

# Certification of Rules

We the undersigned, certify that this is a copy of the rules that was:

(a) Approved by the Registry; and

(b) Presented to the formation meeting without amendment on;

20/10/21	Held by Teams meeting technology
(Date)	(Location)

for the purpose of forming a co-operative to be known as:

Regional Circularity Co-operative Limited
(Name of Co-operative)

Barry Andrew Irvin	
Chairperson of Formation Meeting	Signature

David James Ferguson	
Secretary of Formation Meeting	Signature

**Certification Note:** This certification is signed at the Formation Meeting, which is held after the Rules have been approved by the Registrar and returned to the sponsors of the proposed co-operative.

# Rules of Regional Circularity Co-operative Limited

21 Sept 2021



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## 1. Application of these rules

These rules are the rules of the Regional Circularity Co-operative Limited.

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## 2. Definitions

### 2.1 In these rules:

**active membership requirements** means the requirements of these rules for a member to establish and maintain active membership of the co-operative.

**ballot paper** means a ballot paper in paper or electronic form.

**basic minimum financial statements** means the financial statement required of a small co-operative under the National Regulations.

**Bega Valley Shire** means the geographic area in New South Wales that comprises the local government area of the Bega Valley Shire Council.

**board** means the board of directors of the co-operative.

**business day** means a day other than a Saturday, Sunday or public holiday in New South Wales, Australia.

**Circular Economies** means economies that apply a systematic approach to economic development that is designed to benefit business, society and the environment utilising circular economic principles. Those principles seek to make economies regenerative by design with the aim of gradually decoupling growth from the consumption of finite resources through reducing waste and pollution, recycling products and materials, implementing sustainability within industries and protecting and conserving natural systems.

**CNL** is a reference to the Co-operatives National Law as applying in this jurisdiction.

**community member** means a member other than a foundation member.

**co-operative** means the Regional Circularity Co-operative Limited.

**director** means a director of the co-operative.

**financial year** means the financial year of the co-operative.

**foundation member** means a member who is, either on or after admission as a member of the co-operative, identified by the board as a foundation member on the basis that their contribution to the co-operative is of fundamental importance to the primary activities of the co-operative.

**foundation member director** means a member director who is nominated for election as a director by a foundation member.

**independent director** means a director who is not an active member but who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time and is nominated by the board for election as an independent director.

**Law** means the Co-operatives National Law as applying in New South Wales.

**member** means a member of the co-operative.

**member director** means a director who is a member or the representative of a corporation that is an active member of the co-operative.

**National Regulations** means the Co-operatives National Regulations as applying in New South Wales.

**ordinary resolution** is a resolution of the members of the co-operative that is passed by a simple majority either at a general meeting or in a postal ballot.

**special resolution** has the same meaning as in the Law.

**standard postal times** means the times when properly addressed and prepaid letters would be delivered in the ordinary course of post.

**primary activities** means the primary activities of the co-operative as set out in these rules.

2.2 Except so far as the contrary intention appears in these rules:

- (a) words and expressions used in these rules have the same meanings as they have, from time to time, in the Law or relevant provisions of the Law;
- (b) a reference to the singular, includes the plural and vice versa;
- (c) the word “person” includes an individual, a body corporate, a statutory corporation, an unincorporated body, an association, an institute, a fund or a governmental department or entity; and
- (d) a reference to time is a reference to Sydney, New South Wales time.

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### 3. Name of the co-operative

The name of the co-operative is Regional Circularity Co-operative Limited.

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### 4. Active membership provisions

#### 4.1 Primary activity

For the purposes of Part 2.6 of the Law, the primary activities of the co-operative are:

- (a) to formulate, promote and implement programs and initiatives relating to Circular Economies in the Bega Valley Shire and other geographic regions approved by the Board from time to time;
- (b) to collaborate with governments, universities and other bodies or individuals in relation to the formulation, promotion and implementation of programs and initiatives relating to Circular Economies; and
- (c) establish the co-operative as a thought leader and information resource in connection with the principles of Circular Economies and the implementation of programs and initiatives to establish and promote Circular Economies.

#### 4.2 Active membership requirements

A member must pay any entry fee or periodic subscription determined by the board in accordance with Rule 6 to establish and maintain active membership of the co-operative.

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## **5. Qualifications for membership**

A person qualifies for membership of the co-operative if the person is, in the opinion of the board, able to satisfy the active membership requirements of the co-operative.

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## **6. Entry fees and regular subscriptions**

Subject to this Rule, the board may require an entry fee or periodic subscriptions to be paid by members and, from time to time, change the amount of any such entry fee or periodic subscriptions.

The board may classify members into different categories, including by reference to the way in which they contribute to or utilise the services of the co-operative and set different entry fees and periodic subscriptions for those categories of members.

Set out below are the initial entry fees and annual subscriptions set by the board.

Entry fees:

Foundation members - \$10,000

Community members - \$200

Annual subscriptions

Foundation members - \$2,000

Community members - \$200

The board cannot increase the entry fees or annual subscriptions for foundation members to more than \$20,000 or increase the entry fees or annual subscriptions for community members to more than \$2,000 without approval by ordinary resolution of the members.

A person who becomes a member of the co-operative is not liable to pay any entry fee or regular subscriptions except:

- (a) the fees or subscriptions of which the person was given written notice before becoming a member; and
- (b) any regular subscriptions that are imposed in accordance with the rules and of which the member has been given notice.

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## **7. Membership applications**

7.1 Applications for membership must be lodged in the application form approved by the board, accompanied by the fees or subscriptions that have been set and notified under Rule 6.

7.2 Every application must be considered by the board.

7.3 If the board approves of the application, the applicant's name and any other information required under the Law must be entered in the register of members within 28 days of the board's approval.

- 7.4 The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.
- 7.5 The board may, at its discretion, refuse an application for membership.
- 7.6 The board need not assign reasons for the refusal. On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

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## **8. Cessation of membership**

- 8.1 A person ceases to be a member in any of the circumstances specified in section 117 of the Law.
- 8.2 A member may resign from a co-operative by giving written notice of their resignation as a member to the co-operative.

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## **9. Expulsion of members**

- 9.1 A member may be expelled from the co-operative by special resolution to the effect:
- (a) that the member has seriously or repetitively failed to discharge the member's obligations to the co-operative under these rules or a contract entered into with the co-operative under section 125 of the Law; or
  - (b) that the member has acted in a way that has:
    - (i) prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
    - (ii) brought the co-operative into disrepute; or
    - (iii) been contrary to one or more of the co-operative principles as described in section 10 of the Law and has caused the co-operative harm.
- 9.2 Written notice of the proposed special resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.
- 9.3 At the general meeting when the special resolution for expulsion is proposed the following procedures apply:
- (a) at the meeting, the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross-examine witnesses called against the member;
  - (b) if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide on the evidence before it, despite the absence of the member;
  - (c) once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
  - (d) the co-operative must 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;



- (e) 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.
- 9.4 Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.
- 9.5 An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution.

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## **10. Contracts with members**

The co-operative may enter into a contract with a member on terms agreed by the board. Without limitation, the co-operative may enter into a contract with a member under which the member contributes to, or utilises the services of, the co-operative. This rule does not limit the powers the co-operative or the range of contracts that it may enter into.

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## **11. Monetary consequences of expulsion or resignation**

- 11.1 If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.
- 11.2 Subject to section 128 of the Law, payment to the expelled or resigning member of any amount owing by the co-operative to the former member:
- (a) must be made at the time decided by the board but within one year from the date of expulsion or resignation; or
  - (b) may be applied at the time decided by the board, but within one year from the date of expulsion or resignation, in the manner set out in section 128 of the Law, if there is agreement by the board and former member or if the board considers that repayment would adversely affect the financial position of the co-operative.

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## **12. Suspension of members**

- 12.1 The co-operative may suspend a member for not more than one year, if the member does any of the following:
- (a) contravenes any of these rules;
  - (b) fails to discharge obligations to the co-operative, whether under these rules or a contract; and
  - (c) acts detrimentally to the interests of the co-operative.
- 12.2 In order to suspend a member, the procedure for expulsion of a member set out in rule 9 is to be followed as if references to expulsion were references to suspension.
- 12.3 During the period of suspension, the member:
- (a) loses any rights (except the right to vote) arising as a result of membership; and
  - (b) is not entitled to a refund, rebate, relief or credit for membership fees paid, or payable, to the co-operative.

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**13. Disputes and mediation**

- 13.1 The grievance procedure set out in this rule applies to disputes under these rules between:
- (a) a member and another member; or
  - (b) a member (including a former member) and the co-operative.
- 13.2 If a dispute arises, a party cannot commence any court or arbitration proceeding relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.
- 13.3 The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
- (a) the dispute coming to the attention of each party; or
  - (b) a party giving notice, to each of the other parties involved, of the dispute or grievance.
- 13.4 If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- 13.5 The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:
- (a) for a dispute between a member and another member, a person appointed by the board; or
  - (b) for a dispute between a member (including a former member) and the co-operative, a person appointed by the Australian Mediation Association.
- 13.6 The mediator may (but need not) be a member of the co-operative, unless the member is a party to the dispute.
- 13.7 The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- 13.8 The mediator, in conducting the mediation, must:
- (a) give the parties to the mediation process every opportunity to be heard; and
  - (b) allow due consideration by all parties of any written statement submitted by any party; and
  - (c) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- 13.9 The mediator cannot determine the dispute.
- 13.10 The mediation must be confidential and without prejudice.
- 13.11 The costs of the mediation are to be shared equally between the parties unless otherwise agreed.

- 13.12 Nothing in this rule applies to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.
- 13.13 Nothing in this rule applies to any dispute involving the expulsion or suspension of a member.
- 13.14 If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Law or otherwise at law.

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**14. Liability of members to co-operatives**

- 14.1 A member is liable to the co-operative for the amount, if any, unpaid by the member in respect of entry fees and periodic subscriptions, payable by the member to the co-operative under these rules.
- 14.2 Joint members are jointly and severally liable for any amount unpaid in respect of the items mentioned in rule 14.1.
- 14.3 The co-operative is not entitled to impose fines on members.

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**15. Forfeiture and cancellations—inactive members**

The board must declare the membership of a member cancelled if:

- (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least 2 years; or
- (b) the member is not presently active and has not been active within the meaning of these rules in the past 2 years.

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**16. Rights and liabilities of members on death, bankruptcy or mental incapacity**

- 16.1 The value of the interest of a deceased member is the amount that would have been payable to the member if they had resigned as a member and includes any prepayments of regular subscriptions or other fees less any amounts owing to the co-operative by the member.
- 16.2 If a person's membership ceases upon bankruptcy, the value of the person's interest calculated in accordance with rule 16.1 may be transferred to the Official Trustee in Bankruptcy.
- 16.3 A person appointed under a law of a State or Territory to administer the estate of a member who, through mental or physical infirmity is incapable of managing his or her affairs, may be registered as the holder of the member's interest in the co-operative and the rights and liabilities of membership vest in that person during the period of the appointment.
- 16.4 Upon application by a person appointed to manage the affairs of a member referred to in rule 16.3, the board may decide to suspend some or all active membership obligations if there are grounds to believe that the member's physical or mental infirmity is temporary.

**17. Transfer and transmission of debentures**

- 17.1 On the written request of the transferor of a debenture, the co-operative must enter in the appropriate register the name of the transferee in the same way and on the same conditions as if the application for entry were made by the transferee.
- 17.2 If the co-operative refuses to register a transfer of debentures, it must, within 28 days after the date on which the transfer was lodged with it, send to the transferee notice of the refusal.
- 17.3 An instrument of transfer of a debenture must be executed by or on behalf of the transferor and the transferee. The transferor is taken to remain the holder of the debenture until the debenture in the name of the transferee is entered in the register of debentures.
- 17.4 The board may decline to recognise an instrument of debenture and may decline to register a debenture unless:
- (a) the instrument of transfer is accompanied by the relevant debenture(s) and any other evidence the board reasonably requires (in particular, evidence showing the right of the transferor to make the transfer); and
  - (b) any government stamp duty payable is paid.

17.5 Debentures must be transferred in the following form or in a form approved by the board:

I, A.B. (the transferor) of ..... in the State/Territory of

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

to me by C.D (the transferee), of ..... in the State of

..... transfer to the transferee the debenture(s)

numbered .....

to be held by the transferee, the transferee's executors, administrators and assigns, subject to any conditions on which I hold the debenture(s) and any other conditions being terms of the transfer of the debenture(s).

And I, the transferee, agree to take the debenture(s) subject to the conditions mentioned.

Dated this ..... day of .....20 .....

Signed by ..... transferor.

In the presence of .....witness.

Signed by..... transferee.

In the presence of .....witness.

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**18. Issue of CCUs**

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

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**19. Transfer and transmission of CCUs**

- 19.1 Subject to rule 19.2, the transfer and transmission of a CCU is to follow the same process as for a debenture under rule 17.
- 19.2 If the terms of issue of a CCU differ from rule 17 in respect of the manner of transfer or transmission, the terms of its issue prevail.

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**20. General meetings**

- 20.1 An annual general meeting must be held each year, at a place and on a date and a time decided by the board, within 5 months after the close of the financial year of the co-operative or within the further time allowed by the Registrar. The co-operative must hold its first annual general meeting within 18 months after its registration.
- 20.2 A special general meeting of the co-operative may be called at any time by the board.
- 20.3 If the co-operative has fewer than 50 members, a resolution may be passed by the members without a general meeting in accordance with section 246 of the Law.
- 20.4 Subject to the Law, the co-operative may hold a general meeting using any technology approved by the directors that give the members as a whole a reasonable opportunity to participate. A meeting conducted using such technology may be held in one or more venues or virtually without a physical venue. At a general meeting held using technology, the minimum number of members required for a quorum need not be present at the same or any physical venue and all persons participating in the general meeting are taken for all purposes to be present in person at the meeting.

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**21. Members' power to requisition a general meeting**

- 21.1 The board must call a general meeting of the co-operative on the requisition in writing by members in accordance with section 257 of the Law.

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**22. Notice of general meetings**

- 22.1 Subject to the Law, at least 14 days' notice of a general meeting must be given.
- 22.2 Notice must be given to each member of the co-operative and any other persons who are, under these rules or the Law, entitled to receive notices from the co-operative.

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**23. Quorum at general meetings**

- 23.1 An item of business cannot be transacted at a general meeting unless a quorum of members is present when the meeting is considering the item.
- 23.2 Three members, including at least one foundation member, present in person or by representative, constitute a quorum of members.
- 23.3 If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.

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**24. Chairperson at general meetings**

- 24.1 The chairperson, if any, of the board will preside as chairperson at every general meeting of the co-operative.
- 24.2 If there is no chairperson of the board, or if at a meeting the chairperson of the board is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling or unavailable to act as chairperson, another director chosen by the board or a majority of the directors present at the meeting will preside as chairperson of the meeting. If there is no director at the meeting, the members present must choose someone from their number to preside as chairperson of the meeting.
- 24.3 The chairperson of a general meeting may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting from time to time and from place to place. However, the only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, notice of the adjourned meeting must be given just as for the original meeting. Apart from this it is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.
- 24.4 The chairperson of a general meeting has charge of the general conduct of the meeting and the procedures to be adopted in relation to the meeting.

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**25. Attendance and voting at general meetings**

- 25.1 The right to vote attaches to membership.
- 25.2 Joint members have only one vote between them.
- 25.3 Every joint member is entitled to attend and be heard at a general meeting.

- 25.4 In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney), the joint member whose name appears first in the register of members is entitled to vote.
- 25.5 A resolution, other than a special resolution, will be decided by simple majority.
- 25.6 A decision at any general meeting will be decided on a show of hands of members present at the meeting unless a poll is required in accordance with these rules.
- 25.7 A decision at a general meeting will be decided on a poll if, before a vote is taken or before or immediately after the declaration of the result on a show of hands:
- (a) the chairperson directs that the decision is to be determined by a poll; or
  - (b) at least 5 members present in person or represented by proxy require the decision to be determined by a poll.
- 25.8 The poll must be taken when and in the manner that the chairperson of the meeting directs.

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## **26. Voting on a show of hands**

On a show of hands at a general meeting, each member who is personally present or represented by an attorney, representative or proxy appointed in accordance with these rules, may exercise only one vote.

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## **27. Voting on a poll**

On a poll called at a general meeting, each member who is personally present or represented by an attorney, representative or proxy appointed in accordance with these rules has one vote.

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## **28. Determining the outcome where equality of votes**

- 28.1 This rule applies where the votes in favour and against a resolution are equal.
- 28.2 If the chairperson of the meeting is a member of the co-operative, he or she may exercise a second or casting vote.
- 28.3 If the chairperson of the meeting is not a member of the co-operative or decides not to exercise a second or casting vote, the outcome of an equality of votes is taken to have been decided in the negative.

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## **29. Proxy votes**

- 29.1 A member may appoint a proxy to attend and vote at a general meeting on their behalf.
- 29.2 The instrument appointing a proxy must be in writing signed by the appointer or the appointer's attorney properly authorised in writing.
- 29.3 An instrument appointing a proxy may direct the way the proxy is to vote in relation to a particular resolution and, if an instrument of proxy directs, the proxy is not entitled to vote on the resolution other than as directed in the instrument.
- 29.4 A person may be appointed as a proxy by more than one member.

29.5 An instrument appointing a proxy may be in the following form, or another form the board approves:

..... (name of co-operative)  
 I/We ..... (name) of ..... (address)  
 being a member(s) of the co-operative appoint  
 ..... (name) of .....  
 (address)

as my/our proxy or, in that person's absence, the chairperson of the meeting or a person nominated by the chairperson as my/our proxy, to vote for me/us and on my/our behalf at the \*annual general/\*special general meeting of the co-operative, to be held on the .....

day of ..... 20..... and at any adjournment of the meeting.

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

Signed this ..... day of ..... 20.....

\*Strike out if not applicable.

#To be inserted if desired.

29.6 An instrument appointing a proxy is not valid until the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a copy of the power or authority, are given to the co-operative, at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. A proxy and the power of attorney or other authority under which it is signed may be given to the co-operative by delivery, post or by electronic transmission using technology such as email to such physical or electronic address as may be specified for the purpose of the meeting..

29.7 A vote given in accordance with an instrument of proxy or a power of attorney is valid despite the previous death or unsoundness of mind of the principal, the revocation of the instrument (or of the authority under which the instrument was executed) or the power, if no intimation in writing of the death, unsoundness of mind or revocation has been received by the co-operative at the registered office before the start of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

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**30. Postal ballots (other than special postal ballots)**

30.1 An ordinary resolution or a special resolution may be passed as a postal ballot.

30.2 The board must conduct a postal ballot in respect of a special resolution on the written requisition of the number of members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the cooperative. A member cannot be a requisitioning member unless they are an active member.

30.3 A postal ballot will be conducted in a manner determined by the board, subject to the requirements of the Law and the National Regulations.



- 30.4 Subject to the requirements of the Law and the National Regulations, the board may conduct a postal ballot by any form of technology and, without limitation, may allow members to vote electronically.
- 30.5 If the board decides to conduct a secret postal ballot, it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.
- 30.6 The secretary of the co-operative will act as the returning officer of a postal ballot unless the board appoints another person.
- 30.7 This rule does not apply in relation to special postal ballots.

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### **31. Special postal ballots**

- 31.1 This rule applies where a special postal ballot is required.
- 31.2 The board must conduct a special postal ballot when required by the Law.
- 31.3 A special postal ballot will be conducted in a manner determined by the board, subject to the requirements of the Law and the National Regulations.
- 31.4 Subject to the requirements of the Law and the National Regulations, the board may conduct a special postal ballot by any form of technology and, without limitation, may allow members to vote electronically.

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### **32. Board**

- 32.1 The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required by the Law or this constitution to be exercised by the co-operative in general meeting.
- 32.2 Subject to the Law and these rules, the board will:
- (a) comprise not less than 3 and up to 6 directors, of whom at least 2 directors must ordinarily reside in Australia; and
  - (b) include at least 2 foundation member directors, with the balance of the board comprising either other member directors or up to 2 independent directors.

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### **33. Qualifications of directors**

- 33.1 A person is not qualified to be a director of the co-operative unless the person is an individual over the age of 18 years and is either:
- (a) an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
  - (b) not an active member but a person who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time.

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**34. Manager of the co-operative**

- 34.1 Without limiting the board's power to appoint employees generally, the board may, if it considers appropriate, appoint a person to be responsible for the day to day management of the co-operative on such terms as the board determines.

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**35. First directors and election of directors**

- 35.1 The first directors will be elected at the formation meeting of the co-operative.
- 35.2 The term of office of the first directors is to be not more than 3 years ending on the day of the third annual general meeting after the formation meeting.
- 35.3 Subject to the provisions of these rules relating to the filling of casual vacancies, the term of office of subsequently elected directors, commences at the annual general meeting at which they are elected and ends on the day of the third annual general meeting thereafter.
- 35.4 A retiring director is eligible for re-election if they satisfy the requirement of this constitution for election as a director. A person, other than a retiring director, a foundation member director or a person appointed or nominated for appointment by the board, is not eligible to be elected as a director unless a nomination for the election of the person as a director signed by a member and a written consent of the person to act as a director is given to the co-operative at least 8 weeks before the date of the general meeting at which appointment of a director will take place.
- 35.5 Subject to these rules and the Law, the members may, by ordinary resolution, appoint or remove a director.

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**36. Removal from office of director**

The co-operative may by resolution under section 180 of the Law, with special notice as required by that section, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the removed director. The person appointed must retire when the removed director would otherwise have retired.

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**37. Vacation of office of director**

A director will cease to hold office in the circumstances identified in the Law.

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**38. Casual vacancies and alternate directors**

- 38.1 The board may, subject to these rules and the Law, appoint a person to act as the alternate for a director.
- 38.2 A person is not qualified to be appointed as an alternate director unless they satisfy the qualification requirements applicable to the director for whom they are acting as alternate.
- 38.3 An alternate director for a director (the **principal director**) vacates office:
- (a) if the director for whom they are acting as alternate, ceases to hold office;
  - (b) in similar circumstances or cases to those in which the principal director would vacate office (and for that purpose the provisions of these rules and Division 1 of Part 3.1 of the Law accordingly apply in relation to the alternate director); or

- (c) if the alternate director is removed from office by the board as alternate director for failure, without its leave, to attend a meeting of the board at which the principal director is absent (and for that purpose the provisions of section 179(2)(b) of the Law do not apply in relation to the alternate director).

38.4 If a casual vacancy arises on the board, it may be filled by the appointment of a person who satisfies the requirements of these rules applicable to that vacancy by either the board or ordinary resolution of the members. A person elected by the members under this rule holds office for the same period that would have applied to the former director whose position was filled had they continued in office. A director elected under this rule by the board holds office until the next annual general meeting of the co-operative.

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### **39. Remuneration of directors**

A director of the co-operative must not receive remuneration for services as a director other than:

- (a) fees, concessions or other expenses approved by ordinary resolution of the members in general meeting; and
- (b) travelling and other expenses that the director properly incurs in attending meetings of the board, board committee meetings or general meetings of the co-operative.

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### **40. Interests of directors**

40.1 Subject to the Law, a **director may:**

- (a) hold any office or place of profit in the co-operative, other than that of auditor;
- (b) hold any office or place of profit in any other co-operative, body corporate, partnership, joint venture or entity promoted by the co-operative or in which the co-operative has an interest (associated entity);
- (c) enter into any contract or arrangement with the co-operative or any associated entity, including an arrangement under which goods or services are provided to the co-operative or an associated entity;
- (d) act in any professional capacity for or provide other services to, or be a member of a firm that acts in any professional capacity for or provides services to, the co-operative, other than as auditor;
- (e) do any of the above despite the fiduciary nature of the director's office without any liability to account to the co-operative for any direct or indirect benefit accruing to the director and without affecting the validity of any contract or arrangement.

40.2 A director must, in accordance with the Law, declare an interest in any contract with the co-operative. This obligation does not apply to interests in a contract of a type referred to in section 211 of the Law, including a contract that:

- (a) may be made under the rules between a member and the co-operative; and
- (b) is made in good faith, in the ordinary course of business of the co-operative and on terms that are usual and proper in similar dealings between the co-operative and its members.

- 40.3 A 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 of the co-operative must, in accordance with the Law, declare the nature, character and extent of the conflict to the board. If a director has made a declaration under this rule, then, unless the board otherwise determines, the director must not be present during the deliberations of the board in relation to the matter to which the declared conflict relates or take part in the making of a decision by the board on that matter.

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## **41. Proceedings of the board**

- 41.1 Meetings of the board (including meetings conducted outside board meetings pursuant to section 176 of the Law) are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.
- 41.2 A meeting of the board may be called and held using any technology consented to by the board, and consent may be given on a standing basis. If a board meeting is held using technology, all persons participating in the meeting are taken for all purposes to be present in person at the meeting.
- 41.3 Questions arising at a meeting must be decided by a majority of votes.
- 41.4 If votes are equal, the chairperson of the meeting, has a second or casting vote.
- 41.5 Other than in special circumstances decided by the chairperson, at least 48 hours notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.
- 41.6 The board may, if it considers appropriate, transact any of its business by the circulation of papers among all of the directors. A resolution in writing approved by a majority of the directors is taken to be a decision of the board. 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. The resolution is approved when the last director required for the majority gives his or her approval to the resolution. The chairperson of the board and each director has the same voting rights as they have at a meeting of the board. For the purposes of this rule, a resolution in writing may be transmitted and approved by directors using any technology consented to by the board.

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## **42. Quorum for board meetings**

- 42.1 The quorum for a meeting of the board is the higher of three directors and 50% of the number of directors at the time of the meeting (or if that percentage of the number of directors is not a whole number, the whole number next higher than one half), including at least two (2) foundation member directors.
- 42.2 For a quorum, the number of member directors must outnumber the non-member directors by at least one.
- 42.3 If there is a vacancy on the board, the remaining directors may continue to act so long as there is a sufficient number of directors to constitute a quorum. If the number of remaining directors is not sufficient to constitute a quorum, those directors may only act in an emergency or for the purposes of appointing additional directors or convening a general meeting.

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**43. Chairperson of board**

- 43.1 The chairperson of the board is to be elected by the board. The chairperson of the board must be a member director.
- 43.2 If no chairperson of the board is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.
- 43.3 The chairperson of the board may be removed, and a new chairperson elected, by ordinary resolution of the board.

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**44. Delegation and board committees**

- 44.1 The board may by resolution delegate to:
- (a) a director; or
  - (b) a committee of 2 or more directors; or
  - (c) a committee of members of the co-operative; or
  - (d) a committee of members of the co-operative and other persons if members form the majority of persons on the committee;

the exercise of any of the board's powers (other than this power of delegation) specified in the resolution. The co-operative or the board may by resolution revoke all or part of the delegation.

- 44.2 A power delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.
- 44.3 A delegation under this rule may be given on conditions limiting the exercise of the power delegated, or time or circumstances.
- 44.4 Despite any delegation under this rule, the board may continue to exercise the power delegated.
- 44.5 A committee may elect a chairperson of their meetings. If no chairperson is elected, or, if at a meeting the chairperson is not present within 15 minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairperson of the meeting.
- 44.6 A committee may meet and adjourn as it thinks appropriate. Questions arising at a meeting must be decided by a majority of votes of the members present and voting and if the votes are equal, the chairperson has a second or casting vote.

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**45. Other committees**

- 45.1 The board may by resolution appoint committees of members or other persons or both, to act in an advisory role to the board and to committees of directors.

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**46. Minutes**

- 46.1 The board must keep minutes of meetings and, in particular, of:

- (a) all appointments of officers and employees made by the directors; and
  - (b) the names of the directors present at each meeting of the board and of a committee of the board; and
  - (c) all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors.
- 46.2 Minutes must be entered in the appropriate records within 28 days of the meeting to which they relate was held.
- 46.3 The minutes are to be signed within a reasonable time after the meeting to which they relate by either the chairperson of that meeting or the chairperson of the next meeting.

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#### **47. Amendments and copies of rules**

- 47.1 Any amendment of the rules must be approved by special resolution.
- 47.2 A proposal to amend the rules of the co-operative must be made in a form approved by the board which clearly shows the existing rule or rules concerned and any proposed amendment to the rules.
- 47.3 A member is entitled to a copy of the rules without any payment to the co-operative.

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#### **48. Execution of documents**

- 48.1 The co-operative may execute a document without using a common seal if the document is signed by two directors or a director and the secretary of the co-operative.
- 48.2 If the co-operative elects to have a common seal, it may execute a document under that common seal if it is fixed to the document and witnessed by any two directors or a director and the secretary of the co-operative.
- 48.3 This rule does not limit the ways in which the co-operative may execute a document. A document or notice may be signed by or on behalf of the co-operative electronically.
- 48.4 A member may sign any document required under these rules electronically.

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#### **49. Inspection of records and registers**

- 49.1 Members of the co-operative have free access to the records and registers referred to in section 214 (1) of the Law and they may make a copy of any entry in the registers free of charge.
- 49.2 Members do not have access to the minutes of board or committee meetings, but may request access to any such minutes in writing addressed to the board.

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#### **50. Safe keeping of securities**

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

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**51. Notices to members**

- 51.1 This rule applies in addition to section 611 of the Law regarding how a notice or other document may be given to a member of the co-operative.
- 51.2 A notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has notified the co-operative of the relevant contact details.
- 51.3 If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 51.4 A notice forwarded by some other form of technology is taken to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
- 51.5 A notice may be given by the co-operative to joint members by giving the notice to the joint member named first in the register of members.
- 51.6 A notice may be given by the co-operative to the person entitled to an interest in the co-operative 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, and:
- (a) the address should be that supplied for the purpose by the person claiming to be entitled; or
  - (b) if no such address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.

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**52. Disposal of surplus funds during a financial year**

- 52.1 The board may retain all or part of the surplus arising in any financial year from the business of the co-operative, to be applied for the benefit or activities of the co-operative.
- 52.2 No part of the surplus may be paid or transferred directly or indirectly, by way of profit, to members of the co-operative.
- 52.3 A part of the surplus, but not more than 10%, arising in any year from the business of the co-operative may be applied for charitable purposes.

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**53. Financial matters and reports to members**

- 53.1 The co-operative must prepare financial reports and statements in accordance with the Law, the National Regulations and these rules.
- 53.2 The financial year of the co-operative is the period from 1 July in a year to 30 June in the following year, except that the first financial year will commence on the registration of the co-operative and may continue for a period of not more than 18 months.
- 53.3 The co-operative must have at least one financial institution account, electronic or otherwise, in the name of the co-operative into which all amounts received by the co-

operative must be paid as soon as possible after receipts. All cheques drawn on the co-operative's accounts, all drafts, bills of exchange, promissory notes and other negotiable instruments of the co-operatives must be signed by 2 persons authorised by the board for this purpose. Electronic transfers from the co-operative's accounts must be authorised by 2 persons authorised by the board for this purpose.

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**54. Winding up**

- 54.1 The winding up of the co-operative must be in accordance with Part 4.5 of the Law.
- 54.2 If, on the winding up or dissolution, there remains any property after the satisfaction of all the co-operative's debts and liabilities, this must not be paid to or distributed among the members of the co-operative but must be given or transferred to an institution or institutions:
- (a) with objects similar to those of the co-operative; and
  - (b) whose constitution prohibits the distribution of its property among its members; and
  - (c) chosen by the members of the co-operative at or before the dissolution or, in default, by a judge of the court with jurisdiction in the matter.

REGISTERED  
28 Oct 2021

