

R U L E S O F

THE AIRTOURER CO-OPERATIVE LIMITED

A Non-Trading Non-Share Co-operative

REGISTERED UNDER THE CO-OPERATIVES ACT 1992 (N.S.W.)

REGISTRY OF CO-OPERATIVES

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DEFINITIONS

1. In these rules, unless the context otherwise requires:
- (i) **“active member”** means a member who is in active membership within the provisions of Rule 18;
 - (ii) **“alter”** or similar word or expression used in relation to a rule amendment includes add to, substitute, and rescind;
 - (iii) **“auditor”** means an auditor or auditors for the time being of the co-operative appointed in accordance with Rule 72;
 - (iv) **“banking account”** includes an account with a credit union or building society registered, or authorised to operate, under the Australian Prudential Regulation Authority Act and the Banking Act into which the co-operative's monies may be paid;
 - (v) **“business day”** means a day that is not a Saturday or Sunday or a public holiday or bank holiday in New South Wales;
 - (vi) **“CCU”** means Co-operative Capital Unit issued in accordance with these rules;
 - (vii) **“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:
 - (A) a cheque, order for the payment of money or bill of exchange; or
 - (B) a promissory note having a face value of not less than \$50,000; or
 - (C) any other document of a class that is prescribed as exempt from this definition,and includes a unit of a debenture;
 - (viii) **“director”** includes:
 - (A) a person who occupies or acts in the position of a director or member of the board of the co-operative, whether or not the person is called a director and whether or not the person is validly appointed or duly authorised to act in the position; and
 - (B) a person in accordance with whose directions or instructions the directors or members of the board of the co-operative are accustomed to act;
 - (ix) **“financial year”** means the financial year of the co-operative as specified in Rule 69;
 - (x) **“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;
 - (xi) **“member”** means a member of the co-operative;
 - (xii) **“month”** means a calendar month;
 - (xiii) **“officer”** means:
 - (A) a director, secretary or employee of the co-operative; or
 - (B) a person who is concerned, or takes part, in the management of the co-operative, whether or not as a director; or
 - (C) 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
 - (D) an administrator of a deed of arrangement executed by the co-operative; or
 - (E) a liquidator or provisional liquidator appointed in a voluntary winding up of the co-operative; or
 - (F) an administrator of the co-operative appointed under Part 5.3A of the Corporations Law as applying under this Act or Division 6 of Part 12 of the Act; or
 - (G) a trustee or other person administering a compromise or arrangement made between the co-operative and another person or other persons;
 - (xiv) **“postal ballot”** includes a special postal ballot;
 - (xv) **“prescribed”** means prescribed by the Act or under the Act by Regulation;

- (xvi) **“provision”** in relation to the Act, means words or other matter that form or forms part of the Act, and includes:
- (A) a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph, sub-subparagraph or schedule of or to the Act; and
 - (B) a section, clause, subclause, item, column, table or form of or in a schedule to the Act; and
 - (C) the long title and any preamble to the Act;
- (xvii) **“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;
- (xviii) **“relevant interest”** has the same meaning as given in Schedule 2 of the Act;
- (xix) **“rules”** mean the registered rules of the co-operative as amended from time to time and reference to particular rules has a corresponding meaning;
- (xx) **“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;
- (xxi) **“special resolution”** means a resolution which is passed in accordance with Rule 47;
- (xxii) **“the Act”** means the Co-operatives Act 1992;
- (xxiii) **“the board”** means the whole or any number of the directors assembled at a meeting of the directors or transacting business in accordance with Rule 55, being not less than a quorum or a majority, as the case may be;
- (xxiv) **“the co-operative”** means The Airtourer Co-operative Limited;
- (xxv) **“the Law”** means the Corporations Law;
- (xxvi) **“the Registrar”** means the Registrar of Co-operatives or any person delegated the Registrar’s functions;
- (xxvii) **“the secretary”** means any person appointed by the board as secretary of the co-operative;
- (xxviii) **“the State”** means the State of New South Wales;
- (xxix) **“writing”** includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and “written” has a corresponding meaning;
- (xxx) Words importing one gender include the other genders;
- (xxxi) Words importing persons include bodies corporate;
- (xxxii) Words in the singular include the plural, and vice versa;
- (xxxiii) Words or expressions used have the same meanings as those given to them by the Act.

DEFINITIONS - INTERPRETATION PROVISIONS

2. (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.

NAME

- 3. (a) The name of the co-operative shall be The Airtourer Co-operative Limited.
- (b) The co-operative may, in accordance with Section 259 of the Act, change its name by way of a special resolution to a name approved by the Registrar.

NON-TRADING CO-OPERATIVE

- 4. The co-operative is a non-trading co-operative within the meaning of Section 15 of the Act.

CONVERSION TO A CO-OPERATIVE WITHOUT SHARE CAPITAL

4A On the registration of these Rules:

- (a) the co-operative shall convert from being a co-operative with a share capital to a co-operative without a share capital;
- (b) every person who was a member before the date of registration continues to be a member in accordance with these Rules;
- (c) the paid up share capital on shares held in the co-operative before the registration of this rule, is to be refunded to all members.

REGISTERED OFFICE

- 5. (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 within 28 days after the change, and on the form approved by the Registrar.

RULES

- 6. (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; and
 - (iii) between a member and each other member.

Under the contract, each of those persons agrees to observe and perform the provisions of the rules as in force for the time being so far as those provisions are applicable to that person.

- (b) (i) A member shall be entitled on demand to a copy of the rules upon payment of a sum not exceeding that specified in Rule 81, Schedule of Fees.
- (ii) A person may inspect a copy of these rules free of charge at the office where the registers are kept, during all reasonable hours.

RULE ALTERATIONS

- 7. (a) The rules may be altered by a special resolution, by a resolution of the board in accordance with Section 112 of the Act or as otherwise permitted by the Act. The Active Membership Provision must only be altered by Special Resolution. A change to the Active Membership Provision cannot be proposed at a meeting unless prior approval has been obtained from the Registrar.
- (b) No alteration to these rules takes effect until the alteration is registered by the Registrar.
- (c) Where any rule is altered, by way of a board resolution under Section 112 of the Act, the co-operative must cause the alteration to be notified, in writing, to members as soon as practicable after the alteration is registered and, in any event, not later than the date on which notice is given to the members of the next annual general meeting of the co-operative, following the registration of the alteration.

BY-LAWS

8. (a) The members at a general meeting shall have power to make by-laws, not inconsistent with the Act, the Regulations and the Rules, relating to the conduct of members on the premises of the co-operative or to the operations of the co-operative.
- (b) A breach of a by-law shall be deemed to be an infringement of the rules for the purposes of fines.

OBJECTS

9. DELETED

POWERS

10. (a) The co-operative shall have, both within and outside the State, the legal capacity of a natural person and have all the powers allowed by or under the Act, including but not limited to the taking of deposits pursuant to Section 263A of the Act.
- (b) The powers of the co-operative to:
- (i) obtain financial accommodation; and
 - (ii) give security for the repayment of money,
- shall be exercised subject to the Act, but otherwise unlimited by the rules.

POWER TO FORM COMPANIES, ENTER JOINT VENTURES ETC

11. Without limiting the provisions of Rule 10, and subject to the provisions of the Law, 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.

LOANS BY MEMBERS TO THE CO-OPERATIVE

12. (a) The co-operative may, in accordance with Section 268 of the Act, require its members to lend money to the co-operative, with or without security, in accordance with a proposal approved by the Registrar and by the members by special resolution.
- (b) The approved proposal shall be binding on all members at the date of the passing of the special resolution other than a member who has given notice of resignation in accordance with Section 268(3)(c) of the Act and on all persons who become members of the co-operative after that date and before the total amount of the loan to be raised has been raised.

DEALINGS OF MEMBERS WITH CO-OPERATIVES

13. (a) The co-operative may, in accordance with Section 78 of the Act, make a contract with a member requiring the member to have specified dealings with the co-operative for a fixed period.
- (b) The provisions of the contract may require a member:
- (i) to sell products through or to the co-operative; or
 - (ii) to obtain supplies or services through or from the co-operative; or
 - (iii) to pay to the co-operative specified sums as liquidated damages for any failure to comply with a requirement authorised by this 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 80 of the Act, a charge on each of the following :
- (i) the credit balance and deposits of the member or past member;

- (ii) any entry and periodic fees required to be repaid to a member when the member ceases to be a member.

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

- (d) 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.

SEAL

- 14. (a) The co-operative shall, as required by Section 258(1)(a) of the Act, have the name of the co-operative appear in legible characters on its Common Seal and on any Official Seal, and the Australian Registered Body Number of the Co-operative if required under the Law. The Common Seal shall be kept at the registered office in such custody as the board shall direct.
- (b) The co-operative may, pursuant to Section 49 of the Act, have for use in place of its Common Seal outside the State, one or more Official Seals. Each of the additional seals must be a facsimile of the Common Seal with the addition on its face of the name of the place where it is to be used.
- (c) The Common Seal of the co-operative shall not be affixed to any instrument except by resolution of the board. The seal must be affixed by a director of the co-operative in the presence of another director or officer of the co-operative and be authenticated by the signature of both persons.
- (d) The person affixing the Official Seal must certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.

CO-OPERATIVE MAY AUTHORISE AGENT OR ATTORNEY TO EXECUTE DEEDS

- 15. (a) The co-operative may, by writing under its Common Seal, empower its agent or attorney (either generally or in respect of a specified matter or specified matters) to execute deeds on its behalf.
- (b) A deed signed by such an agent or attorney on behalf of the co-operative and under the agent's or attorney's seal, or under the appropriate official seal of the co-operative, binds the co-operative and has effect as if it were under the Common Seal of the co-operative.
- (c) 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.
- (d) Where an agent or attorney affixes an Official Seal to an instrument, the person must comply with Rule 14(d).

CUSTODY AND INSPECTION OF RECORDS AND REGISTERS

- 16. (a) The co-operative must have at the registered office, subject to Rule 17, and available during all reasonable hours for inspection by *any member* free of charge the following:
 - (i) a copy of the Act and the Regulation;
 - (ii) a copy of the rules of the co-operative;
 - (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 under Section 252 of the Act;
 - (v) the register of directors and members; andif applicable:
 - (vi) the register of names of persons who have given loans or deposits to or hold securities, debentures or CCUs given or issued by the co-operative;
 - (vii) the register of any loans made by or guaranteed by the co-operative, and of any securities taken by the co-operative;
 - (viii) the register of memberships cancelled under Part 6 of the Act;
 - (ix) the register of notifiable interests required to be kept under Section 294 of the Act;
 - (x) the register of subordinated debt required to be kept under Clause 16(3)(b) of the Co-operatives Regulation 1997; and
 - (xi) such other registers as the regulation provides are to be open for inspection.

- (b) A member is entitled to make a copy of entries in a register specified in subparagraph (a) and to do so on payment of the fee required under Rule 81, Schedule of Fees.
- (c) The co-operative must have at the place where the registers are kept and available during all reasonable hours for inspection by *any person*:
 - (i) a copy of the Act and the Regulation;
 - (ii) a copy of the rules of the co-operative;
 - (iii) a copy of the last annual report of the co-operative under Section 252 of the Act.

NOTIFICATION OF OFFICE ADDRESS AT WHICH REGISTERS ARE KEPT

17. If any of the registers required by Section 249(1) of the Act to be kept by a co-operative are 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.

ACTIVE MEMBERSHIP PROVISION

18. In accordance with Part 6 of the Act:
- (a) the maintenance of such records including the supply of parts to members as is necessary to keep Airtourer Series Aircraft Airworthy is a primary activity of the co-operative; and
 - (b) a member shall avail themselves of the above services and subscribe annually an amount as prescribed by members at a general meeting in order to establish active membership of the co-operative.

CANCELLATIONS RELATING TO INACTIVE MEMBERS

19. (a) The board shall, after giving notice in accordance with Section 132 of the Act, declare the membership of a member cancelled if:
- (i) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least 3 years 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 3 years immediately before the date of cancellation.
- (b) The co-operative shall, in a form approved of by the Registrar, keep a register of memberships cancelled pursuant to subparagraph (a), which shall specify the particulars prescribed in Clause 6 of Schedule 1 of the Co-operatives Regulation 1997.
- (c) 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 does not exceed \$50, or such other amount as may be prescribed.

QUALIFICATIONS FOR MEMBERSHIP

20. 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 18.

APPLICANTS FOR MEMBERSHIP TO BE GIVEN NOTICE OF ENTRY AND PERIODIC FEES

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

APPLICATION FOR MEMBERSHIP

22. (a) The board must provide each person intending to become a member of the co-operative with:
- (i) a consolidated copy of the rules of the co-operative; and

- (ii) a copy of all special resolutions applicable to the member passed by the members of the co-operative, except special resolutions providing for an alteration of the rules of the co-operative; and
 - (iii) a copy of the last annual report of the co-operative under Section 252 of the Act.
- (b) The board may comply with Rule 22(a) by:
 - (i) giving the person intending to become a member notice that the documents referred to in that sub-rule may be inspected by that person at the registered office of the co-operative; and
 - (ii) making those documents available for inspection.
- (c) Applications for membership shall be lodged at the registered office, in or to the effect of the form approved by the board.
- (d) Every application shall be considered by the board. The applicant's name, date 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 entry in the register and shall then be entitled to the privileges attaching to membership.
- (e) The board may, at its discretion, refuse any application for membership 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.
- (f) 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.

MEMBERS OF THE CO-OPERATIVE

23. 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;
 - (ii) a scheme of arrangement; or
 - (iii) operation of law.

REGISTER OF NOTIFIABLE INTERESTS

24. (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 Rule 27 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, free of charge; and
 - (ii) by any other person on payment of the fee required under Rule 81, Schedule of Fees.

LIABILITY OF MEMBERS TO THE CO-OPERATIVE

25. (a) A member shall not, as a member of the co-operative, be under any personal liability to a creditor of the co-operative.
- (b) A member shall, in accordance with Section 76 of the Act, be liable to the co-operative for any charges, including entry and periodic fees, payable by the member to the co-operative as required by these rules.
- (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.

VOTING RIGHTS

26. (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) 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 the grant of any proxy in accordance with Rule 28 or power of attorney) by the joint member whose name appears first in the register of members.
- (c) 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.
- (d) 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.
- (e)
 - (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 subparagraph (e) prevents the exercise of a vote by means of a proxy or power of attorney.
- (f) Any vote cast by or on behalf of a member of a co-operative when not entitled to vote is to be disregarded.

EFFECT OF RELEVANT INTEREST ON VOTING RIGHTS

- 27. (a) A member is not entitled to vote if another person (whether or not a member of the co-operative) has a relevant interest 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 Co-operatives Council for a review of the matter.
- (c) Where the Co-operatives Council orders that the member is entitled to vote, the member's right to vote shall be restored.

NOTICE TO BE GIVEN OF VOTING INTEREST

- 28. (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 which contains the prescribed particulars as set out in Clause 24 of the Co-operatives Regulation 1997.

PROXY VOTES

- 29. (a) The instrument appointing a proxy shall be in writing under the hand of the appointer, or of the appointer's attorney, duly authorised in writing.
- (b) An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- (c) No person shall act as a proxy unless the person is an active member under Rule 18.
- (d) No person shall act as proxy for more than 10 persons unless the instrument appointing a proxy specifies the manner in which the proxy is to vote in respect of a particular resolution.
- (e) An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- (f) An instrument appointing a proxy may be in the following form, or any other form which the board shall approve:

PROXY FORM

I/we _____
of _____
appoint _____
of _____
or in that person's absence _____
of _____

_____ 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 on my/our behalf at the [Annual/Special] General Meeting of the co-operative to be held on _____ 20____ and at any adjournment of that meeting.

I/We direct my/our proxy to vote in respect of each resolution to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

	FOR	AGAINST
[Ordinary/Special] resolution No. 1	[]	[]
[Ordinary/Special] resolution No. 2	[]	[]

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each resolution (including any procedural resolution) to be considered by the meeting and any adjournment of the meeting.

Dated _____ 20____

Signature _____

Corporate members should execute under seal or by attorney.

- (g) Where an instrument of proxy is signed by all of the joint members, the vote of the proxy so appointed shall be accepted as the vote of the joint member whose name appears first in the register of members.

INSTRUMENT APPOINTING PROXY TO BE LODGED AT REGISTERED OFFICE

- 30. (a) An instrument appointing a proxy is not valid unless:
 - (i) the instrument; and
 - (ii) if the instrument is signed by the appointer's attorney - the authority under which the form was signed, or a notarially certified copy of the authority,

is deposited at the registered office of the co-operative.

- (b) The documentation required to be given under this rule must be deposited at the registered office:
 - (i) at least 48 hours before the meeting at which the proxy may be used; or
 - (ii) in the case of a poll - at least 24 hours before the taking of the poll.

REVOCATION OF INSTRUMENT APPOINTING PROXY

- 31. A vote given in accordance with the terms of an instrument of proxy, or of a power of attorney, is valid notwithstanding 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 commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

EXPULSION OF MEMBERS

- 32. (a) A member may be expelled from the co-operative by special resolution to the effect:
 - (i) that the member has failed to discharge the member's obligations to the co-operative, whether prescribed by these rules or arising out of any contract; or
 - (ii) that the member has been guilty of conduct detrimental to the co-operative.
- (b) In either case written notice of the proposed resolution shall be forwarded to the member not less than 14 days before the date of the meeting at which the special resolution is to be moved, and the member shall be given a reasonable opportunity of being heard at the meeting.
- (c) Expulsion of a member shall not be effective, until the special resolution expelling the member is registered.

APPROVAL OF BOARD FOR TRANSFER OF DEBENTURES

- 33. (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. 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.
- (e) The board may decline to recognise any instrument of transfer unless:
 - (i) the fee required under Rule 81, 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.
- (f) The board shall have a record of all transfers made in the proper books of the co-operative.

CEASING MEMBERSHIP

34. 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 32;
- (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) on resignation in accordance with Rule 12.
- (g) in the case of a member that is a body corporate, if the body is dissolved.

ANNUAL GENERAL MEETINGS

- 35. (a) A general meeting of the co-operative to be known as the "annual general meeting" shall, as provided in Section 198 of the Act, be held each year on a date and a time determined by the board as long as it is within five (5) months after the close of the financial year of the co-operative, or within such further time as may be allowed by the Registrar.

- (b) All general meetings of the co-operative other than the annual general meeting shall be special general meetings.
- (c) If an annual general meeting is not held in accordance with subparagraph (a), the members may, in accordance with Section 202 of the Act and Rule 37, requisition such a meeting.

CONVENING SPECIAL GENERAL MEETINGS

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

REQUISITION OF GENERAL MEETINGS

37. (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 requisition must:
- (i) state the objects of the meeting; and
 - (ii) be signed by the requisitioning members and may consist of several documents in like form each signed by one or more of the requisitioning members; and
 - (iii) be served on the co-operative by being lodged at the registered office of the co-operative.

REQUISITIONED MEETING MUST BE CONVENED AS SOON AS PRACTICAL

38. (a) A meeting requisitioned by members in accordance with Rule 37 must be convened and held as soon as practicable and, in any case, must be held within 2 months after the requisition is served.
- (b) Where the board does not convene a meeting twenty-one (21) days after the requisition is served, the following provisions apply:
- (i) the requisitioning members (or any of them representing at least half their aggregate voting rights) may convene the meeting in the same manner as nearly as possible as meetings are convened by the board;
 - (ii) for that purpose they may request the co-operative to supply a written statement setting out the names and addresses of the persons entitled when the requisition was served to receive notice of general meetings of the co-operative;
 - (iii) the board must send the requested statement to the requisitioning members within 7 days after the request for the statement is made;
 - (iv) the meeting convened by the requisitioning members must be held not later than 3 months after the requisition is served;
 - (v) any reasonable expenses incurred by the requisitioning members because of the board's failure to convene the meeting must be paid by the co-operative;
 - (vi) any such amount required to be paid by the co-operative is to be retained by the co-operative out of any money due from the co-operative by way of fees or other remuneration in respect of their services to such of the directors as were in default.

NOTICE OF GENERAL MEETINGS

39. (a) Subject to Rule 40, 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 78.
- (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 the same manner as authorised in Rule 78 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 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.

NOTICE OF SPECIAL RESOLUTIONS

40. Notice of a special resolution shall be given to those persons, entitled to receive notice under Rule 39, at least 21 days before the general meeting. 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.

BUSINESS OF GENERAL MEETINGS

41. (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) for the board, auditors, or any officers of the co-operative to present reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of source and application of funds, and the state of affairs at the end of that year; and
 - (iii) to elect and determine the remuneration of directors; and
 - (iv) to elect (if necessary) an auditor, or to determine the auditor's remuneration, or both; and
 - (v) to allow members a reasonable opportunity to ask questions about or comment on the management of the co-operative and to ask the auditor or their representative, if present, questions relevant to the conduct of the audit and the preparation and content of the auditor's report.
- (b) The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- (c) All business of a general meeting, other than business of the annual general meeting that is by this rule termed ordinary business, should be deemed special business.

QUORUM AT GENERAL MEETINGS

42. (a) No item of business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting is considering that item.
- (b) Except where these rules state otherwise, eight (8) 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 same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting the members present shall constitute a quorum.

CHAIRPERSON AT GENERAL MEETINGS

43. (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.

STANDING ORDERS AT GENERAL MEETINGS

44. (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 chair. No other member shall speak more than once on the same question, unless permission is given for an explanation, or where the attention of the chairperson is called to a point of order;
 - (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 chairman provided that the permission may be conditional.
- (d) standing orders may be suspended for any period by ordinary resolution.

ATTENDANCE AND VOTING AT GENERAL MEETINGS

45. (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 201 of the Act) be decided on a show of hands. This is unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least 5 members. If no poll is demanded, a declaration by the chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the co-operative shall be evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of, or against, that resolution.
- (d) If a poll is demanded, in accordance with subparagraph (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.
- A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.
- A poll demanded in accordance with subparagraph (c) may be withdrawn.
- (e) On a show of hands, or on a poll, every representative of a body corporate appointed in accordance with Section 68 of the Act, or every member who is present at a meeting in person or represented by proxy or attorney, shall have one vote. However, no member shall have a vote, or be entitled to vote, contrary to the Act.

- (f) In the case of joint membership, the joint members have one (1) vote only between them and that vote may be exercised (subject to the grant of any proxy or power of attorney) only by whichever of the joint members is the member whose name appears first in the register of members.
- (g) 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, may have a casting vote.
- (h) All resolutions, except special resolutions, shall be determined by a simple majority.

POSTAL BALLOT

46. The co-operative may hold a postal ballot to determine any issue or proposal by the members in the manner prescribed in Schedule 2 of the Co-operatives Regulation 1997.

SPECIAL RESOLUTION

47. (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 two-thirds of the members who vote at a general meeting in person or by proxy in accordance with Rule 28; by two-thirds in a postal ballot; or by 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 trading co-operative to a non-trading co-operative and vice versa;
 - (ii) transfer of incorporation;
 - (iii) an acquisition or disposal of assets referred to in Section 285 of the Act;
 - (iv) takeover;
 - (v) merger;
 - (vi) transfer of engagements;
 - (vii) members' voluntary winding up.
- (c) A special resolution has effect from the date it is passed except in the following circumstances:
- (i) the removal of an auditor;
 - (ii) the expulsion of a member;
 - (iii) the alteration of a rule;
 - (iv) any matter for which a special resolution is required to be passed by special postal ballot (other than a special postal ballot in favour of a voluntary winding up),
- in which case it has effect from the time it is registered by the Registrar.

BOARD OF DIRECTORS

48. (a) There shall be a board of six (6) directors each of whom shall be a natural person and at least 18 years old.
- (b) The business of the co-operative is to be managed 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.
- (c) The acts of a director are valid despite any defect that may afterwards be discovered in the appointment or qualification of the director.

QUALIFICATIONS OF DIRECTORS

49. A person is not eligible to be elected as director of the co-operative unless the person is:
- (a) an active member of the co-operative, or a representative of a body corporate which is an active member of the co-operative (active member director);
 - (b) an employee of the co-operative; or

- (c) a person having expert knowledge of the requirements to maintain the airworthiness of airtourer series aircraft.

RETIREMENT OF DIRECTORS

- 50. (a) At the annual general meeting in each subsequent year the directors shall retire in rotation of two (2) and two (2) and two (2).
- (b) The directors to retire in any year shall (subject to the provision as to filling casual vacancies) be those who have been longest in office since their last election. As between persons who became directors on the same day, retirement shall (unless they otherwise agree among themselves) be determined by lot. In such case, the order for retirement shall be the order in which the names are withdrawn.

ELECTION OF DIRECTORS

- 51. (a) A retiring director shall be eligible for re-election without nomination, subject to the person holding the qualifications specified in Rule 49.
- (b) At an annual general meeting at which a director retires or a casual vacancy occurs the vacated office may be filled by electing a person to it.
- (c) Nominations for candidates to fill the vacant positions shall be sought in such manner as the board determines.
- (d) The election of directors shall be conducted by a show of hands at the annual general meeting.
- (e) In the event of tied decision the chairman shall have the casting vote.

DIRECTORS' REMUNERATION

- 52. (a) The directors shall receive such remuneration for their services as shall be determined at a general meeting, 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:
 - (i) 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;
 - (ii) in relation to an employee director - remuneration received or due and receivable as an employee.

REQUISITION AND NOTICE OF BOARD MEETING

- 53. (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 55) 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.

PROCEEDINGS OF THE BOARD

- 54. (a) Questions arising at any 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 the director 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 the director votes in contravention of this Rule, the director's vote shall not be counted.

TRANSACTION OF BUSINESS OUTSIDE BOARD MEETINGS

- 55. (a) The board may in accordance with Section 210 of the Act transact any of its business:

- (i) by the circulation of papers among all the members of the board, and a resolution in writing by a majority of those members is to be taken to be a decision of the board;
 - (ii) at a meeting at which board members (or some board members) participate by telephone, closed-circuit television or other means, but only if any board member who communicates on a matter before the meeting, can be understood by the other members of the board.
- (b) For the purposes of this rule the chairperson of the board and each member of the board have the same voting rights as they have at an ordinary meeting of the board.
 - (c) A resolution approved under subparagraph (a)(i) is to be recorded in the minutes of the meetings of the board.
 - (d) The secretary may circulate papers among members of the board for the purposes of subparagraph (a)(i) by facsimile or other transmission of the information in the papers concerned.

QUORUM FOR BOARD MEETINGS

56. The quorum for a meeting of the board shall be three (3) directors, being 50% or more of the number of directors, in accordance with Section 209(4) of the Act.

APPOINTMENT OF DIRECTORS TO CONSTITUTE A QUORUM

57. (a) A casual vacancy on the board may be filled by the directors appointing a person, or persons, to constitute a quorum 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) In all other circumstances where a casual vacancy occurs, Rule 63 applies.

CHAIRPERSON OF BOARD

58. The chairperson of the board may be elected or removed either by the board or at a general meeting of the co-operative. However, if no such chairperson is elected, or if at any meeting the chairperson is not present within 5 minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting, until such time as the chairperson attends and is willing to act in that capacity.

DELEGATION AND BOARD COMMITTEES

59. (a) The board may (in accordance with Section 213 of the Act) by resolution delegate the exercise of such of 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 circumstance.
- (e) Notwithstanding any delegation under this rule, the board may continue to exercise all or any of the powers delegated.

EXERCISE OF DELEGATED POWER BY DIRECTORS

60. (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) Subparagraph (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 of Rule 59(d) were observed by the director exercising the powers.
- (c) An instrument purporting to be signed by a director as referred to in subparagraph (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 this rule.
- (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 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 may not have a casting vote.

REMOVAL OF DIRECTOR FROM OFFICE

61. The co-operative may, by ordinary resolution, remove any director before the expiration of the director's period of office, and may by a simple majority appoint another person in place of the director. The person so appointed shall retire at the same time as the removed director would have done if not removed.

VACATION OF OFFICE OF DIRECTOR

62. A director vacates office in such circumstances (if any) as are provided in the rules of the co-operative and in any of the following cases:
- (a) if the person is an insolvent under administration (as defined in the Law);
 - (b) if the person has been convicted of an offence and that conviction disqualifies a person from being a director, as provided by Section 208 of the Act;
 - (c) if the director absents himself/herself from 3 consecutive ordinary meetings of the board without its leave;
 - (d) if the director resigns from office by notice in writing given by the director to the co-operative;
 - (e) if the director is removed from office by ordinary resolution of the co-operative;
 - (f) if the person ceases to hold the qualification by reason of which the person was qualified to be a director;
 - (g) if the director becomes an employee of the co-operative, unless elected under Section 216 of the Act;
 - (h) if an administrator of the co-operative's affairs is appointed under Division 6 of Part 12 of the Act;
 - (i) as provided by Section 217 of the Act;
 - (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 234 of the Act;
 - (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 Part 5.3A of the Law, as applying under Section 332 of the Act.

FILLING OF CASUAL VACANCIES

63. (a) In the event that the board does not make an appointment under Rule 57, a casual vacancy is to be filled:
- (i) by election by the members held:
 - (A) at a meeting of the co-operative; or
 - (B) by means of a postal ballot; or
 - (C) in the manner specified in the rules of the co-operative for the ordinary election of directors; or
 - (ii) by appointment by the directors; or
 - (iii) in such other manner as the Registrar may approve in a particular case.

- (b) The person elected pursuant to subparagraph (a)(i) shall retire at the same time as the director who vacated the office would have done if that director had not vacated it.
- (c) The person appointed pursuant to subparagraph (a)(ii) shall hold office until the next annual general meeting only.
- (d) For the purposes of this rule, a casual vacancy shall arise where the office of a director is vacated in accordance with Rule 61.

DEPUTY DIRECTORS

- 64.
- (a) Any director may from time to time apply, in writing, for any active member (other than an employee of the co-operative, the auditor or a partner or employer or employee of the auditor) to be appointed by the board as a deputy director to sit in the director's place on the board.
 - (b) A deputy director appointed by the board shall be entitled to notice of meetings of the directors and, in the absence of the nominating director, to attend and vote at those meetings and to sign resolutions and to exercise such powers, authorities and discretions as are vested in or would otherwise be exercisable by the nominating director.
 - (c) A deputy director shall vacate office if the nominating director ceases to be a director or on a majority of the other directors removing him/her from office.
 - (d) An appointment or removal under this rule must be in writing and notice thereof must be served on the deputy director and the appointment or removal shall take effect forthwith upon the service thereof. Service of any such notice may be effected in accordance with Rule 78.
 - (e) A deputy director whilst acting in the absence of the nominating director shall not be an agent of the nominating director and the nominating director shall not be liable for the actions of the deputy director.
 - (f) The remuneration of any such deputy director shall be payable out of the remuneration payable to the nominating director and shall consist of such portion of the last mentioned remuneration as shall be agreed between the deputy director and the nominating director.
 - (g) The attendance of the deputy director at any meeting of the board shall be deemed to be attendance by the nominating director.
 - (h) For the purposes of this rule a meeting of the directors shall include a meeting conducted pursuant to Rule 55.

OTHER COMMITTEES

- 65.
- (a) The board may by resolution appoint committees comprising of members or other persons or both, to act in an advisory role to the board and to any committees of directors.
 - (b) The provisions of Rules 60(d) and (e) apply to committees appointed under this rule, subject to any variations approved of by the board.
 - (c) The quorum for any meeting of the 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.

MINUTES OF MEETINGS

- 66.
- (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.
 - (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.
 - (d) Every director present at any meeting shall sign their name in a book to be kept for that purpose.
 - (e) The minutes are to be kept in the English language.

- (f) The minutes of board meetings and subcommittee meetings are to be available for inspection by members.

OFFICERS

67. (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 Agreement, have power to appoint, remove or suspend employees, 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; and
- (ii) "Enterprise Agreement" includes an Australian Workplace Agreement, Certified Agreement or Enterprise Flexibility Agreement.

INSURANCE

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

FINANCIAL YEAR

69. The financial year of the co-operative shall end on the 31st December.

ACCOUNTS

70. (a) The board shall have prepared the accounts, statements and directors' report in accordance with the Corporations Law, as adopted by Clause 15 of the Co-operatives Regulation 1997.
- (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 Clause 15 of the Co-operatives Regulation 1997.
- (c) The board shall also have a copy of everything required to be submitted under subparagraph (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:
- (i) send a copy of everything required to be submitted under subparagraph (b) to each member 21 days before the annual general meeting of the co-operative; or
- (ii) give members notice 21 days before the annual general meeting of the co-operative that the documents required under subparagraph (b) will be made available for inspection at the registered office of the co-operative.

BANKING

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

APPOINTMENT, DUTIES AND RESPONSIBILITIES OF AUDITORS

72. (a) One or more auditors shall be appointed, hold office, be remunerated, be removed and have qualifications, duties and responsibilities as provided in these rules or as otherwise provided in, or permitted by, the Corporations Law as adopted by Clause 15 of the Co-operatives Regulation 1997, or any order made by the Registrar pursuant to that Regulation or Section 244(1) of the Act.
- (b) Within one month after the date on which the co-operative is registered, the directors shall appoint an auditor of the co-operative, unless the co-operative at a general meeting has already appointed an auditor. An auditor appointed under this clause shall hold office until the first annual general meeting of the co-operative.
- (c) The co-operative shall at its first annual general meeting appoint an auditor of the co-operative; and at each subsequent annual general meeting, if there is a vacancy in the office of auditor, the co-operative shall appoint an auditor to fill the vacancy.

- (d) An auditor appointed under subparagraph (c) shall hold office until death or removal or resignation from office or until ceasing to be capable of acting as auditor in accordance with the Corporations Law as adopted by Clause 15 of the Co-operatives Regulation 1997.
- (e) The board shall fill any vacancy in the office of auditor, other than a vacancy caused by the removal of an auditor from office, within one month of such vacancy occurring, unless the co-operative at a general meeting has already appointed an auditor to fill the vacancy. A person or firm appointed as Auditor of the co-operative pursuant to this subparagraph holds office, subject to the Corporations Law as adopted by Clause 15 of the Co-operatives Regulation 1997 until the next Annual General Meeting of the co-operative.
- While a vacancy in the office of auditor continues, the surviving or continuing auditor or auditors (if any) may act.
- (f) An auditor filling a vacancy caused by the removal of the previous auditor shall be appointed by a three-quarter ($\frac{3}{4}$) majority of members at the same general meeting at which the previous auditor is removed, as long as notice of the nomination has been sent at least 7 days before the meeting to the members and nominated and current auditors. If the notice of nomination was not sent in accordance with subparagraph (h) or the resolution to appoint a new auditor is not passed, then the meeting may be adjourned 20 to 30 days later. At the adjourned meeting, the co-operative may appoint an auditor by ordinary resolution as long as notice of the nomination is received by the board from a member at least 14 clear days before the date of the adjourned meeting and the board gives notice of the nomination at least 7 days before the meeting to the members and nominated and current auditors. The auditor appointed under this subparagraph holds office until the next AGM.
- (g) The co-operative or the board shall not appoint as auditor a person who has not consented in writing to the appointment or who has withdrawn such consent, or a person of whose nomination notice has not been given in accordance with subparagraphs (f) or (h).
- (h) Not being a meeting at which an auditor is removed from office, a co-operative is not entitled to appoint an auditor at its annual general meeting unless notice in writing of the nomination of the auditor was given to the board by a member before the meeting was convened or at least 21 days before the meeting. The board must have then given notice to the nominated and current auditors and members not less than 7 days before the meeting or at the time notice of the meeting is given.
- (i) A person is not qualified to be appointed auditor of the co-operative if:
- (i) the person is not a registered company auditor;
 - (ii) the person or body corporate in which the person is a substantial shareholder, is indebted for an amount exceeding \$5,000 to the co-operative, to a related body corporate or to an entity that the co-operative controls; or
 - (iii) the person is:
 - (A) an officer of the co-operative;
 - (B) a partner, employer or employee of an officer of the co-operative;
 - (C) a partner of an employee of an officer of the co-operative; or
 - (D) an employee of an employee of an officer of the co-operative.
- (j) A firm is not qualified to be appointed auditor of the co-operative unless:
- (i) at least 1 member of the firm is a registered company auditor who is ordinarily resident in Australia;
 - (ii) no member of the firm or a body corporate in which the firm is a substantial shareholder, is indebted for an amount exceeding \$5,000 to the co-operative, to a related body corporate or to an entity that the co-operative controls; or
 - (iii) no member of the firm is:
 - (A) an officer of the co-operative;
 - (B) a partner, employer or employee of an officer of the co-operative;
 - (C) a partner of an employee of an officer of the co-operative; or
 - (D) an employee of an employee of an officer of the co-operative;
 - (iv) no officer of the co-operative receives any remuneration from the firm for acting as a consultant to it on accounting or auditing matters:

- (v) the business name under which the firm is carrying on business is registered under the Business Names Act 1962 or a return (in a form approved by the Registrar for the purpose) has been lodged, showing, in relation to each member of the firm, the member's full name and address at the time when the firm so consents, acts or prepares a report.
- (k) All reasonable fees and expenses of the auditor are payable by the co-operative.
- (l) The board shall enable the auditor to have access to all books, accounts, vouchers, securities and documents of the co-operative, and to be furnished with such information and explanation by the board members or any other officers as may be necessary for the performance of the duties of the auditor.
- (m) The auditor is entitled to attend any general meeting of the co-operative and to receive all notices of and other communications relating to any general meeting which any member of the co-operative is entitled to receive. The auditor is also entitled to be heard, at any general meeting which the auditor attends, on any part of the business of the meeting of concern to the auditor.

REMOVAL OF AUDITORS

- 73.
- (a) The auditor may be removed from office by special resolution at a general meeting.
 - (b) Notice of intention to move the resolution must be given to the co-operative not less than 2 months before the meeting at which the resolution is moved, but if, after notice has been given, a meeting is convened for a date 2 months or less after notice has been given subject to subparagraph (d), notice shall be deemed to have been properly given.
 - (c) Where special notice of a resolution to remove an auditor is received by the co-operative, it shall as soon as possible send a copy of the notice to the auditor and lodge a copy of the notice with the Registrar.
 - (d) The co-operative shall give notice of a resolution to remove the auditor to persons entitled to be given notice of a meeting of the co-operative at the same time and in the same manner as it gives notice of the resolution is to be considered, a copy of the representations to them in any manner allowed by these rules not less than 21 days before the meeting.
 - (e) Within 7 days after receiving a copy of the notice, the auditor may make representations in writing, not exceeding a reasonable length, to the co-operative and request that before the meeting at which the resolution is to be considered, a copy of the representations be sent by the co-operative at its expense to every member of the co-operative to whom notice of the meeting is sent.
 - (f) Unless the Registrar on the application of the co-operative otherwise orders, the co-operative shall send a copy of the representations in accordance with the auditor's request. The auditor may require that the representations be read out at the meeting and may also speak at the meeting.
 - (g) Within 14 days after the removal from office of the auditor, the Co-operative shall lodge with the Registrar a notice of the removal on the prescribed form, and, where there is a trustee for the holders of debentures of the co-operative, give to the trustee a copy of the notice lodged with the Registrar.

RESIGNATION OF AUDITOR

- 74.
- (a) The auditor may, by notice in writing given to the co-operative, resign as auditor of the co-operative if:
 - (i) the auditor has, by notice in writing given to the Registrar, applied for consent to resign and stated the reasons and, at or about the same time, notified the co-operative in writing of the application; and
 - (ii) the auditor has received the consent of the Registrar.
 - (b) The resignation of the auditor takes effect:
 - (i) on the date (if any) specified for the purpose in the notice of resignation;
 - (ii) on the date on which the Registrar consents to the resignation; or
 - (iii) on the date (if any) fixed by the Registrar for the purpose,whichever last occurs.
 - (c) Within 14 days after the receipt of a notice of a resignation from an auditor, the Co-operative shall lodge with the Registrar a notice of the resignation on the prescribed form, and, where there is a trustee for the holders of debentures of the co-operative, give to the trustee a copy of the notice lodged with the Registrar.

CO-OPERATIVE FUNDS

75. (a) The income and property of the co-operative however derived shall be applied solely towards the promotion of the objects of the co-operative and no portion thereof shall be paid or transferred directly or indirectly by way of discount, rebate or otherwise by way of profit to the members of the co-operative.
- (b) Payment shall be made in good faith of:
- (i) any commensurate remuneration of any member or servant of the co-operative or other person in return for any services actually rendered to the co-operative; or
 - (ii) reasonable interest on money lent or reasonable or proper rent for property or premises demised, or let by any member to the co-operative.
- (c) Any surplus resulting from the co-operative's operation during a financial year, after providing for depreciation in value of the co-operative's property or for contingent liability for loss, shall be applied to carrying out the co-operative's objects.
- (d) An amount not exceeding 10% of the surplus may be applied to any charitable purpose, or for promoting co-operation or any community advancement object.

PROVISION FOR LOSS

76. The board shall account for any loss which may result from the transactions of the co-operative in accordance with Accounting Standards as adopted by the Regulation.

DISPUTES

77. (a) In this rule:
- (i) "party" includes:
 - (A) a member of the co-operative;
 - (B) any aggrieved person who has ceased to be a member in the last six months;
 - (C) any person claiming through or under a member or any aggrieved person referred to in subparagraph (a)(i)(B); and
 - (D) the co-operative, including the board or any other officer of the co-operative.
 - (ii) "dispute" may only refer to a matter affecting a person of the type mentioned in subparagraphs (a)(i)(A) - (C).
- (b) If a dispute arises a party may not commence any court or arbitration proceedings relating to the dispute unless it has complied with the following subparagraphs of this Rule except where the person seeks urgent interlocutory relief.
- (c) A party claiming that a dispute has arisen must give written notice to the other party or parties specifying the nature of the dispute.
- (d) On receipt of that notice by that other party or parties, the parties must endeavour to resolve the dispute expeditiously, using the mediation rules of the NSW Law Society. (Copy available from the Registry of Co-operatives on 1800 502 042).
- (e) If the parties do not agree within seven days of receipt of the notice (or such further period as agreed in writing between them) as to:
- (i) the timetable for all steps in the procedures; and
 - (ii) the selection and compensation of the independent person required for mediation,
- then the dispute shall be settled by arbitration in accordance with the Commercial Arbitration Act 1984.
- (f) Nothing in this rule shall extend to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.

NOTICES

78. (a) A notice may be given by the co-operative to any member:
- (i) personally;
 - (ii) by post to the member's registered address or an alternate address supplied by the member;

- (iii) 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; or
- (iv) by publishing the notice in a newspaper circulating generally in New South Wales or in the area served by the co-operative.
- (b) Where a notice is sent by post, service shall be deemed to be affected 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 affected at the expiration of 24 hours after the letter containing the notice is posted. In every other case service is deemed to be affected at the time at which the letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (c) If a member has no registered address (and has not supplied to the co-operative an address for the giving of notices) a notice addressed to the member and advertised in a newspaper circulating in New South Wales or in the neighbourhood of the registered office of the co-operative shall be deemed to be duly given to the member on the date on which the advertisement appears.
- (d) A notice forwarded by 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.
- (e) 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.
- (f) For the purpose of this rule "registered address" means the address of the member as appearing in the register of members.

WINDING UP

79. (a) The winding up of the co-operative shall be in accordance with Part 12 of the Act.
- (b) If on the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities any property, this shall not be paid or distributed amongst the members of the co-operative but shall be given or transferred to an institution:
- (i) which has objects similar to those of the co-operative;
 - (ii) whose constitution prohibits the distribution of its property among its members;
 - (iii) which has been chosen by the members of the co-operative at or before the time of dissolution or in default thereof by the Chief Judge of such Court as may have or acquire jurisdiction in the matter; and
 - (iv) which satisfies the relevant sub-section of Section 23 of the Income Tax Assessment Act.
- (c) In subparagraph (b), the expression "institution" includes an institution or institutions.

FINES PAYABLE BY MEMBERS

80. (a) The board may impose on a member a maximum fine in accordance with Rule 81, 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 subparagraph (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.

SCHEDULE OF FEES

81.	Copy book of rules:.....	\$10	Rule 6(b)
	Copy of Register:.....	\$10	Rule 16(b)
	Inspect Register of Notifiable Interests:.....	\$10	Rule 24(b)
	Transfer of Debentures:.....	\$10	Rule 33(e)
	Maximum Fine:.....	\$10	Rule 80(a)