



independent liquor group

RULES OF
INDEPENDENT LIQUOR GROUP
DISTRIBUTION CO-OPERATIVE LTD

ABN 70 252 541 400

A Trading Co-operative Limited by Shares
Registered under The Co-operative Act 1992 (NSW)
NSWC005486

These Rules incorporated the changes made at the Annual General Meeting of the Co-operative held on 18th October 2023 and registered with the NSW Registry of Co-operatives

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1 DEFINITIONS

In these rules, unless the context otherwise requires:

- (a) "**Act**" means the Co-Operatives (Adoption of National Law) Act 2012 (NSW) and includes the CNL;
- (b) "**active member**" means a member who is in active membership within the provisions of **rule 16**;
- (c) "**alter**" or similar word or expression used in relation to a rule amendment includes add to, substitute, and rescind;
- (d) "**auditor**" means an auditor or auditors for the time being of the co-operative appointed in accordance with **rule 92**;
- (e) "**banking account**" includes an account with a credit union or building Cooperative registered, or authorised to operate, under the Financial Institutions (NSW) Code into which the co-operative's monies may be paid;
- (f) "**business day**" means a day that is not a Saturday or Sunday or a public holiday or bank holiday in New South Wales;
- (g) "**CCU**" means Co-operative Capital Unit issued in accordance with these rules;
- (h) "**CNL**" means the Co-Operatives National Law as set out in Appendix 1 of the Act;
- (i) "**co-operative**" means The Independent Liquor Group (Distribution) Co-Operative Limited;
- (j) "**debenture**" means a document issued by the co-operative that evidences or acknowledges indebtedness of the co-operative in respect of money that is or may be deposited with or lent to the co-operative, whether constituting a charge on property of the co-operative or not, other than:
 - (i) a cheque, order for the payment of money or bill of exchange; or
 - (ii) a promissory note having a face value of not less than \$50,000; or
 - (iii) any other document of a class that is prescribed as exempt from this definition,and includes a unit of a debenture;
- (k) "**director**" means any director of the co-operative for the time being;
- (l) "**Disclosure Statement**" means a disclosure statement meeting the requirements of section 68 of the CNL;
- (m) "**financial year**" means the financial year of the co-operative as specified in **rule 89**;
- (n) "**may**" or a similar word or expression used in relation to a power of the board indicates that the power may be exercised or not exercised at the board's discretion;
- (o) "**member**" means a member of the co-operative;
- (p) "**month**" means calendar month;
- (q) "**National Regulations**" means the *Co-operatives National Regulations 2013* (NSW);
- (r) "**objects**" means the objects of the co-operative set out in **rule 9**.
- (s) "**officer**" means:
 - (i) a director, secretary or employee of the co-operative; or

- (ii) a person who is concerned, or takes part, in the management of the co-operative, whether or not as a director; or
 - (iii) a receiver, or receiver and manager, of property of the co-operative, or any other authorised person who enters into possession or assumes control of property of the co-operative for the purpose of enforcing any charge; or
 - (iv) an administrator of a deed of arrangement executed by the co-operative; or
 - (v) a liquidator or provisional liquidator appointed in a voluntary winding up of the co-operative; or
 - (vi) an administrator of the co-operative appointed under Part 4.1 of the CNL; or
 - (vii) a trustee or other person administering a compromise or arrangement made between the co-operative and another person or other persons;
- (t) **"postal ballot"** includes a special postal ballot;
 - (u) **"Registrar"** means the Registrar of Co-operatives or any person delegated the Registrar's functions;
 - (v) **"regulation"** means a regulation made under the Act, and any regulation that applies to a co-operative by way of a transitional regulation made under the Act;
 - (w) **"relevant interest"** has the same meaning as given in Schedule 2 of the Act;
 - (x) **"rules"** mean the registered rules of the co-operative as amended from time to time and reference to particular rules has a corresponding meaning;
 - (y) **"secretary"** means any person appointed by the board as secretary of the co-operative;
 - (z) **"shall"** or a similar word or expression used in relation to a power of the board indicates that the power must be exercised, subject to the Act or the rule granting the power;
 - (aa) **"share"** means share in the capital of the co-operative;
 - (bb) **"special resolution"** means a resolution which is passed in accordance with **rule 64**;
 - (cc) **"writing"** includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and "written" has a corresponding meaning;
 - (dd) Words importing one gender include the other genders;
 - (ee) Words importing persons include bodies corporate;
 - (ff) Words in the singular include the plural, and vice versa;
 - (gg) Words or expressions used have the same meanings as those given to them by the Act.

2 INTERPRETATION PROVISIONS

- (a) A reference in these rules to "the Act" includes a reference to:
 - (i) the Act as originally enacted, and as amended from time to time since its original enactment; and

- (ii) if the Act has been repealed since the inclusion of the reference in these rules - the legislation enacted in substitution of the Act (whether legislation of the State or Federal Parliament) and as amended from time to time since its enactment;
- (b) A reference in these rules to a provision in "the Act" includes a reference to:
 - (i) the provision as originally enacted, and as amended from time to time since the original enactment;
 - (ii) 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
 - (iii) 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.
- (c)
 - (i) 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.
 - (ii) This provision applies whether or not the purpose is expressly stated in the rule or paragraph of the rule.
- (d) In these rules, unless the context indicates a contrary intention, headings are for convenience and do not affect interpretation.

3 RULES

- (a) The rules of the co-operative have the effect of a contract under seal:
 - (i) between the co-operative and each member;
 - (ii) between the co-operative and each director, the principal executive officer and the secretary of the co-operative; and
 - (iii) between a member and each other member;
- (b) Under the contract, each of those persons agrees to observe and perform the provisions of the rules as in force for the time being so far as those provisions are applicable to that person.
- (c) A person shall be entitled on demand to a copy of the rules upon payment of a sum not exceeding that specified in **rule 103**, or such other amount as the board may from time to time determine. The board must have regard to section 57 of the CNL when setting the sum referred to in this rule.
- (d) A person may inspect a copy of these rules free of charge at the office where the registers are kept, during all reasonable hours.

4 TRADING CO-OPERATIVE

The co-operative is a distributing co-operative within the meaning of section 18 of the CNL.

5 RULE ALTERATIONS

- (a) The rules may be altered by a special resolution, by a resolution of the board in accordance with sections 61 and 62 of the CNL or as otherwise

permitted by the CNL. No alteration to these rules takes effect until the alteration is registered by the Registrar.

- (b) Where any rule is altered, by way of a board resolution under section 62, the cooperative must cause the alteration to be notified, in writing, to members as soon as practicable after the alteration takes effect and, in any event, no later than the day when notice of the next annual general meeting of the co-operative after the amendment takes effect is given to members.

6 NAME

- (a) The name of the co-operative shall be The Independent Liquor Group Distribution Co-Operative Ltd.
- (b) The co-operative may, in accordance with section 224 of the CNL, change its name by way of a special resolution to a name approved of by the Registrar.

7 REGISTERED OFFICE

- (a) The co-operative must cause a notice to be conspicuously and publicly displayed at the premises of registered office which states the name of the co-operative and identifies the premises as its registered office.
- (b) The board shall notify the Registrar of any change of address of the registered office of the co-operative in writing within 28 days after the change.

8 NOTIFICATION OF OFFICE ADDRESS AT WHICH REGISTERS ARE KEPT

If any register required to be kept by the co-operative is not kept at the registered office, the co-operative must lodge with the Registrar a notice of the address at which the register is kept within 28 days after the register is:

- (a) established at an office which is not the co-operative's registered office; or
- (b) moved from one office to another.

9 OBJECTS

The objects of the co-operative shall be as follows:

Primary Object

- (a) To distil, draw, blend, bottle, manufacture, brew, package and otherwise prepare for sale and deal in alcoholic and non-alcoholic beverages, cigarettes, tobacco, smoker's requisites, and such other merchandise as is usually transacted by wine and spirit merchants either by wholesale or retail sale.

Secondary Objects

- (b) To purchase or in any other manner acquire on behalf of and to supply to its members and other persons all alcoholic and non-alcoholic beverages of any nature from anywhere in the world.
- (c) To purchase, hire, lease or otherwise acquire all such equipment as may be required for the refining, blending manufacturing, filtering, bottling labelling and packing and distribution of alcoholic and non-alcoholic beverages for its members or other persons.

- (d) To purchase, hire, lease manufacture or acquire on behalf of any to supply to its members such equipment as may be required for the setting up of wine and spirit merchants premises hotels or other licensed premises.
- (e) To purchase, hire, lease or enter into arrangements with other persons or companies for and on behalf of and to supply to its members transport and delivery, bottling and packaging of alcoholic and non-alcoholic beverages and all such other items sold stocked by the members
- (f) To purchase, hire, lease or otherwise acquire to use and control on behalf of its members such office equipment, including the use of a computer or computer time and to install such office systems as shall be used by the co-operative and its members or on their behalf or for their benefit.
- (g) To provide cold storage for the products of its members or other persons.
- (h) To acquire and distribute information as to the markets of the world and as to co-operative trading in general.
- (i) To purchase or otherwise acquire goods and sell products on behalf of its members or persons.
- (j) To arrange insurance on behalf of its members or other persons.
- (k) To do all such things calculated to promote the economic interest of the members of the co-operative in relation to the objects mentioned in this clause as may be prescribed by the Act, the National Regulations and the Regulations .
- (l) To contract or otherwise make arrangements for any guarantee or guarantees by any person or persons of the payment of money by the co-operative or of the performance by the Co-operative of any of its obligations whether present or future and for such purposes to indemnify or agree to indemnify the person or persons giving or about to give such guarantee or guarantees and to give security over the assets of the Co-operative or any of them, for such indemnity or for the performance of such agreement to indemnify.
- (m) To establish agencies in the State and elsewhere for any objects of the co-operative.
- (n) Subject to the provisions of the *Liquor Act 1982* (NSW), to assist members in acquiring approved amusement device or approved amusement devices as defined in *Liquor Act 1982* (NSW) and to hold or have an interest in any licence necessary therefore.
- (o) All such other objects as shall be permitted by Act and all amendments thereof.
- (p) To purchase, hire, lease or otherwise acquire any retail liquor business and related liquor licence for the benefit of its members as a whole.

10 POWERS

- (a) The co-operative shall have, both within and outside New South Wales, the legal capacity of a natural person and have all the powers allowed by or under the Act, including but not limited to the taking of deposits pursuant to section 333 of the CNL.
- (b) The co-operative may:
 - (i) obtain financial accommodation;
 - (ii) give security for the repayment of money;

- (iii) raise money on loan for any objects of the co-operative subject to the provisions of sections 337, 343 and 344 of the CNL;
- (iv) receive money on deposit;
- (v) acquire by purchase or otherwise shares in any other co-operative or liquor industry participant;
- (vi) raise compulsory loans from members, which loans:
 - (A) may be secured or unsecured and may be raised by deductions from monies due to members by way of rebate in respect of their dealings with the co-operative; and
 - (B) shall be subject to the provisions of sections 337, 343 and 344 of the CNL and to any conditions to which the Registrar may impose.
- (vii) acquire by lease, purchase, donation, devise, bequest or otherwise any real or personal property for any objects of the co-operative and may sell or lease any such real or personal property.

11 POWER TO FORM COMPANIES, ENTER JOINT VENTURES

Without limiting the provisions of **rule 10**, and subject to the Act, the co-operative has power:

- (a) to form or participate in the formation of a body corporate or unit trust;
- (b) to acquire interests in and sell or otherwise dispose of interests in bodies corporate, unit trusts and joint ventures; and
- (c) to form or enter into a partnership, joint venture or other association with other persons or bodies in furtherance of the co-operative's primary activity,

in furtherance of the objects.

12 LOANS BY MEMBERS TO THE CO-OPERATIVE

- (a) The co-operative may, in accordance with section 343 of the CNL, require its members to lend money to the co-operative, with or without security, in accordance with a proposal approved by the members by special resolution conducted by special postal ballot.
- (b) The approved proposal shall be binding on all members at the date of registration by the Registrar other than a member who has given notice of their intention to resign in accordance with section 343(c) of the CNL.

13 DEALINGS OF MEMBERS WITH CO-OPERATIVE

- (a) The co-operative may, in accordance with section 125 of the CNL, make a contract with a member requiring the member to have specified dealings with the co-operative for a fixed period.
- (b) The provisions of the contract may require a member
 - (i) to sell products through or to the co-operative; or
 - (ii) to obtain supplies or services through or from the co-operative; or
 - (iii) to pay to the co-operative specified sums as liquidated damages for any failure to comply with a requirement authorised by this rule.

- (c) The sum, if any, specified as liquidated damages is to be considered as a debt due to the co-operative and in respect of such debt, the co-operative has, pursuant to section 127 of the CNL, a lien on each of the following:
 - (i) the share or interest in the capital and the credit balance and deposits of the member or former member;
 - (ii) any dividend, interest, bonus or rebate payable to the member or past member;
 - (iii) any entry fees and subscriptions required to be repaid to a member when the member ceases to be a member.
- (d) The lien created pursuant to section 127 of the CNL shall be enforced in accordance with that section.
- (e) Nothing in this rule shall be interpreted as restricting the powers of the co-operative to enter into contracts with a member or members other than pursuant to the provisions of this rule.

14 CO-OPERATIVE MAY AUTHORISE AGENT OR ATTORNEY TO EXECUTE DEEDS

- (a) The co-operative may execute documents if the document is signed by:
 - (i) two (2) directors of the co-operative; or
 - (ii) a director and the Secretary of the co-operative;
 - (iii) subject to **rule 14(b)**, an agent or attorney.
- (b) The co-operative may, by ordinary resolution of the Board, empower its agent or attorney (either generally or in respect of a specified matter or specified matters) to execute a document on its behalf.
- (c) A deed signed in accordance with **rule 14(a)** and **rule 14(b)** has effect as if it were executed under the common seal of the co-operative.
- (d) The authority of such an agent or attorney, as between the co-operative and a person dealing with the agent or attorney, continues during the period (if any) mentioned in the instrument conferring the authority or, if no period is so mentioned, until notice of the revocation or termination of the agent's or attorney's authority has been given to the person dealing with the agent or attorney.
- (e) The common seal of the cooperative will be held in safe keeping by the Secretary.

15 CUSTODY AND INSPECTION OF RECORDS AND REGISTERS

- (a) The co-operative must have at the office where the registers are kept and available during all reasonable hours for inspection by any member free of charge the following:
 - (i) a copy of the Act, the National Regulations and the Regulations;
 - (ii) a copy of the rules of the co-operative and the attachments required under section 421 of the CNL;
 - (iii) a copy of the minutes of each general meeting of the co-operative;
 - (iv) a copy of the last annual report of the co-operative prepared under Section 270 of the CNL;
 - (v) the register of directors, members and shares;

- (vi) the register of names of persons who have given loans or deposits to or hold securities, debentures given or issued by the co-operative;
 - (vii) the register of loans to, securities given by, debentures issued by and deposits received by the co-operative;
 - (viii) the register of any loans made or guaranteed by the co-operative, and of any securities taken by the co-operative;
 - (ix) the register of CCU's issued by the co-operative and their holders;
 - (x) the register of memberships cancelled under Part 2.6 Division 4 of the CNL;
 - (xi) the register of notifiable interests required to be kept under section 368 of the CNL;
 - (xii) the register of subordinated debt;
 - (xiii) a register of fixed assets; and
 - (xiv) such other registers as the Act, the National Regulations or the Regulations may provide are to be open for inspection.
- (b) A member is entitled to make a copy of entries in a register specified in subsection (a) and to do so free of charge unless the rules of the co-operative require a fee to be paid, in which case on payment of the required fee.

16 ACTIVE MEMBERSHIP PROVISIONS

- (a) All persons who become members of the co-operative must be active members as a condition of their ongoing membership.
- (b) To distil, draw, blend, bottle, manufacture, brew, package and otherwise prepare for sale and deal in alcoholic and non-alcoholic beverages, cigarettes, tobacco, smoker's requisites, and such other merchandise as is usually transacted by wine and spirit merchants is a primary activity of the co-operative and in order to establish active membership of the co-operative, a member shall:
 - (i) either:
 - (A) be engaged in the purchase, manufacture, distillation, blending, producing, distribution or sale of alcoholic beverages or non-alcoholic beverages and shall have an interest in a license in a State or Territory of Australia under the provisions of the relevant Liquor Act of that State or Territory under the provisions of such Liquor Act shall be entitled to sell alcoholic beverages of any description; and
 - (B) purchase not less than \$25,000 from the Co-operative during the previous twelve calendar months; and
 - (C) submit to the Board a statutory declaration giving details of all parties with an interest in the license referred to in **rule 16(b)(i)(A)** above; or
 - (ii) be a user of a trade mark or trade name owned by the Co-operative and a signatory to a user agreement within the area of Australia who pays an annual amount as set by the Board and prescribed by the user agreement.

17 SUBSCRIPTIONS

- (a) Members of all share classes may be required to pay subscriptions from time to time which shall:
- (i) be in addition to any other charges payable under the rules;
 - (ii) be determined by the board;
 - (iii) be payable, in advance, within the period set by the board; and
 - (iv) in relation to annual subscriptions, be \$100.00 or such other amount not exceeding \$200.00 in any financial year.
- (b) Notwithstanding **rule 17(a)(iii)** the Board may, either generally or in a specific case, extend a period for the payment of any subscription, even though the previous period has expired. The extended period for payment shall not exceed 2 months.
- (c) Members who do not pay a subscription determined under this rule within the period set by the board, or within any extended period which may be granted by the board, may have their shares forfeited by resolution of the board in accordance with **rule 27**.

18 MEMBERS BUYING RIGHTS

- (a) Definitions
- (i) Exclusive brands means certain liquor, tobacco and related products identified as “exclusive brands” on the Co-operative website www.ilg.com.au from time to time.
 - (ii) Co-operative member or member means an active member of the co-operative in accordance with **rule 16**;
 - (iii) Competitive buying group means a buying or promotion group (also known as a banner group) where that group is not a group managed or controlled by the co-operative, or a banner group that is externally controlled or privately owned.
- (b) Without limiting the rights of members to purchase liquor, tobacco and related products from the co-operative, co-operative members shall have the right to purchase exclusive brands where:
- (i) The member is trading in accordance with the co-operative trading terms as published from time to time; and
 - (ii) The member is not a member of or a participant in a competitive buying group.

19 FORFEITURES AND CANCELLATIONS RELATING TO INACTIVE MEMBERS

- (a) The board shall, after giving notice in accordance with section 161 of the CNL, declare the membership of a member cancelled if:
- (i) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of no more than 12 months before the date of cancellation; or
 - (ii) the member is not presently an active member and has not been an active member at any time during the past 12 months immediately before the date of cancellation.

- (b) The board is to declare the shares of a member forfeited at the same time as the membership is cancelled and the amounts due in respect of that cancellation and forfeiture shall be dealt with and repaid in accordance with sections 163-165 (inclusive) of the CNL. Subject to the CNL, any amounts repaid to the former member will be less any amount owed by the former member to the co-operative.
- (c) The co-operative shall, in a form approved of by the Registrar, keep a register of memberships cancelled pursuant to **rule 19(a)**, meeting the requirements of section 166 of the CNL.
- (d) The board shall not be required to give notice, under this rule, if the member's whereabouts are unknown to the co-operative and the amount required to be repaid to the member in respect of the cancelled membership (whether by reason of the cancellation of share or otherwise) does not exceed \$50, or such other amount as may be prescribed.
- (e) In cancelling a membership, the Board must have regard to Part 2.6, Division 4 of the CNL.

20 QUALIFICATIONS FOR MEMBERSHIP

A person is not qualified to be admitted to membership of the co-operative unless the board has reasonable grounds for believing that the person will be an active member under **rule 16** and the person is otherwise eligible under these rules.

21 APPLICANTS FOR MEMBERSHIP TO BE GIVEN NOTICE OF ENTRY AND SUBSCRIPTIONS

The co-operative must supply, with each application for membership, a written notice of any intending or prescribed entry fees or subscriptions that a person will be liable to pay on becoming a member of the co-operative.

22 APPLICATION FOR MEMBERSHIP AND SHARES

- (a) The board must provide each person intending to become a member:
 - (i) a copy of the most recent financial information reported to members of the co-operative under Part 3.3 of the CNL;
 - (ii) a consolidated copy of the rules of the co-operative; and
 - (iii) a copy of all special resolutions applicable to the prospective member passed by the members of the co-operative, except special resolutions providing for an alteration of the rules of the co-operative; and
 - (iv) any other information that the Registrar directors.
- (b) Applications for membership, shares or bonus or additional shares shall be lodged at the registered office, in or to the effect of the form approved by the board, together with payment in full in respect of each share applied for.
- (c) Every application shall be considered by the board. If the board approves of the application, the board shall allot the shares applied for. The applicant's name together with the number of shares allotted, date of allotment and any other information required by or under the Act shall be entered in the register of members. The applicant shall be notified in writing of the allotment and of the entry in the register and shall then be entitled to the privileges attaching to membership, or to the holding of shares, or bonus or additional shares, as is appropriate to the case.

- (d) The board may, in its discretion, refuse any application for membership or shares, other than additional shares the subject of a compulsory issue under **rule 32** and need assign no reasons for such refusal though the board may choose to give reasons, if the board considers it appropriate to do so. Upon refusal the applicant's deposit shall be refunded without interest.
- (e) In considering an application for membership pursuant to this rule, the board must ensure that a person who is not qualified for membership of the co-operative under **rule 20** is not admitted as a member.

23 MEMBERS OF THE CO-OPERATIVE

The members of the co-operative are:

- (a) those persons who signed the application for registration of the co-operative; and
- (b) those persons admitted to membership in accordance with **rule 22** and
- (c) those persons who become members by:
 - (i) a transfer of engagements to the co-operative; or
 - (ii) a scheme of arrangement; or
 - (iii) operation of law; or
 - (iv) a transfer of shares under **rule 43**.

24 CAPITAL AND SHARES

- (a) The capital of the co-operative shall be raised by the issue of shares which shall be of one class, all ranking equally, and be of nominal value of \$1.00 each.
- (b) The capital shall vary in amount according to the nominal value of shares from time to time subscribed.
- (c) No share is to be allotted (other than a bonus share) unless at least 100% of the nominal value of the share has been paid. A share is not to be issued at a discount.
- (d) No member shall hold, or have a relevant interest in, more than 20% of the nominal value of issued share capital of the co-operative, except in accordance with section 363 of the CNL.
- (e) The co-operative may issue shares at a premium in accordance with section 80 of the CNL.
- (f) Shares of the co-operative shall not be quoted for sale or purchase at any stock exchange or in any other public manner whatever, within the meaning of the *Income Tax Assessment Act 1936* (Clth).

25 ABROGATION OR VARIATION OF SHARE RIGHTS

- (a) Where the co-operative's share capital is divided into different classes, and rights are attached to shares included in a class of shares, the co-operative may, if passed by resolution of a simple majority at a meeting of members who hold shares of that class, vary or abrogate those rights.
- (b) If, after the passing of the resolution referred to in **rule 25(a)** the co-operative wishes to alter its rules to vary or abrogate the rights attached to that particular class of shares, it may give notice to members of the intention to propose a special resolution to that effect.

- (c) Where a special resolution is passed in accordance with this rule, the co-operative may on registration of the special resolution vary or abrogate the rights attached to the share class the subject of the special resolution.

26 MINIMUM SHAREHOLDING

Every member shall, on admission to membership of the co-operative, hold at least 250 shares.

27 SHARES TO BE FORFEITED TO REMEDY CONTRAVENTION OF MAXIMUM LEVEL OF SHARE INTEREST

- (a) Where a person (whether or not a member of the co-operative) contravenes **rule 24(d)** and such contravention is not remedied within fourteen (14) days of notice of that contravention being issued by the board, the board shall declare to be forfeited, enough of the shares in which the person has a relevant interest to remedy the contravention.
- (b) The shares to be forfeited pursuant to this rule are:
- (i) the shares nominated by the person for the purpose; or
 - (ii) in the absence of such nomination - the shares in which the person has had a relevant interest for the shortest time.
- (c) A declaration of the board that shares are forfeited operates to forfeit the shares concerned.
- (d) The provisions of sections 163 – 165 of the CNL (inclusive) shall apply to and in respect of shares forfeited under this rule as if the shares had been forfeited as a result of a membership cancellation pursuant to **rule 19**.

28 NOTICE TO BE GIVEN OF SUBSTANTIAL SHARE INTEREST AND SUBSTANTIAL CHANGE IN SHARE INTEREST

- (a) A person must give notice in writing to the co-operative within 5 business days after becoming aware that the person has a substantial share interest in the co-operative.
- (b) A person who has a substantial share interest in the co-operative must give notice in writing to the co-operative within 5 business days after becoming aware that a substantial change has occurred in that interest.
- (c) A person who has ceased to have a substantial share interest in the co-operative must give notice in writing to the co-operative within 5 business days after becoming aware that the person has ceased to have that interest.
- (d) For the purposes of this rule:
- (i) A person has a substantial share interest in the co-operative if the nominal value of the shares in which the person has a relevant interest represents 5% or more of the nominal value of the issued share capital of the co-operative.
 - (ii) 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 which the person has a relevant interest and the increase or decrease represents at least 1% of the nominal value of the issued share capital of the co-operative.

- (iii) "Notice" in this **rule 28** means a notice in the form approved by the Registrar, specifying the particulars prescribed by the National Regulations.

29 FORFEITURE FOR NON – PAYMENT OF SUBSCRIPTION

- (a) The shares of a member who has not paid a subscription under these rules may be forfeited by resolution of the board and **rule 19(b)** applies to the forfeiture.
- (b) Written notice of the proposed forfeiture shall be forwarded to the member not less than 14 days before the date of the board meeting at which the resolution for forfeiture of the shares is to be moved, and the member shall be given an opportunity of being heard at the meeting.
- (c) Payment to the member of any amount due under this rule shall be made at such time as shall be determined by the board at its discretion, but not later than 12 months from the date of forfeiture.
- (d) The amount of any payments under this clause will be less any amount owing by the member to the co-operative.

30 REGISTER OF NOTIFIABLE INTERESTS

- (a) The co-operative is to keep a register of notifiable interests, which is to be entered in alphabetical order, of the names of persons from whom the co-operative has received a notification under **rules 28** and **37** together with the information contained in the notification.
- (b) The register kept for the purpose of this rule shall be open for inspection:
 - (i) by any member, in accordance with **rule 15**, free of charge; and
 - (ii) by any other person on the payment of a fee as set out under **rule 103**, Schedule of Fees.

31 BONUS SHARES

- (a) Bonus shares may be issued by the co-operative in accordance with sections 83 – 85 of the CNL and these rules.
- (b) The co-operative may issue bonus shares to members of the co-operative if the assets of the co-operative (other than those acquired for resale at a profit):
 - (i) have been sold at a profit; or
 - (ii) have been revalued at a greater value than that disclosed prior to the revaluation in the books of the co-operative.
- (c) Bonus shares may be issued subject to the following restrictions:
 - (i) each issue must have been approved by a special resolution of the co-operative;
 - (ii) they are to be issued as fully paid up shares with no payment required to be made by a member of the co-operative to whom they are issued;
 - (iii) they are to be issued only in respect of shares that are fully paid up as at the date of issue of the bonus shares; and
 - (iv) the total nominal value of bonus shares issued by a co-operative under this rule during any 12 month period must not exceed 20% or such other percentage as may be prescribed of the nominal

value of the issued share capital of the co-operative immediately before the date of issue of the bonus shares.

- (d) Notice of the meeting or postal ballot at which a resolution is to be proposed as a special resolution for the purpose of approving a bonus share issue must be accompanied by the documents specified in section 85 of the CNL.

32 MEMBERS MAY BE REQUIRED TO TAKE UP ADDITIONAL SHARES

- (a) The board may, pursuant to section 82 of the CNL, 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.
- (b) Any proposal to require a member to take up or subscribe for additional shares must:
 - (i) be accompanied by a disclosure statement, approved by the Registrar, that explains the purpose for which the funds raised by the issue of the additional shares are to be used; and
 - (ii) clearly show the total number of additional shares to be issued and the basis on which the shares are to be apportioned amongst members; and
 - (iii) be accompanied by a statement informing the member that the member may inform the board by notice on or before the date specified in the statement (being a date before the passing of the special resolution) that the member resigns on the passing of the special resolution.
- (c) A proposal approved by the members shall be binding:
 - (i) on all members at the date of the passing of the special resolution other than a member who has given a notice of resignation in response to the statement made pursuant to section 82(3)(c) of the CNL;
 - (ii) on all persons who become members of the co-operative after the passing of the special resolution, and before the total number of shares to be issued (as per the proposal) has been issued.

33 PURCHASE OF MEMBERS' SHARES

- (a) Subject to section 107 of the CNL, the co-operative may:
 - (i) purchase any share of a member at the request of the member; and
 - (ii) repay to a member, with the member's consent, the whole or any part of the amount paid up on any share held by the member when the sum repaid is not required for the activities of the co-operative.
- (b) The co-operative shall cancel any share purchased or repaid in full by the co-operative.
- (c) The co-operative shall not, in any financial year, repurchase shares or repay the amount paid up on shares, or both, if the amount to be paid by the co-operative exceeds the sum of:

- (i) 5% of the nominal value of the issued share capital of the co-operative immediately before the commencement of that financial year; and
 - (ii) the amount of any additional share capital of the co-operative subscribed for during that year,
- unless exempted by special resolution of the members in relation to a particular financial year, either unconditionally or subject to conditions.
- (d) The amount paid for a share when it is repurchased may be an amount determined by the board which is less than the nominal value of the share if the books of the co-operative disclose that the amount paid is the net shareholder's equity per share in the business of the co-operative.
 - (e) Section 107 of the CNL does not apply to any member who has been expelled, resigned from the co-operative or had his/her membership cancelled under **rule 19**.
 - (f) The board must not agree to repurchase shares or repay amounts paid up on shares if:
 - (i) the repurchase or repayment is likely to cause the co-operative to become insolvent, or
 - (ii) the co-operative is insolvent.
 - (g) If the board is of the opinion that to pay the repurchase price would adversely affect the financial position of the co-operative it may:
 - (i) if it is a deposit-taking co-operative, apply the amount as an interest-bearing deposit by the member with the co-operative, or
 - (ii) allot or issue debentures or CCUs of the co-operative to the member in satisfaction of the amount.
 - (h) A deposit, debenture, or CCU issued pursuant to (g) shall:
 - (i) bear interest during any period in accordance with section 108(3) of the CNL; and
 - (ii) be repaid to the member as soon as, in the board's opinion, such repayment would not adversely affect the financial position of the co-operative, and in any case within 10 years after the repurchase of the shares concerned.

34 LIABILITY OF MEMBERS TO THE CO-OPERATIVE

- (a) A member shall, in accordance with Section 121 of the CNL, be liable to the co-operative for the amount, if any, unpaid on the shares held by that member, together with any charges, including entry and subscriptions, payable by the member to the co-operative as required by these rules.
- (b) The joint holders of a share shall be jointly and severally liable in respect of any such amount unpaid on shares and to any such charges referred to in **rule 34(a)**.

35 VOTING RIGHTS

- (a) Except as otherwise provided in these rules, an active member of the co-operative shall have one vote only in respect of any question or motion arising at a general meeting of the co-operative.
- (b) A member's right to vote is a personal right and is not attached to, or conferred by, any share held by the member in the co-operative.

- (c) In the case of joint membership, the joint members shall have one(1) vote only between them and that vote may only be exercised (subject to power of attorney) by the joint member whose name appears first in the register of members.
- (d) If shares are held jointly, each member (other than a joint member) holding the share is entitled to vote at a general meeting.
- (e) A person is not entitled to exercise, under a power of attorney, the power of a member of the co-operative to vote if the person has that power of attorney in respect of another member of the co-operative under another power of attorney.
- (f) A person is not entitled to exercise, as the representative of a body corporate, the power of a body corporate member of the co-operative to vote if the person has the power as the representative of another body corporate member of the co-operative.
- (g)
 - (i) A person must not directly or indirectly control the right to vote of a member.
 - (ii) If a person controls the exercise of the right to vote of a member at a meeting of the co-operative;
 - (A) the vote of that member; and
 - (B) the vote of that person, if that person is a member,
 are invalid,
 - (iii) Nothing in **rule 35(g)** prevents the exercise of a vote by means of a power of attorney.
- (h) Any vote cast by or on behalf of a member of a co-operative when not entitled to vote is to be disregarded.

36 EFFECT OF RELEVANT SHARE AND VOTING INTEREST ON VOTING RIGHTS

- (a) Subject to sections 228(5) and (6) of the CNL, a member is not entitled to vote if another person (whether or not a member of the co-operative) has a relevant interest in any share held by the member or in the right to vote of the member.
- (b) A member who is not entitled to vote because of this rule may apply to the Registrar for a review of the matter.
- (c) Where the Registrar orders that the member is entitled to vote, the member's right to vote shall be restored.

37 NOTICE TO BE GIVEN OF VOTING INTEREST

- (a) A person (whether or not a member of the co-operative) must give notice in writing to the co-operative within 5 business days of becoming aware that the person has, or has ceased to have, a relevant interest in the right to vote of a member in the co-operative.
- (b) For the purposes of this rule, "notice" means a notice issued in accordance with sections 362 of the CNL containing the prescribed particulars as set out in the National Regulations.

38 CALLS ON SHARES

- (a)
- (i) The board may from time to time make calls on the members for any amounts unpaid on the shares of the members (whether on the nominal value of the shares or by way of premium) which are not required by the terms of issue to be paid at fixed times. A call is not valid unless the board gives at least 14 days notice to the members, specifying the time or times of payment.
 - (ii) No call shall exceed one-fourth (1/4) of the nominal value of the shares or be payable at less than one month from the last call.
 - (iii) Each member, on receiving notice under this rule, shall pay to the co-operative at the time or times so specified the amount called on the member's shares.
 - (iv) The joint holders of a share shall be jointly and severally liable to pay all calls in respect of that share.
 - (v) If a sum called in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest upon the sum at the rate of 8% per annum from the day appointed for the payment to the time of actual payment. The board may waive payment of that interest wholly or in part.
 - (vi) The board may, on the issue of shares, differentiate between the shareholders in the amount of calls to be made and in the times of payment.
 - (vii) The directors may revoke or postpone a call.
 - (viii) The board may accept from any member willing to advance, all or any part of the money uncalled and unpaid upon any shares held by that member. Upon all or any of the money advanced, the board may pay interest to cover the time between the advancement and the time that the money would otherwise have been payable on the shares. The rate of interest can be agreed between the member and the board.
- (b)
- (i) Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share or byway of premium, shall for the purposes of these rules be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable.
 - (ii) In the case of non-payment, the provisions of **rule 39(a)** and **rule 40** as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

39 DEFAULT IN PAYMENT OF CALLS

- (a) If a member fails to pay any call or instalment of a call by the day appointed for payment, the board may, while any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of the unpaid amount together with any interest which may have accrued.
- (b) The notice shall name a further day (not earlier than 14 days from the date of the notice) by which the payment required by the notice is to be made.

The notice shall also state that if there is no payment by that time the shares for which the call was made may be forfeited and cancelled.

- (c) If the requirements of the notice are not complied with by the member, then any share for which the notice has been given, may at any time afterwards (but before the payment required by the notice has been made), be forfeited by a resolution of the board.

40 NON PAYMENT DEEMED TO BE A CALL

- (a) Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these rules be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable.
- (b) In the case of non-payment, the provisions of **rule 39(a)** and **rule 41** as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

41 FORFEITED SHARES

- (a) A person whose shares have been forfeited pursuant to these rules shall cease to be a member in respect of the forfeited shares. However, that person shall remain liable to pay to the co-operative all moneys which (as at the date of forfeiture) were payable by the person to the co-operative in respect of the shares, in addition to the calls in default.
- (b) A statutory declaration in writing by a director of the co-operative stating that a share in the co-operative has been forfeited and cancelled on a date stated in the declaration, shall be conclusive evidence of that fact as against all persons claiming to be entitled to the share.
- (c) The co-operative shall, pursuant to section 127 of the CNL have a lien upon the paid up amounts of the forfeited shares and may set-off those amounts pursuant to that section.

42 SALE OF SHARES BY BOARD

- (a) The co-operative may sell in such manner as the directors think fit all or any shares on which the co-operative has a lien, pursuant to section 127 of the CNL. However, no sale shall be made unless a sum in respect of which the charge exists is payable at the date of the sale. Also no sale shall be made until the expiration of 14 days after a notice in writing (stating, and demanding payment of, such part of the amount in respect of which the charge exists as is payable at the date when the notice is given) has been given to the registered holder of the share or the person entitled to it by reason of death or bankruptcy. The notice shall indicate that upon failure to make payment of the sum demanded within the time stipulated the shares will be sold by the board.
- (b) Where the highest offer received by the board is less than the amount paid up on shares to be sold, the board shall, before accepting the offer, notify the member of the receipt of such offer and the amount of the offer, and of the board's intention to accept the offer at the expiration of 14 days, if no payment is made before then to the co-operative of all moneys in respect of which the charge exists.
- (c) From the proceeds of any such sale the co-operative may deduct the expenses, if any, associated with the sale and may apply the balance to reduce the liability of the member. However, if a surplus remains after such

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

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

43 TRANSFER AND TRANSMISSION OF SHARES

- (a) The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members.
- (b) Shares shall be transferred in the following form or in a usual or common form which the board shall approve:

I, A.B. of

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

paid to me by C.D., of

("the transferee") do transfer to the

transferee the share (or shares) numbered

.....

in the

to hold on behalf of the transferee, the transferee's heirs, executors, administrators and assigns, subject to the conditions on which I hold the same at the time of the execution of this transfer.

I, the transferee, agree to take the said share (or shares) subject to the conditions on which

the transferor holds the share (or shares) and subject to the rules of as amended from time to time.

As witness our hands, the day of 20.....

Signed by

....., transferor.

In the presence of, witness.

Signed by

....., transferee.

In the presence of, witness.

- (c) A share may not be sold or transferred except :
 - (i) with the consent of the board, and to a person who is qualified to be admitted to membership of the co-operative under **rule 16** and **rule 20** and ; or
 - (ii) as otherwise provided by these rules or the Act.
- (d) The board may decline to register any transfer of shares to a person not qualified to be a member under **rule 20** or of whom they do not approve. The board may also decline to register any transfer of shares on which the co-operative has a lien or charge. If the board refuses to register a transfer of shares it shall send notice of the refusal to the transferee within 28 days after the date on which the board declined to register the transfer.

- (e) The board of the co-operative shall not consent to the sale or transfer of shares to a person in contravention of **rule 24(d)**.
- (f) The board may decline to recognise any instrument of transfer unless:
 - (i) a fee of \$1.00 is paid to the co-operative for the transfer; and
 - (ii) the instrument of transfer is accompanied by the certificate (if any) of the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.
- (g) The board shall maintain a record of all transfers made in the proper books of the co-operative.
- (h) The board may suspend the registration of transfers during the 45 days immediately preceding the annual general meeting in each year.

44 EFFECT OF SALE, TRANSFER OR DISPOSAL OF SHARES

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

45 DEATH OF MEMBER

- (a) Pursuant to section 93 of the CNL, the board may register as the holder of a share:
 - (i) a trustee executor or administrator of the estate of a dead person who was the registered holder of the share in the co-operative as the holder of the share as trustee, executor or administrator of that estate; or
 - (ii) With the consent of the co-operative operative and of the registered holder of the share a trustee, executor or administrator of the estate of the dead person if the dead person was entitled in equity to a share as the trustee, executor or administrator of the estate.
- (b)
 - (i) On the death of a member of the co-operative, the member's share in the co-operative cannot be transferred to a person other than an administrator or executor except with the consent of the board of the co-operative and subject to sections 100 and 103 (4) of the CNL;
 - (ii) The board may only give its consent under **rule 45(b)(i)** if there are reasonable grounds for believing that the person will be an active member of the co-operative, and:
 - (A) the person is the personal representative of the deceased member; or
 - (B) the person is a person or persons specified by the deceased person's representative in an application of transfer made to the co-operative within 3 months after the death of the member.
- (c) On the death of a member, the member's estate is subject to the same liability as the member would have been until the member's personal representative or some other person is registered in the member's place.

46 REGISTRATION OF OFFICIAL TRUSTEE IN BANKRUPTCY

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

47 REGISTRATION AS ADMINISTRATOR OF ESTATE ON INCAPACITY OF MEMBER

- (a) A person appointed under a law of a State or Territory to administer the estate of another person who, through mental or physical infirmity, is incapable of managing their affairs, may be registered as the holder of a share held by the incapable person whose estate the appointed person is administering.
- (b) Where an incapacitated member has an entitlement in equity to a share in the co-operative, the board may register the administrator of the estate of an incapacitated member as the holder of a share in which the incapacitated member has an entitlement in equity, with the consent of the co-operative and the registered holder of the share.

48 ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, ADMINISTRATOR ETC

- (a) A person who is entitled to a share by reason of the death, bankruptcy or the incapacity of the holder shall be entitled to the dividends and other advantages to which that person would be entitled if the person were the registered holder of the share. However, before being registered as a member in respect of the share, the person shall not be entitled to exercise any right conferred by membership in relation to meetings of the co-operative.
- (b) A person registered pursuant to **rules 45, 46 and 47** is, while so registered, subject to the same liabilities in respect of the share as those to which that person would have been subject if the share had remained, or had been registered in the name of the deceased person, the incapable person or the bankrupt person if he or she had remained a member with full legal capacity.
- (c) The board has the same right to decline or suspend registration of a share as if it would have had for a transfer of a share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

49 RESIGNATION AND EXPULSION OF MEMBERS

- (a) A member may resign from the co-operative by giving thirty (30) days' notice in writing in a form approved by the board.
- (b) A member may be expelled from the co-operative by special resolution to the effect:
 - (i) that the member has failed to discharge seriously or repetitively failed to discharge the member's obligations to the co-operative, under these rules a contract entered into with the co-operative under section 125 of the CNL; or
 - (ii) that the member has:

- (A) acted in a way that has prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
 - (B) acted in a way that has brought the co-operative into disrepute; or
 - (C) acted in a way that has been contrary to one or more of the co-operative principles as described in section 10 of the CNL and has caused the co-operative harm;
 - (D) been guilty of conduct or behaviour which in the opinion of the Board is either detrimental to the co-operative, the good order and management of the co-operative or creates dissension and ill feeling amongst the members.
- (c) In either case written notice of the proposed resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member shall be given a reasonable opportunity of being heard at the meeting.
- (d) At the general meeting when the special resolution for expulsion is proposed, the following procedures apply:
- (i) at the meeting the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross examine witnesses called against the member;
 - (ii) if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide to expel the member concerned;
 - (iii) once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
 - (iv) the co-operative must not make a decision on the alleged conduct or on expulsion except by vote by secret ballot of the members present, in person or represented by proxy or by attorney and entitled to vote;
 - (v) a motion for the decision is not taken to be passed unless two thirds of the members present in person or represented by proxy or by attorney vote in favour of the motion.
- (e) The shares of any member expelled shall be cancelled as at the date of expulsion and the cancellation shall be noted in the register of shares.
- (f) Expulsion of a member shall not be effective, until the special resolution expelling the member is registered.
- (g) An expelled member shall not be re-admitted as a member unless such re-admission is approved by special resolution. A member so re-admitted shall not have the shares restored which were cancelled on the member's expulsion.

50 REPAYMENT OF SHARE CAPITAL

When a member is expelled or resigns from the co-operative, the co-operative must, subject to section 128 of the CNL, within one year after the day of expulsion or resignation:

- (a) pay the member an amount made up of the amount paid up on the shares held by the member at the day of expulsion or resignation, less any amount

owed by the member to the co-operative at the day of expulsion or resignation under these rules or any contract or otherwise; or

- (b) apply the repayable amount in accordance with section 128(2) of the CNL if:
 - (i) the Board considers repayment would adversely affect the financial position of the co-operative; or
 - (ii) the board and the former member agree.

51 APPROVAL OF BOARD FOR TRANSFER OF DEBENTURES

- (a) A debenture of a co-operative cannot be sold or transferred except with the consent of the board.
- (b) The instrument of transfer of any debenture shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the debenture until the name of the transferee is entered in the register of debentures held by the co-operative.
- (c) Debentures shall be transferred in the following form or in a usual or common form which the board shall approve:

DEBENTURE TRANSFER FORM

I, _____ A.B. _____ of _____

_____ in consideration of the sum of \$ _____

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

_____ ("the transferee") do transfer to the transferee the debenture (or debentures) numbered _____

in _____ the _____

to hold on behalf of the transferee, the transferee's heirs, executors, administrators and assigns, subject to the conditions on which I hold the same at the time of the execution of this transfer.

I, the transferee, agree to take the said debenture (or debentures) subject to the conditions on which the transferor holds the debenture (or debentures) and subject to the rules of:

_____ as amended from time to time.

As witness our hands, the _____ day of _____ 20_____

Signed by _____,

transferor.

In the presence of _____

witness.

Signed by _____, transferee. In the presence of _____, witness.

- (d) The board may decline to register any transfer of debentures.
- (e) If the board refuses to register a transfer of debentures it shall send notice of the refusal to the transferee within 2 weeks after the date on which the board declined to register the transfer.
- (f) The board may decline to recognise any instrument of transfer unless:
 - (i) a fee, if required under **rule 103** Schedule of Fees, is paid to the co-operative for the transfer; and
 - (ii) the instrument of transfer is accompanied by the certificate (if any) of the debentures to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.
- (g) The board shall have a record of all transfers made in the proper books of the co-operative.

52 CEASING MEMBERSHIP

A person shall cease to be a member in any of the following circumstances:

- (a) if the member's membership is cancelled under **rule 19**;
- (b) if the member is expelled in accordance with **rule 49**;
- (c) if the member becomes bankrupt or becomes subject to control under the law relating to bankruptcy;
- (d) on death of the member;
- (e) if the contract of membership is rescinded on the ground of misrepresentation or mistake;
- (f) if the member's total shareholding is transferred to another person and the name of the transferee entered in the register of members in respect of the shareholding;
- (g) if the member's total shareholding is forfeited in accordance with the provisions of the CNL or the provisions of these rules;
- (h) if the member's total shareholding is purchased by the co-operative in accordance with **rule 33**; and
- (i) if the amount paid up on the member's total shareholding is repaid to the member in accordance with these rules;
- (j) in the case of a member that is a body corporate, if the body is dissolved or deregistered.

53 ANNUAL GENERAL MEETINGS

- (a) The first annual general meeting of a co-operative must be held at any time within 19 months or such other period as is permitted under the Act after the incorporation of the co-operative.
- (b) A general meeting of the co-operative to be known as the "annual general meeting" shall, as provided in section 252 of the CNL, be held each year on a date and a time determined by the board as long as it is within five (5) months after the close of the financial year of the co-operative, or within such further time as may be allowed by the Registrar.
- (c) All general meetings of the co-operative other than the annual general meeting shall be special general meetings, and shall be held at such place as the board nominates.
- (d) If an annual general meeting is not held in accordance with paragraph (a) of this rule, the members may, in accordance with section 257 of the CNL and **rule 55**, requisition such a meeting.

54 CONVENING GENERAL MEETINGS

The board may, whenever it thinks fit, convene a special general meeting of the co-operative.

55 CALLING OF GENERAL MEETINGS ON REQUISITION

- (a) The board must convene a general meeting of the co-operative on the requisition in writing by active members who together are able to cast at least 20% of the total number of votes to be cast at a meeting of the Co-operative.
- (b) The provisions of section 257 of the CNL apply to a meeting requisitioned by members.

56 NOTICE OF GENERAL MEETINGS

- (a) Subject to **rule 57**, at least 14 days notice (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) shall be given of any general meeting in the manner stipulated in **rule 100**.
- (b) Notice must be given to those persons who are, under these rules entitled to receive such notices from the co-operative, but the non-receipt of the notice by any member shall not invalidate the proceedings at such general meeting. The notice must specify the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.
- (c) 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.
- (d) The board shall have inserted in any notice convening a general meeting any business which a member has notified of intention to move and for which notification has been given in accordance with this rule.
- (e) Notice of every general meeting shall be given in same manner as authorised in **rule 100** to:
 - (i) every member of the co-operative, except those members who have not supplied to the co-operative an address or facsimile number for the giving of notices to them; and

- (ii) the trustee for any debenture holder in the co-operative (if any);
and
 - (iii) the auditor or auditors of the co-operative.
- (f) Except as provided in this rule, no other persons shall be entitled to receive notices of general meetings.

57 NOTICE OF SPECIAL RESOLUTIONS

Notice of a special resolution shall be given to those persons, entitled to receive notice under **rule 56(b)**, at least 21 days before the general meeting (or 28 days in the case of a special postal ballot). The notice shall specify:

- (a) the intention to propose the resolution as a special resolution at that meeting;
- (b) the reason for the making of the special resolution; and
- (c) the effect of the special resolution if passed.

58 BUSINESS OF GENERAL MEETINGS

- (a) The ordinary business of the annual general meeting shall be:
 - (i) to confirm minutes of the last preceding general meeting (whether annual or special); and
 - (ii) to receive from the board, auditors, or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of source and application of funds, and the state of affairs at the end of that year; and
 - (iii) to declare the rates of dividend, bonus and rebate in accordance with **rule 94**; and
 - (iv) to elect and determine the remuneration of directors; and
 - (v) to elect (if necessary) an auditor, or to determine the auditor's remuneration, or both.
- (b) The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- (c) All business of a general meeting, other than business of the annual general meeting that is by this rule termed ordinary business, should be deemed special business.

59 QUORUM AT GENERAL MEETINGS

- (a) No item of business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting is considering that item.
- (b) Except where the rules state otherwise, 10% of active members, present in person and entitled to vote constitute a quorum.
- (c) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall be adjourned to the date, time and place the directors specify. If the directors do not specify one (1) or more of those things, the meeting is adjourned to:
 - (i) If the date is not specified—the same day in the next week;

- (ii) If the time is not specified – the same time; and
 - (iii) If the place is not specified—the same place.
- (d) If at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting the members present shall constitute a quorum, provided the number of members present is no less than double the number of directors of the co-operative plus “one (1)”.

60 CHAIRPERSON AT GENERAL MEETINGS

- (a) The chairperson, if any, of the board shall preside as chairperson at every general meeting of the co-operative.
- (b) If there is no such chairperson, or if at any meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, then the members present shall choose someone from their number to be chairperson until such time as the chairperson attends or is willing to act.
- (c) The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place. The only business that can be transacted at any adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for 14 days or more notice of the adjourned meeting shall be given just as in the case of the original meeting. Apart from this requirement it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

61 STANDING ORDERS AT GENERAL MEETINGS

- (a) The following standing orders shall be observed at the co-operative's meetings, subject to any suspension of, or amendment of, or addition to, these orders adopted for the purposes of that meeting by the members present at a meeting:
 - (i) the mover of a motion shall not speak for more than 10 minutes. Subsequent speakers shall be allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule.
 - (ii) whenever an amendment to an original motion is proposed, no second amendment shall be considered until the first amendment is disposed of.
 - (iii) if an amendment is carried, the motion as so amended shall displace the original motion and may itself be amended.
 - (iv) if an amendment is defeated, then a further amendment may be moved to the original motion. However, only one amendment shall be submitted to the meeting for discussion at one time.
 - (v) the mover of every original motion, but not of an amendment, shall have the right to reply. Immediately after this the question shall be put from the chairperson. No other member shall speak more than once on the same question, unless permission is given for an explanation, or where the attention of the chairperson is called to a point of order.
 - (vi) any discussion on a motion or amendment may be closed by a resolution "that the question be now put" being moved seconded,

and carried. Such resolution shall be put to the meeting without debate.

- (b) Motions and amendments shall be submitted in writing, if requested by the chairperson.
- (c) Any member, or visitor invited to attend the meeting by the board, may speak on any issue at a meeting with the permission of the chairperson provided that the permission may be conditional.
- (d) Standing orders may be suspended for any period by ordinary resolution.

62 ATTENDANCE AND VOTING AT GENERAL MEETINGS

- (a) At any meeting of the co-operative a member, whose membership is required to be forfeited under **rule 19**, is not entitled to attend.
- (b) A member of the co-operative is not entitled to vote at a meeting of the co-operative:
 - (i) if the person is not an active member of the co-operative;
 - (ii) the person is excluded from voting under the Act or these rules.
- (c) At any general meeting a resolution put to the vote of the meeting shall (as provided in section 256 of the CNL) be decided on a show of hands. This is unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least 5 members present at the meeting. If no poll is demanded, a declaration by the chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the co-operative shall be evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of, or against, that resolution.
- (d) If a poll is demanded, in accordance with **rule 62(c)**, it shall be taken in a manner which the chairperson directs. Unless the meeting is adjourned the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (e) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.
- (f) A poll demanded in accordance with **rule 62(c)** may be withdrawn.
- (g) On a show of hands, or on a poll, every representative of a body corporate appointed in accordance with section 115 of the CNL, or every member (not under the age of 18) who is present at a meeting in person, shall have one vote. However, no member shall have a vote, or be entitled to vote, contrary to the CNL.
- (h) In the case of joint membership, the joint members have one (1) vote only between them and that vote may be exercised only by whichever of the joint members is the member whose name appears first in the register of members.
- (i) In the case of jointly held shares, each member (other than a joint member) holding the share is entitled to vote at a general meeting.
- (j) In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

- (k) All resolutions, except special resolutions, shall be determined by a simple majority.

63 POSTAL BALLOT

The co-operative may hold a postal ballot to determine any issue or proposal by the members in the manner prescribed in Part 3.2, Division 4 of the CNL.

64 SPECIAL RESOLUTION

- (a) A special resolution means a resolution of which notice has been given of the intention to propose the resolution as a special resolution and which is passed either by:
 - (i) two-thirds of the members who vote at a general meeting in person in accordance with **rule 35**;
 - (ii) two-thirds in a postal ballot (except in relation to a special postal ballot); or
 - (iii) three quarters of the members who cast votes in a special postal ballot of members.
- (b) A special postal ballot for the purposes of passing a special resolution must be conducted in relation to the following matters:
 - (i) a conversion of a distributing co-operative to a non-distributing co-operative and vice versa (for the purposes of section 35 of the CNL);
 - (ii) a conversion from a co-operative with share capital to a co-operative without share capital and vice versa (for the purposes of section 35 of the CNL);
 - (iii) a requirement that members to take up or subscribe for additional shares or deducting amount for additional shares (for the purposes of section 82 of the CNL);
 - (iv) on the requisition of members (for the purposes of section 250 of the CNL);
 - (v) a special resolution to require members to lend money to the cooperative (for the purposes of section 343 of the CNL);
 - (vi) an acquisition or disposal of certain (for the purposes of section 359 of the CNL),
 - (vii) increasing the maximum permissible level of share interest in the co-operative (for the purposes of section 363 of the CNL);
 - (viii) making share offers (pursuant to section 374 of the CNL);
 - (ix) takeover, merger or transfer of engagements (for the purposes of section 396 and 476 of the CNL);
 - (x) transferring the incorporation of a co-operative to another scheme (pursuant to section 404 of the CNL);
 - (xi) executing a compromise or arrangement between a co-operative and its members (for the purposes of section 414 of the CNL);
 - (xii) members' voluntary winding up for the purposes of section 445 of the CNL; and
 - (xiii) any other matter prescribed by the CNL.

- (c) A special resolution has effect from the date it is passed except where it is required to be passed by special postal ballot in which case it has no effect until it is registered by the Registrar or where the CNL otherwise provides that the special resolution has no effect until it is registered by the Registrar.

65 PROXY VOTING

Voting by proxy will not be allowed.

66 BOARD OF DIRECTORS

- (a) There shall be a board of no less than six and no more than eight directors each of whom shall be a natural person and at least 18 years old.
- (b) Only one director on the board from time to time may be a Non-member Director. Any Non-member Director must meet the criteria set out in **rule 67(b)**.
- (c) The business of the co-operative is to be managed and controlled by the board of directors, and for that purpose the board may exercise all the powers of the co-operative that are not, by the Act or these rules, required to be exercised by the co-operative in general meeting.
- (d) The acts of a director are valid despite any defect that may afterwards be discovered in the appointment or qualification of the director.
- (e) Member Directors serving on the board must meet the requirements of **rule 67(a)** or **rule 67(e)**.

67 QUALIFICATIONS OF DIRECTORS

- (a) Subject to **rule 67(b)**, the qualification of a Director shall be a person who:
- (i) is engaged in the purchase, manufacture, distillation, blending, producing distribution or sale of alcoholic or non-alcoholic beverages and shall have a substantial financial interest in a licence in a State or Territory of Australia under the provisions of the relevant Liquor Act of that State or Territory under the provisions of such act shall be entitled to sell alcoholic beverages of any description; and
- (ii) holds, or the member that the person represents as director, holds not less than two hundred and fifty (250) shares in the Co-operative; and
- (iii) submits to the Board a Statutory Declaration giving details of all parties with an interest in the licences referred to in **rule 67(a)(i)** above; and
- (iv) has, or the member that the person represents as director, has paid to the Co-operative all levies and charges imposed in accordance with **rule 34(a)** as at the date of nomination; and
- (v) is, or the member that the person represents as director, is an active member of the Co-operative in accordance with the **rule 13** providing the Member's purchases exceed \$100,000 per annum for the preceding two (2) financial years ended 30 June; and
- (vi) is not (including in relation to the member that the person represents), a member of a buying or promotion group (known as a Banner group) where that group is not a group, managed or controlled by the Co-operative nor may the person or the member

that the person represents as director be a member of a buying or promotion or Banner group that is externally controlled or privately owned; and

- (vii) is an active member of the Co-operative, or a representative of a body corporate which is an active member of the Co-operative

(“**Member Director**”).

- (b) The board may nominate a person for election as a non active member director (“**Non Member Director**”) if that person holds special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time.
- (c) For the purpose of this rule, in order to hold a substantial financial interest in a liquor licence a person must demonstrate that they hold a real or actual financial interest in a liquor licence within the meaning of Section 41(2)(a) of the *Liquor Act 2007* (NSW) (or similar provisions of the relevant liquor legislation in the State or Territory where the person carries on his or her principal business).
- (d) Notwithstanding any other rule an employee of the co-operative may not be elected as a director of the co-operative even if he or she is not a member of the co-operative.
- (e) Notwithstanding any other rule:
 - (i) an authorised representative of a registered club (being an authority provided in writing from the board of the registered club) which is an active member of the Co-operative (“**Member Club Representative**”) may be elected as a director of the co-operative;
 - (ii) a Member Club Representative may be nominated by any member of the co- operative in accordance with the rules;
 - (iii) only one Member Club Representative can hold the position of director of the co- operative at any one time; and
 - (iv) accordingly, in the event that a Member Club Representative is appointed to the board the nomination of any other Member Club Representative to the board will immediately lapse;
 - (v) a Member Club Representative elected as Director under these rules is deemed a Member Director for the purposes of **rule 62(a)** and must do all things required of Member Directors pursuant to that rule.

68 FIRST AND SUBSEQUENT DIRECTORS

The first directors are to be elected at the formation meeting of the co-operative.

69 TERM OF OFFICE

The term of office of directors elected thereafter, is three years, commencing on the annual general meeting at which they are elected.

70 ELECTION AND TERM OF DIRECTORS

- (a) A retiring director shall be eligible for re-election without nomination, subject to the person holding the qualifications specified in **rule 67**.
- (b) The members of the board are to be elected in the manner specified in this **rule 70**.

- (c) At an annual general meeting at which a director retires, the vacated office may be filled in the following manner:
 - (i) At least six (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;
 - (B) advise the members of:
 - (1) their eligibility to nominate as a director; and
 - (2) the duties and responsibilities of a director; and
 - (3) the anticipated remuneration (if any); and
 - (4) the nomination and election procedures.
 - (ii) Nominations for candidates to fill the vacant positions shall be sought in such manner as the board determines, however a nomination must:
 - (A) be signed by two or more members; and
 - (B) provide details of the qualifications and experience of the person nominated; and
 - (C) be accompanied by a notice in writing signed by the nominee consenting to their nomination.
 - (iii) Nominations and the notice of consent must be lodged with the secretary of the co-operative at least twenty-eight (28) days prior to the date of the annual general meeting.
 - (iv) Voting for directors will take place at an annual general meeting where directors will be appointed by a majority of members present at such meeting in accordance with such procedures as are determined by the Board.
 - (v) If any vacancies remain at the end of the meeting, the vacancies are to be casual vacancies and must be filled in accordance with **rule 83**.

71 DIRECTORS' REMUNERATION

- (a) The directors shall receive such remuneration for their services as shall be approved at a general meeting of the co-operative, and all necessary expenses incurred by them in the business of the Co- operative shall be refunded to them.
- (b) For the purposes of this rule "remuneration" means any money, consideration or benefit but does not include amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the co-operative or any subsidiary of the co-operative.

72 REQUISITION AND NOTICE OF BOARD MEETING

- (a) A meeting of the board of directors may be called by a director giving notice individually to every other director.
- (b) 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.
- (c) Meetings of the board (including those conducted in accordance with **rule 74**) must be held at least once every 3 months and may be held as often as

may be necessary for properly conducting the business and operations of the co-operative.

- (d) Meetings of the board may be held with one or more of the directors participating by using any form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.

73 PROCEEDINGS OF THE BOARD

- (a) Questions arising at any board meeting shall be decided by a majority of votes.
- (b) In the case of an equality of votes, the chairperson may have a casting vote.
- (c) A director shall not vote in respect of any contract or proposed contract with the co-operative in which he is in any way, whether directly or indirectly, interested or in respect of any matter arising out of such a contract or proposed contract and, if he votes in contravention of this rule, their vote shall not be counted.

74 TRANSACTION OF BUSINESS OUTSIDE BOARD MEETINGS

- (a) The Board may, in accordance with section 176 of the CNL, transact any of its business by the circulation of papers among all directors, and a resolution in writing by a majority of those directors is to be taken to be a decision of the board.
- (b) 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.
- (c) For the purposes of this rule the chairperson of the board and each director have the same voting rights as they have at an ordinary meeting of the board.
- (d) The resolution is approved when the last director required for the majority signs.
- (e) A resolution approved under this clause is to be recorded in the minutes of the meetings of the board within 28 days after the resolution is approved under this section.
- (f) The secretary may circulate papers among members of the board for the purposes of **rule 74(a)** by facsimile or other transmission of the information in the papers concerned.

75 QUORUM FOR BOARD MEETINGS

The quorum for a meeting of the board shall be at least 50% of the number of directors holding office from time to time. However, for a quorum to exist the number of Member Directors must outnumber the Non Member Directors by at least one.

76 CHAIRPERSON OF BOARD

- (a) The chairperson of the board is to be elected by the board as soon as practical after an annual general meeting or after a vacancy occurs in the position of chairperson. 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.

- (b) The chairperson must be a Member Director.
- (c) Any person elected to the position of chairperson as a result of a vacancy occurring shall hold their position until the next annual general meeting. This period does not count to any term contemplated by **rule 76(d)**.
- (d) Subject to **rule 76(c)**, the chairperson may not serve as chairperson for more than four (4) consecutive years.
- (e) Notwithstanding **rule 76(d)** the chairperson may continue as chairperson with the unanimous approval of the Board of Directors and a special resolution of the Members passed at a special general meeting convened to consider the appointment of a chairperson of the Board of Directors for one additional year.
- (f) Approval to reappoint a person as chairperson pursuant to **rule 76(d)** shall not be made on more than two occasions.

77 DELEGATION AND BOARD COMMITTEES

- (a) The board may (in accordance with section 178 of the CNL) by resolution delegate the board's functions (other than this power of delegation) as are specified in the resolution:
 - (i) to a director, or
 - (ii) to a committee of 2 or more directors, or
 - (iii) to a committee of members of the co-operative, or
 - (iv) to a committee of members of the co-operative and other persons if members comprise the majority of persons on the committee.
- (b) The co-operative or the board may by resolution revoke wholly or in part any such delegation.
- (c) A power, the exercise of which has been delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the terms of the delegation.
- (d) A delegation under this rule may be made subject to conditions or limitations as to the exercise of any of the powers delegated, or as to time or circumstances.
- (e) Notwithstanding any delegation under this rule, the board may continue to exercise all or any of the powers delegated.

78 QUORUM FOR BOARD COMMITTEES

The quorum for any meeting of a committee shall be 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.

79 EXERCISE OF DELEGATED POWER BY DIRECTORS

- (a) Where a power is exercised by a director (either alone or with other directors) and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in the director's own name on behalf of the board, then the power shall be deemed to have been exercised by the board.
- (b) **Rule 79(a)** applies whether or not a resolution delegating the exercise of the power to the director was in force when the power was exercised, and whether or not any conditions or limitations referred to in **rule 77(d)** were observed by the director exercising the powers.

- (c) An instrument purporting to be signed by a director as referred to in **rule 79(a)** shall in all courts and before all persons acting judicially be received in evidence as if it were an instrument executed by the co-operative under seal. Furthermore, until the contrary is proved, it shall be deemed to be an instrument signed by a delegate of the board under Section 213 of the Act.
- (d) A committee may elect a chairperson of their meetings. If no such chairperson is elected, or, if at any meeting the chairperson is not present within five (5) minutes after the time appointed for holding the meeting, then the members present may choose one of their number to be chairperson of the meeting.
- (e) A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and voting and in case of an equality of votes the chairperson shall have a second or casting vote.

80 REMOVAL OF DIRECTOR FROM OFFICE

The co-operative may, by resolution under section 180 of the CNL, with special notice as required by that section, remove a director before the end of the director's period of office. Any vacancy created will be a casual vacancy and must be filled in accordance with **rule 83**.

81 VACATION OF OFFICE OF DIRECTOR

A director vacates office in any of the following cases:

- (a) if the person is an insolvent under administration (as defined in the Law);
- (b) if the person is mentally incapacitated or the subject of an order under a law of another State or of a Territory relating to mental health;
- (c) if the person has been disqualified from managing a cooperative for the purposes of Australian co-operatives law;
- (d) if the director absents himself/herself from any three (3) ordinary meetings of the board in the period between two (2) consecutive annual general meetings;
- (e) if the director resigns from office by notice in writing given by the director to the co- operative;
- (f) if the director is removed from office in accordance with **rule 80**;
- (g) if the person ceases to hold the qualification by reason of which the person was qualified to be a director;
- (h) if the director becomes an employee of the co-operative or provides consulting or executive services to the co-operative otherwise than in the capacity of solely a director;
- (i) if an administrator of the co-operative's affairs is appointed under part 4.1 of the CNL;
- (j) if the director is directly or indirectly interested in any contract or proposed contract with the co-operative and fails to declare his/her interest as required under section 208 of the CNL;
- (k) if the director who holds an 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 and the director fails to declare the fact and the nature, character and extent of the conflict;

- (l) if the director is removed from office, by a voluntary administrator of the co-operative appointed under as a result of the operation of section 382 of the CNL.

82 CONSULTING AND EXECUTIVE SERVICES

- (a) No director can provide consulting or executive services or be employed by the co- operative, or otherwise fill the role of or provide the services of a senior executive to the co-operative or seek or be paid a reward, benefit or remuneration by the co-operative for such services.
- (b) A person who has been a director of the co-operative is not entitled to be engaged by the co-operative to provide consulting or executive services or be employed, or otherwise fill the role of or provide the services of a senior executive to the co-operative or seek or be paid a reward, benefit or remuneration by the co-operative for such services, other than in the capacity solely as a director, for a period of at least 2 years after he or she vacates the office of director, unless approved by election by the members held:
 - (i) at a meeting of the co-operative; or
 - (ii) by means of a postal ballot; or
 - (iii) in the manner otherwise specified in the rules of the co-operative.

83 FILLING OF CASUAL VACANCIES

- (a) The Board may appoint a qualified person to fill a casual vacancy in the office of director until the next annual general meeting.
- (b) For the purpose of enabling the board to make such appointment(s), the number of directors at that time is deemed to be a quorum.
- (c) For the purposes of this rule, a casual vacancy shall arise where the office of a director is vacated in accordance with **rule 70(c)(v)**, **rule 80** or **rule 81**.

84 ALTERNATE DIRECTORS

Alternate Directors will not be allowed.

85 MINUTES OF MEETINGS

- (a) The board shall have minutes of meetings made in books provided for the purpose, and, in particular:
 - (i) of all appointments of officers and employees made by the directors;
 - (ii) of the names of the directors present at each meeting of the board and of any committee of the board;
 - (iii) of all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors;
of any declaration of interests made pursuant to section 208 of the CNL, subject to the exemptions set out in section 211 of the CNL.
- (b) Minutes must be recorded in the minute book within 28 days of the date of the meeting to which they relate.
- (c) The confirmation of such minutes, signed by the chairperson, shall be taken as the first business at the next succeeding meeting of the co-operative, board or committee to which the minutes relate. If it is

impracticable for the minutes to be confirmed at that meeting, then the minutes shall be confirmed at the next succeeding meeting.

86 OFFICERS

- (a) Without prejudice to the general powers conferred on the board by the Act or these rules, the board shall, subject to any applicable Industrial Award or Enterprise Agreement, have power to appoint, remove or suspend officers, servants, agents and contractors, and to fix their powers, duties and remuneration.
- (b) For the purposes of this rule:
 - (i) “Industrial Award or Agreement” means an Award or Enterprise Agreement made or approved under a State or Federal Act regulating industrial relations.
 - (ii) “Enterprise Agreement” includes an Enterprise Flexibility Agreement, Australian Workplace Agreement, or Certified Agreement.

87 APPOINTMENT OF SECRETARY

- (a) The board shall appoint a secretary who shall perform all the functions and duties required by the Act, the Regulations, the rules and the law to be performed or undertaken by the secretary of the co-operative.
- (b) A director cannot at the same time hold the office of secretary.
- (c) A secretary shall:
 - (i) be appointed to the office on such terms and conditions as the board may determine; and
 - (ii) hold office until death, or removed by the board, or resignation from office.

88 INSURANCE

The board shall arrange insurance against loss, damage to or liability of the co-operative by reason of fire, accident or otherwise.

89 FINANCIAL YEAR

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

90 ACCOUNTS

- (a) The board shall have prepared the accounts, statements and directors' report in accordance with the Corporations Law, as adopted by section 287 of the CNL.
- (b) The board shall submit those accounts, statements and report, together with the auditors' report on those accounts, to the annual general meeting of the co-operative, in accordance with the Corporations Law as adopted by section 287 of the CNL.
- (c) The board shall also have a copy of everything required to be submitted under paragraph (b) displayed at the registered office of the co-operative for a period of not less than 14 days before the date of the annual general meeting of the co-operative.

- (d) The board shall send a copy of everything required to be submitted under paragraph (b) to each member with the notice of the annual general meeting of the co-operative.

91 BANKING

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

92 AUDITORS

The co-operative may appoint and remove one or more auditors in accordance with Division 12 of the CNL.

93 DISTRIBUTION OF SURPLUS

- (a) The board may resolve to retain all or part of the surplus arising in a year from the business of the co-operative to be applied for the benefit of the co-operative.
- (b) Subject to paragraph (a), the board may apply part of the surplus arising in a year from the business of the co-operative or any part of the reserves to:
 - (i) be paid to each member by way of bonus or rebate based in proportion to:
 - (A) the value of the business done by each member with the co-operative; or
 - (B) profits earned by the co-operative on business done by each member with the co-operative; or
 - (ii) be applied by the issue of bonus shares to a member in proportion to:
 - (A) the value of the business done by each member with the co-operative; or
 - (B) profits earned by the co-operative on business done by each member with the co-operative; or
 - (C) shares held by each member; or
 - (iii) be paid to a member by way of a limited dividend for the shares held by each member (“limited dividend” means a dividend of not more than 20 cents for each dollar invested in the shares of the co-operative or as prescribed by the National Regulations);
- (c) The amount of a rebate or dividend payable to a member under **rule 93(b)(i)** and **rule 93(b)(iii)** may, with the consent of the member, be applied:
 - (i) in payment for the issue to the member of bonus shares;
 - (ii) or as a loan to the co-operative.
- (d) A part of the surplus, not more than 10%, arising in any year from the business of the co-operative may be applied for:
 - (i) charitable purposes; or

- (ii) supporting any activity approved by the co-operative.
- (e) “Surplus” means the excess of income over expenditure after making appropriate allowance for taxation expense, depreciation in value of the property of the co-operative and for future contingencies.

94 DECLARATION OF DIVIDEND, BONUS OR REBATE

- (a) A dividend, bonus or rebate shall be declared at any general meeting of the co-operative but shall not exceed the amount recommended by the board, nor exceed the percentage permitted by the Act, National Regulations or Regulations.
- (b) Notice of any dividend, bonus or rebate that may have been declared shall be given by displaying it at the registered office of the co-operative and in any other manner the board shall determine.

95 PAYMENT OF DIVIDEND OR BONUS OR REBATE

- (a) 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 bonus or rebate in proportion to the value of business done by him or her with the co-operative, if:
 - (i) the person was a member at the time the business was done and the membership has lapsed; or
 - (ii) the person has applied for membership after the business was done.
- (b) Nothing in this section precludes the payment of a bonus to an employee under the terms of the employee’s employment.
- (c) Any dividend, bonus or rebate which shall accrue to the holder of shares on which all calls due have been paid shall be paid to that holder. However, any dividend, bonus or rebate which shall accrue to the holder of partially paid up shares shall be applied to paying off any subscriptions or calls on shares which may (at the time the dividend or bonus becomes payable) be due and unpaid by that holder.
- (d) If several persons are registered as joint holders of any share payment to any one of them will constitute a valid receipt for any dividend or other money payable on or in respect of the share.
- (e) No dividend, bonus or rebate shall bear interest against the co-operative.

96 DETERMINATION OF DIVIDEND

The board may recommend:

- (a) a higher rate of dividend in respect of shares held by a member in excess of the minimum number of shares specified in **rule 26**; or
- (b) different rates of dividend on shares based on the business done by shareholders with the co-operative,

to be declared at a general meeting in accordance with **rule 94** and if declared, the board shall be authorised to pay the dividend to members, subject to the provisions of **rule 95**.

97 DISTRIBUTION IN SPECIE

- (a) After the declaration of a dividend the members may by resolution direct payment of the dividend wholly or partly, by the distribution of specific

assets such as paid up shares in debentures of the co-operative or other corporation, and the board shall give effect to such a resolution.

- (b) In the event of a difficulty arising in regard to such a distribution, the board may settle the matter as they consider expedient, and fix the value for distribution of the specific assets or any part of these assets and may determine that cash payments will be made to any member on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the board considers appropriate
- (c) The provisions of this rule are subject to the provisions of section 359 of the CNL and shall not be interpreted as authorising the members in general meeting, or the board, to contravene any of the provisions of the section.

98 PROVISION FOR LOSS AND FINANCIAL REPORTS

- (a) 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 to continue and whether there is any prejudice to the co-operative's solvency.
- (b) The co-operative must prepare financial reports and statements in accordance with the CNL, the National Regulations and these rules.

99 DISPUTES

- (a) The grievance procedure set out in this rule applies to disputes under these rules between:
 - (i) a member and another member; or
 - (ii) a member (including a former member) and the co-operative.
- (b) If a dispute arises, a party cannot commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.
- (c) The parties to a dispute must meet and discuss the matter in dispute, and if possible, resolve the dispute within 14 days of:
 - (i) the dispute coming to the attention of each party; or
 - (ii) a party giving notice, to each of the other parties involved, of the dispute or grievance.
- (d) If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- (e) The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:
 - (i) for a dispute between a member and another member, a person appointed by the board; or
 - (ii) for a dispute between a member (including a former member) and the co-operative, a person appointed by the Australian Mediation Association.
- (f) The mediator may (but need not) be a member of the co-operative unless the member is a party to the dispute.
- (g) The parties to the dispute must in good faith, attempt to settle the dispute by mediation.

- (h) The mediator, in conducting the mediation, must:
 - (i) give the parties to the mediation process, every opportunity to be heard; and
 - (ii) allow due consideration by all parties of any written statement submitted by any party; and
 - (iii) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- (i) The mediator cannot determine the dispute.
- (j) The mediation must be confidential and without prejudice.
- (k) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
- (l) Nothing in this rule applies to any dispute:
 - (i) as to the construction or effect of any mortgage or contract contained in any document other than these rules; or
 - (ii) involving the expulsion or suspension of a member or the imposition of a fine.
- (m) If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the CNL or otherwise at law.

100 NOTICES

- (a) A notice may be given by the co-operative to any member personally or by sending it by post to the member's registered address, or by some other form of technology, for example by facsimile or email, where the member has notified the co-operative of the relevant contact details. If the member has no registered address then the notice can be sent to any address supplied by the member to the co-operative for the giving of notices.
- (b) Where a notice is sent by post, service shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice. In the case of a notice of a meeting, service is deemed to be effected at the expiration of 24 hours after the letter containing the notice is posted. In every other case service is deemed to be effected at the time at which the letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (c) A notice forwarded by another form of technology shall be deemed to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
- (d) A notice may be given by the co-operative to the joint holders of a share by giving the notice to the joint holder named first in the register of members and shares in respect of that share.
- (e) A notice may be given by the co-operative to the person entitled to a share in consequence of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to that person by name. Alternatively it can be addressed to the person by the title of representative of the deceased, or incapacitated person, or trustee of the bankrupt, or by any like description. The address should be that supplied for the purpose by the person claiming to be entitled. Alternatively, if no such address has been supplied, the notice can be given in the manner in

which it could have been given if the death, incapacity or bankruptcy had not occurred.

- (f) For the purpose of this rule "registered address" means the address of the member as appearing in the register of members and shares.

101 WINDING UP

- (a) The winding up of the co-operative shall be in accordance with Part 4.5 of the CNL.
- (b) If on the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the shares) any property, this shall 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 2 years.
- (c) Subject to Sections 168 and 450 of the CNL , former members may also share in the distribution of any surplus or be liable to contribute to the property of the co- operative.

102 FINES PAYABLE BY MEMBERS

- (a) The board may impose on a member a maximum fine in accordance with **rule 103**, Schedule of Fees for any infringement of the rules or by-laws.
- (b) A fine exceeding \$20 shall not be imposed on a member pursuant to **rule 102(a)** unless:
 - (i) written notice of the intention to impose the fine and the reason for it has been given to the member; and
 - (ii) the member has been given a reasonable opportunity to appear before the board in person (with or without witnesses), or to send to the board a written statement, for the purpose of showing cause why the fine should not be imposed.

103 SCHEDULE OF CHARGES

Copy book of rules:.....	\$2.00: Rule 3(c)
Copy of Register:.....	\$2.00: Rule 15(b)
Nominal Value of Shares:.....	\$1.00: Rule 24(a)
Duplicate Share Certificate:.....	\$10.00
Transfer of Shares:.....	\$1.00: Rule 43(f)
Maximum Fine:.....	\$20.00: Rule 102