- 32.5 No person must act as proxy for more than two (2) members.
- 32.6 An instrument appointing a proxy may be in the following form, or another form the Board approves:

Avoca District Co-operative Limited

I/We (name) of (address) being a member(s) of the co-operative appoint (name) of (address) as my/our proxy or, in that person's absence, the chairperson of the meeting or a person nominated by the chairperson as my/our proxy, to vote for me/us and on my/our behalf at the *annual general/*special general meeting of the co-operative, to be held on the day of 20..... and at any adjournment of the meeting.

#This form is to be used *in favour/*against the resolution/s.

Signed this day of 20.....

*Strike out if not applicable.

#To be inserted if desired.

- 32.7 An instrument appointing a proxy is not valid until the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of the power or authority, are deposited, at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, at the registered office of the co-operative or at another place specified for the purpose in the notice calling the meeting.
- 32.8 A vote given in accordance with an instrument of proxy or a power of attorney is valid despite the previous death or unsoundness of mind of the principal, the revocation of the instrument (or of the authority under which the instrument was executed) or the power, if no intimation in writing of the death, unsoundness of mind or revocation has been received by the co-operative at the registered office before the start of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

33. POSTAL BALLOTS

- 33.1 The manner of voting in a postal ballot or special postal ballot shall be determined by the board, but must in accordance with the National Regulations. The board can determine to use Technology to conduct the postal ballot or special postal ballot.
- 33.2 A special postal ballot or a postal ballot must be held -
 - (a) when required by the CNL; or

- (b) in accordance with section 250 of the CNL, on the written requisition of the number of active members of the co-operative 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; or
- (c) if approved by the members by ordinary resolution.

34. SPECIAL AND ORDINARY RESOLUTIONS

- 34.1 A special resolution is a resolution which is passed in accordance with sections 239 and 240 of the CNL -
- (a) by a two-thirds majority at a general meeting of members; or
 - (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 postal ballot of members.
- 34.2 An ordinary resolution is a resolution passed by a simple majority at a general meeting or in a postal ballot by members.
- 34.3 A special resolution has effect from the date that it is passed unless it is required to be registered under section 242(2) of the CNL.

THE BOARD

35. BOARD OF DIRECTORS

- 35.1 There shall be a board of between five (5) and twelve (12) directors.
- 35.2 A director must be -
- (a) a natural person; and
 - (b) not less than 18 years of age.

36. QUALIFICATIONS OF DIRECTORS

- 36.1 A person is not qualified to be a director unless he or she is -
- (a) a member of the co-operative or a representative of a body corporate which is a member of the co-operative ("**member director**"); or
 - (b) either:
 - (i) an employee of the co-operative; or
 - (ii) a person who has the expertise and skills required to carry out the co-operative's primary activity, or has other complimentary skills to execute the office of a director (such as legal, accounting or banking experience),
- ("Independent director")**
- 36.2 A person may only be elected or appointed as an independent director if there are at least 3 member directors appointed for each independent director.

36.3 A person must not act as a director if the person is a 'disqualified person' under the CNL.

37. RETIREMENT OF DIRECTORS

37.1 At each annual general meeting, four (4) directors or such other number as is necessary to ensure that each director is elected for a three (3) year term, retire by rotation. The retirement takes effect from the close of the meeting at which they retire.

37.2 The directors to retire in anyone year are, subject to the provisions as to the filling of casual vacancies, those that have been longest in office since their last election and if there are 2 or more directors who became directors on the same day, those who retire must be determined by lot unless they otherwise agree among themselves.

37.3 A retiring director is eligible for re-election.

38. ELECTION OF DIRECTORS

38.1 At least 6 weeks before an 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.

38.2 A nomination must -

- (a) be signed by 2 or more members; and
- (b) provide details of the qualifications and experience of the person nominated; and
- (c) be accompanied by a notice in writing signed by the candidate agreeing to his or her nomination.

38.3 The nomination and the notice referred to in the rule 38.2 must be returned to the co-operative (in the manner specified in the notice in rule 38.1) at least 21 days before the annual general meeting.

38.4 Details of each person who has been nominated must be given to members with the notice of the annual general meeting by the secretary or an officer nominated by the board.

39. MANNER OF ELECTION

39.1 If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting.

39.2 If there are insufficient nominees to fill all vacancies, the nominees are to be declared elected at the annual general meeting and the remaining vacancies are to be treated as casual vacancies.

39.3 If the number of nominees exceeds the number of vacancies, the election of directors must be conducted by ballot at the annual general meeting in the manner that the board directs.

39.4 If any vacancies remain at the end of the annual general meeting, the vacancies are to be casual vacancies and can be filled in accordance with rule 40.

39.5 Each director is eligible for re-election.

40. CASUAL VACANCY

40.1 If there is a casual vacancy in the office of director under section 179 of the CNL or there is a vacancy in the office after the elections in rule 39, the board may appoint a qualified person to fill that vacancy but the person appointed must retire at the next annual general meeting.

41. REMOVAL FROM THE OFFICE OF DIRECTOR

41.1 The co-operative may by special resolution remove any director from office before the end of the director's period of office.

42. RENUMERATION

42.1 In accordance with section 203 of the CNL a director of a co-operative must not be paid any remuneration for services as a director other than:

- (a) fees, concessions and other benefits that are approved at a general meeting of the co-operative; and
- (b) directors' travelling and other expenses that the director properly incurs in attending meetings of the board, any meetings of committees of directors, and in attending any general meetings of the co-operative.

42.2 Reimbursement under rule 42.1(b) will only be paid upon presentation of evidence (to the board's satisfaction) of the relevant expenses incurred.

BOARD MEETINGS

43. PROCEEDINGS OF THE BOARD

43.1 Meetings of the board are to be held as often as may be necessary for properly conducting the business of the co-operative and must in any case be held at least every three months.

43.2 A meeting may be held with one or more of the directors participating by using a form of Technology that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.

43.3 Questions arising at any meeting shall be decided by a majority of votes.

43.4 In the case of an equality of votes, the chairperson has a second or casting vote.

43.5 A director may call a meeting of the board by giving notice individually to every other director.

43.6 Except in special circumstances determined by the chairperson, at least 48 hours notice shall be given to the directors of all meetings of the board.

44. QUORUM FOR BOARD MEETINGS

44.1 The quorum for a meeting of the board is 50% of the number of directors then in office (rounded up to the nearest whole number of persons). The number of member directors must outnumber the independent directors.

45. CHAIRPERSON OF BOARD

- 45.1 A chairperson shall be elected in the last month of each financial year.
- 45.2 The chairperson of the board shall be elected by the board by an ordinary resolution.
- 45.3 If the chairperson of the board is unable or unwilling to preside or is not present within 15 minutes after the time appointed for meetings of the board, the directors present must select one of their number to preside.
- 45.4 The person selected under rule 45.3 presides at the board meeting until the time that the chairperson attends and is willing to act.
- 45.5 Despite the term in rule 45.1, the board may by ordinary resolution remove the chairperson from office and appoint another director in their place.

46. DELEGATIONS

- 46.1 The Board may by resolution delegate 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) a committee of members of the co-operative and other persons if members form the majority of persons on the committee; or
 - (e) a committee of directors and other persons (including employees of the co-operative);
- the exercise of the board's powers (other than this power of delegation) specified in the resolution. The co-operative or the board may by resolution revoke all or part of the delegation.
- 46.2 A power delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.
- 46.3 A delegation under this rule may be given on conditions limiting the exercise of the power delegated, or time or circumstances.
- 46.4 Despite any delegation under this rule, the board may continue to exercise the power delegated.

47. COMMITTEES

- 47.1 The board may by resolution appoint committees of members or other persons or both, to act in an advisory role to the board and to committees of directors, on terms it thinks are appropriate.

ADMINISTRATIVE MATTERS

48. SEAL

- 48.1 If the co-operative chooses to use a common seal, in accordance with section 223 of the CNL, the co-operative must ensure that the name of the co-operative appears in legible characters on its common seal and official seals. The seal of the co-operative must not be affixed to any instrument except in accordance with a resolution of the board.

49. CUSTODY AND INSPECTION OF RECORDS

- 49.1 Members of the co-operative have free electronic access to the records and registers referred to in section 214(1) of the CNL and they may make a physical copy of any entry in the registers on payment of a fee of \$1 per page (to a maximum of \$20).
- 49.2 Members do not have access to the minutes of board or committee meetings, but may request access to any such minutes in writing addressed to the board.
- 49.3 Members acknowledge that some of the information may contain personal information of other members, and members agree to the restrictions on how information obtained can be used (as set out in section 215 of the CNL).

50. BANKING

- 50.1 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 paid into that account or those accounts as soon as possible after it is received.
- 50.2 All cheques drawn and all electronic funds transfers affected on such accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the co-operative must be signed in accordance with any policy or delegation of the board (and if no such policy or delegation, by two directors, or by one director and one officer of the co-operative).

51. SAFEKEEPING OF SECURITIES

- 51.1 The co-operative must keep the securities of the co-operative safely in the manner and with the provision for their safety that the board directs.

ACCOUNTING, AUDIT AND FINANCIAL MATTERS

52. FINANCIAL YEAR

- 52.1 The financial year of the co-operative ends on the 30 June.

53. AUDIT

- 53.1 The accounts of the co-operative must be audited in accordance with Part 3.3 of the CNL and the National Regulations made under that Part.
- 53.2 Auditors must be appointed in accordance with Division 12 of Part 3.3 of the CNL and the National Regulations to audit the accounts of the co-operative.
- 53.3 Audits must be carried out annually.

54. CO-OPERATIVE FUNDS

- 54.1 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.
- 54.2 Any part of the surplus arising in any year from the business of the co-operative or any part of the reserves may -

- (a) be applied by the issue of bonus shares to a member; or
- (b) be paid to a member by way of limited dividend (as defined in section 357(5) of the CNL) on shares held.

54.3 The rebate, bonus shares 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 dividend must not exceed the amount permitted by the CNL and National Regulations.

54.4 The amount of any rebate or dividend payable to a member under 54.3 may, with the consent of the member, be applied -

- (a) in payment for the issue to the member of bonus shares; or
- (b) as a loan to the co-operative.

54.5 Nothing in rule 54 precludes the payment of a bonus to an employee in accordance with the terms of his or her employment.

54.6 Any part of the surplus arising in any year from the business of the co-operative may be applied for one or both of the following -

- (a) charitable purposes; or
- (b) supporting any activity approved by the co-operative.

54.7 The board must give notice of any dividend, rebate or bonus share that has been declared in the manner determined by the board.

54.8 Except where the CNL or these rules specify otherwise interest does not accrue to a member on any dividend rebate or bonus share held by the co-operative for a member.

55. PROVISION FOR LOSS

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

56. WINDING UP

56.1 The winding up of the co-operative must be in accordance with Part 4.5 of the CNL.