

**Rules of
Co-operative Bulk Handling Limited
ABN 29 256 604 947**

Contents

1.	Preliminary matters	6
1.1	Definitions	6
1.2	Interpretation	7
1.3	Application of the Act.....	7
2.	Rules.....	8
2.1	Effect of these Rules	8
2.2	Altering these Rules	8
2.3	Access to a copy of these Rules.....	8
3.	Co-operative matters	8
3.1	Powers	8
3.2	Objects	8
3.3	Name.....	9
3.4	Primary Activities.....	9
3.5	Transferred co-operative	9
4.	Active Membership provisions	9
4.1	Members must be Active Members	9
4.2	Active Membership requirements	9
5.	Qualifications for Membership.....	10
5.1	Shareholding	10
5.2	Active Membership	10
6.	Applications for Membership.....	10
6.1	Provision of information to applicants	10
6.2	Applications	10
6.3	Approval of application	11
6.4	Refusal of application	11
7.	Cessation of Membership	11
8.	Sanction of Members.....	12
8.1	Expulsion of Members by special resolution	12
8.2	Re-admission to Membership of expelled Member	12
8.3	Suspension of Members	12
8.4	Expulsion or suspension of joint Member	13
8.5	Fines payable by Members.....	13
9.	Payments upon expulsion or resignation of Member	13
10.	Disputes and mediation.....	14
10.1	Application of clause.....	14
10.2	Discussion to resolve dispute	14
10.3	Mediation.....	15
10.4	Precondition to proceedings	15
11.	Capital and Shares.....	16
11.1	Control of Board	16
11.2	Nominal value.....	16
11.3	Share holding limit	16
12.	Liability of Members to the Co-operative	16

13.	Calls on Shares.....	16
13.1	Calls on unpaid amounts	16
13.2	Payment and non-payment of calls.....	17
13.3	Board discretion	17
14.	Purchase of Shares by the Co-operative.....	17
14.1	Purchase of Shares	17
14.2	Cancellation of Shares	17
15.	Transfer of Shares	18
15.1	Transfer.....	18
15.2	Form of transfer	18
15.3	Transferor remains holder pending registration	18
15.4	Restrictions on transfer.....	18
15.5	Board's discretion	18
15.6	Record of transfers	19
15.7	Suspension of registration	19
16.	Cessation of Active Membership - cancellation of Membership	19
16.1	Cancellation following cessation of Active Membership	19
16.2	Deferral of cancellation of Membership.....	19
16.3	Notice of proposed cancellation.....	19
16.4	Forfeiture of Shares following cancellation of Membership	19
16.5	Register of cancelled Memberships	20
17.	Forfeiture of Shares.....	20
17.1	Forfeiture for failure to pay call	20
17.2	Forfeiture for non-payment of subscription	20
17.3	Forfeiture of Shares.....	20
18.	Death of Member.....	21
19.	Dealings of Members with the Co-operative	21
19.1	Contracts with Members	21
19.2	Liquidated damages	22
20.	Charges on Shares	22
20.1	Charge in relation to debt payable	22
20.2	Enforcement	22
20.3	Sale of Shares by Co-operative	22
21.	Registration upon bankruptcy or incapacity	23
21.1	Registration of Official Trustee in Bankruptcy	23
21.2	Registration as administrator of estate on incapacity of Member	23
21.3	Entitlements and liabilities of person registered as trustee, administrator etc.	23
22.	Transfer and transmission of debentures.....	23
22.1	Registration of transfer of debenture	23
22.2	Form of transfer	23
23.	CCUs.....	24
23.1	Issue of CCUs	24
23.2	Voting entitlements	24
23.3	Rights and variation of rights	24
23.4	Transfer of CCUs.....	24
24.	Annual general meetings	24

25.	Special general meetings	25
25.1	Classification of general meetings	25
25.2	Calling special general meetings	25
25.3	Requisitioned general meetings.....	25
25.4	Failure to call requisitioned meeting	25
26.	General meetings.....	26
26.1	Notice	26
26.2	Business.....	26
26.3	Quorum	26
26.4	Chairperson.....	27
26.5	Right to vote	27
26.6	Joint Members.....	27
26.7	Voting and approval.....	27
26.8	Voting on a show of hands	28
26.9	Voting on a poll.....	28
26.10	Equality of votes	28
27.	Proxy votes	29
27.1	Appointment of proxy.....	29
27.2	Validity of proxy	29
28.	Postal ballots	29
28.1	Use of postal ballots	29
28.2	Method	29
28.3	Returning officer	30
28.4	Conduct of ballot	30
28.5	Secret postal ballot.....	30
29.	Special and ordinary resolutions.....	30
29.1	Special resolutions	30
29.2	Ordinary resolutions	31
29A	Minimum Member participation for Collective Equity Resolution	31
30.	Board of Directors	32
30.1	Powers of Board.....	32
30.2	Remuneration.....	32
30.3	Number of Directors	32
30.4	Qualifications of Directors.....	32
31.	Member Directors	32
31.1	Qualifications.....	32
31.2	Term of office	33
31.3	District representation.....	33
31.4	Election procedure.....	33
31.5	Ineligibility of candidate	34
32.	Independent Directors	34
32.1	Appointment and special skills.....	34
32.2	Qualifications.....	35
32.3	Term of appointment	35
32.4	Ratification.....	35
32.5	Attendance at general meetings	35
32.6	Voting on matters of personal interest	35
33.	Removal and vacation of office	35

33.1	Removal from office of Director	35
33.2	Vacation of office of Director.....	35
34.	Filling of casual vacancies	36
34.1	Casual vacancy	36
34.2	Filling of casual vacancy.....	36
34.3	Retirement.....	36
34.4	Continuing Directors may act.....	36
35.	Proceedings of the Board	37
35.1	Meetings.....	37
35.2	Voting.....	37
35.3	Notice of Board meetings	37
35.4	Transaction of business outside Board meetings.....	37
35.5	Quorum for Board meetings	37
35.6	Chairperson of Board	38
35.7	Minutes.....	38
36.	Delegation and committees.....	38
36.1	Delegation	38
36.2	Proceedings of committees	39
36.3	Other committees	39
37.	Common seal and execution of documents	39
37.1	Use and keeping of common seal.....	39
37.2	Execution of documents	40
38.	Custody and inspection of records and registers	40
38.1	Registers	40
38.2	Registered holder of Share recognised.....	40
38.3	Copies of entries	40
38.4	Use of information on registers	41
39.	Financial matters	41
39.1	Accounts	41
39.2	Financial year	41
39.3	Provision for loss	41
40.	Safe keeping of securities	41
41.	Auditor.....	42
41.1	Appointment	42
41.2	Terms of appointment, remuneration and removal of Auditors.....	42
42.	No distributions	43
43.	Notices.....	43
43.1	Notices to Members.....	43
43.2	Notices to the Co-operative	43
43.3	Service of notices	44
43.4	Notice in respect of joint holders.....	44
43.5	Notice in respect of dead, bankrupt or incapacitated Members.....	44
43.6	Notices of general meeting	44
44.	Winding-up	44

Rules of Co-operative Bulk Handling Limited

ABN 29 256 604 947

1. Preliminary matters

1.1 Definitions

In these Rules:

Act means the Co-operatives Act 2009 (WA).

Active Member means a Member who is active under clause 4, and **Active Membership** has a corresponding meaning.

Associate has the meaning given by Division 2 of Schedule 2 of the Act.

Auditor means the auditor for the time being of the Co-operative.

Board means the board of Directors of the Co-operative.

Business Day means a day other than a Saturday, Sunday or public holiday in Western Australia.

CCU means a co-operative capital unit, as provided for by Part 10 Division 2 of the Act and clause 23.

Co-operative means Co-operative Bulk Handling Limited ABN 29 256 604 947.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Co-operative for the time being.

financial year means the financial year of the Co-operative specified in clause 39.2.

grain means wheat, barley, oats, canola, lupins or any other grain from time to time handled, stored, transported, bought or sold by the Co-operative or any subsidiary of the Co-operative.

Independent Director means a Director appointed under clause 32.

Member means a member of the Co-operative and **Membership** has a corresponding meaning.

Member Director means a Director appointed under clause 31.

Member Representative means a representative of a corporation, an incorporated association, an unincorporated association or a partnership that is a Member.

Primary Activities means the primary activities of the Co-operative, for the purposes of the Act, as set out in clause 3.4.

Registrar means the Registrar of Co-operatives under the Act.

Regulations means the Co-operatives Regulations 2010 (WA).

Relevant Interest has the meaning given by Division 1 of Schedule 2 of the Act.

Rules means these rules of Co-operative Bulk Handling Limited, as may be altered and in force from time to time.

season means a grain harvesting and delivery season, generally commencing in October of one year and ending in February of the following year.

Secretary means the company secretary appointed for the Co-operative from time to time.

Share means a share in the capital of the Co-operative.

special resolution means a resolution passed in accordance with clause 29.1.

1.2 Interpretation

In these Rules:

- (a) headings are for convenience only and do not affect interpretation;
and unless the context indicates a contrary intention:
- (b) "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to a "clause" is a reference to a clause of these Rules;
- (d) a reference to a document (including these Rules) is to that document as varied or replaced from time to time;
- (e) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (f) a word importing the singular includes the plural (and vice versa), and a word indicating a gender includes every other gender;
- (g) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (h) "includes" in any form is not a word of limitation.

1.3 Application of the Act

Unless the context indicates a contrary intention, in these Rules:

- (a) a reference to the Act or the Regulations is to the Act or Regulations in force in relation to the Co-operative after taking into account any waiver, modification or exemption which is in force either generally or in relation to the Co-operative;
- (b) a word or phrase given a meaning in the Act has the same meaning in these Rules where it relates to the same matters as the matters for which it is defined in the Act, unless that word or phrase is otherwise defined in these Rules; and
- (c) a reference to the Act or the Regulations or to any provision of the Act or Regulations includes any amendment or replacement of the Act or the Regulations or any equivalent provisions in the Act or Regulations from time to time.

2. Rules

2.1 Effect of these Rules

- (a) These Rules have the effect of a contract under seal:
 - (i) between the Co-operative and each Member; and
 - (ii) between the Co-operative and each Director, the chief executive officer of the Co-operative and the Secretary; and
 - (iii) between a Member and each other Member.
- (b) Under the contract, each of the persons mentioned in clause 2.1(a) agrees to observe and perform these Rules so far as those provisions apply to the person.

2.2 Altering these Rules

- (a) These Rules may be altered by a special resolution, by a resolution of the Board in accordance with the Act or as otherwise permitted by the Act.
- (b) A proposed alteration to these Rules will not be the subject of a resolution unless, if required under the Act, it is first approved by the Registrar.
- (c) An alteration to these Rules takes effect upon registration by the Registrar.

2.3 Access to a copy of these Rules

- (a) A Member is entitled to obtain a copy of these Rules on payment of \$10 or such other amount as the Board may from time to time determine.
- (b) Any person may obtain a copy of these Rules from the Registrar on payment of the fee prescribed by the Regulations.

3. Co-operative matters

3.1 Powers

The Co-operative has all of the powers of an individual.

3.2 Objects

Without limiting the powers of the Co-operative, the principal objects of the Co-operative are to:

- (a) promote and foster the development of the Western Australian grain industry both in Australia and overseas;
- (b) establish, maintain and conduct schemes or systems for the handling of grain in bulk or otherwise for the benefit of the Western Australian grain industry;
- (c) receive, handle, transport, grade, classify and store grain for the benefit of the Western Australian grains industry;
- (d) identify and promote advancements within the Australian grain industry which improve the system of handling grain, the quality of the grain produced and marketed and the advancement of the grain industry in Australia and overseas;

- (e) undertake research and development activities for the benefit the Australian grains industry;
- (f) promote, represent and advocate the Australian grain industry in discussion and negotiation with all levels of Government;
- (g) improve the knowledge of Government and the public of the importance of the Australian grains industry and of developments within the industry;
- (h) invest in or undertake activities in relation to receiving, handling, transporting, grading, classifying, storing, marketing and processing of grain and other agricultural commodities in Australia or overseas,

and, without limitation in respect of the above principal objects, such other objects as the Board may from time to time resolve as being in the interests of the Co-operative and Members.

3.3 Name

- (a) The name of the Co-operative is Co-operative Bulk Handling Limited.
- (b) The Co-operative may change or abbreviate its name, in either case in accordance with the Act.

3.4 Primary Activities

The Primary Activities of the Co-operative are the storage, handling, transportation, marketing and processing of grain.

3.5 Transferred co-operative

The Co-operative is a transferred co-operative within the meaning of the Act.

4. Active Membership provisions

4.1 Members must be Active Members

Each Member of the Co-operative must be an Active Member.

4.2 Active Membership requirements

- (a) To establish Active Membership of the Co-operative:
 - (i) a Member must have delivered grain to the Co-operative in the same delivery title in either of the last two seasons;
 - (ii) the aggregate of all grain deliveries made to the Co-operative by a Member in a single delivery title over the past three seasons must be no less than 600 tonnes; and
 - (iii) the Member must have had an involvement in the actual production of the grain delivered and not merely be the deliverer for the purposes of receiving the financial proceeds from delivered grain.
- (b) The Board may determine all matters in relation to the implementation of the Active Membership requirements including by:
 - (i) defining the delivery title in relation to which grain is delivered (including by reference to the Member and Associates of the Member);

- (ii) determining the application of the Active Membership requirements to Members and Associates of Members; and
 - (iii) determining whether there has been an involvement in the actual production of grain delivered.
- (c) All Board determinations under clause 4.2(b) will be final and binding on all Members.

5. Qualifications for Membership

5.1 Shareholding

Each Member must hold at least one Share.

5.2 Active Membership

- (a) A person is not qualified to be admitted to Membership of the Co-operative unless there are reasonable grounds for believing the person will be an Active Member.
- (b) Despite clause 5.2(a), a person who was a Member of the Co-operative immediately before the first adoption of these Rules is qualified notwithstanding the absence of reasonable grounds for believing that the person will be an Active Member.

6. Applications for Membership

6.1 Provision of information to applicants

The Co-operative must give to a person proposing to become a Member:

- (a) a copy of:
 - (i) these Rules;
 - (ii) all special resolutions passed since the last annual general meeting which would be applicable to the person if that person was to become a Member (other than any special resolution for alterations of these Rules); and
 - (iii) the most recent financial information reported to Members, or
- (b) a notice stating that the person may request inspection of the documents referred to above by any of the following means:
 - (i) at an office of the Co-operative;
 - (ii) electronically; or
 - (iii) on a specified website; and
- (c) written notice of entry fees or regular subscriptions payable by Members.

6.2 Applications

Applications for Membership must be lodged at the registered office of the Co-operative in the application form approved by the Board together with any amount required to be paid up on Shares to be issued to the applicant.

6.3 Approval of application

- (a) If the Board approves an application for Membership:
 - (i) the Board must:
 - A. allot the Shares applied for; or
 - B. approve the transfer of Shares from an existing Member to the applicant; and
 - (ii) the applicant's name, the number of Shares allotted or transferred and any other information required under the Act must be entered in the register of Members within 28 days of the Board's approval.
- (b) The applicant must be notified in writing of the allotment and of the entry in the register and the applicant is then entitled to the privileges attaching to Membership, and to the holding of Shares.

6.4 Refusal of application

- (a) The Board may, at its discretion, refuse an application for Membership or Shares.
- (b) The Board need not give reasons for any refusal of an application for Membership. Any amounts accompanying an application for Membership must be refunded (without interest) within 28 days of the Board resolving to refuse an application.

7. Cessation of Membership

A person ceases to be a Member in the following circumstances:

- (a) if the Member's Membership is cancelled under clause 16 or as required or permitted by the Act;
- (b) if the Member is expelled in accordance with these Rules;
- (c) if the Member becomes bankrupt and the trustee of the Member's estate disclaims any debt, contract, duty or liability of the Member with respect to the Co-operative;
- (d) upon death of the Member;
- (e) if the contract of Membership is rescinded on the ground of misrepresentation or mistake;
- (f) if a Member ceases to hold any Shares following a transfer of Shares, a forfeiture of Shares, a sale of Shares by the Co-operative under these Rules, a purchase of Shares by the Co-operative, or otherwise;
- (g) if the amount paid up on the Member's Shares is repaid to the Member under these Rules;
- (h) on written notice of the Member's resignation from Membership, given by the Member to the Secretary; or
- (i) for a corporation - if the corporation becomes insolvent or is deregistered.

8. Sanction of Members

8.1 Expulsion of Members by special resolution

- (a) A Member may be expelled from the Co-operative by special resolution to the effect that:
 - (i) the Member has failed to discharge the Member's obligations to the Co-operative under these Rules or a contract; or
 - (ii) the Member has acted in a way that:
 - A. has prevented or hindered the Co-operative in carrying out one or more of its Primary Activities;
 - B. has brought the Co-operative into disrepute; or
 - C. is contrary to one or more co-operative principles as described in the Act and has caused the Co-operative harm.
- (b) Written notice of the proposed resolution for expulsion 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.
- (c) If a general meeting is to be called under this clause 8.1 the following procedures apply:
 - (i) at the meeting, the Member the subject of the expulsion resolution must be afforded a full opportunity to be heard and is entitled to call witnesses and cross examine witnesses called against the Member;
 - (ii) if the Member fails to attend at the time and place mentioned, without reasonable excuse, the act must be considered and the Co-operative may decide on the evidence before it, despite the absence of the Member;
 - (iii) once the act is considered, the Co-operative may decide to expel the Member who committed the act; and
 - (iv) the Co-operative must not make a decision on the act 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. An expulsion resolution 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 proposed resolution.

8.2 Re-admission to Membership of expelled Member

An expelled Member must not be re-admitted as a Member unless the re-admission is approved by special resolution. A Member re-admitted must not have restored to him or her any Shares that were cancelled on his or her expulsion.

8.3 Suspension of Members

- (a) The Co-operative may suspend a Member for not more than one year if the Member:
 - (i) contravenes any of these Rules;

- (ii) fails to discharge obligations to the Co-operative, whether under these Rules or a contract; or
 - (iii) acts detrimentally to the interests of the Co-operative.
- (b) In order to suspend a Member, the procedure for expulsion of a Member set out in clause 8.1 is to be followed as if references to expulsion were references to suspension.
- (c) During the period of suspension, the Member:
 - (i) loses any rights (other than the right to vote) associated with or arising from Membership;
 - (ii) is not entitled to a refund, rebate, relief or credit for Membership fees paid, or payable, to the Co-operative; and
 - (iii) remains liable for any fine that may be imposed.

8.4 Expulsion or suspension of joint Member

Expulsion or suspension of one joint Member means expulsion or suspension (as the case may be) of all Members holding Membership jointly with the expelled Member.

8.5 Fines payable by Members

- (a) The Board may impose on a Member a maximum fine of \$500 for a contravention of these Rules.
- (b) A fine must not be imposed on a Member under clause 8.5(a) unless:
 - (i) written notice of 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, or to send to the Board a written statement, to show cause why the fine should not be imposed.

9. Payments upon expulsion or resignation of Member

- (a) In this clause 9:
 - (i) "**deficiency**" means the amount of accumulated loss, deficiency or significant change disclosed in the last balance sheet of the Co-operative, or subsequently reported prior to the expulsion or resignation of the Member; and
 - (ii) a reference to a Member being expelled includes a reference to the Member's Membership being cancelled under clause 16.
- (b) If a Member is expelled from or resigns from the Co-operative, all amounts owing by the former Member to the Co-operative become immediately payable in full.
- (c) The Shares of an expelled or resigning Member must be cancelled as at the day of the expulsion or resignation and the cancellation must be noted in the register of Shares.
- (d) Subject to clauses 9(e) and 9(f) and the written terms of a class of Share issued, the Co-operative must pay to an expelled or resigning Member the amount of capital

paid up on the expelled or resigning Member's Shares at the time of expulsion or resignation (less any amount owing by the expelled or resigning Member to the Co-operative).

- (e) If a deficiency exists, an appropriate proportion of the loss, deficiency or significant change may be deducted from the amount of capital paid up on the Shares of the expelled or resigning Member. This is done having regard to the number of Shares held by the expelled or resigning Member immediately prior to expulsion or resignation (as the case may be) in relation to the number of Shares in the Co-operative.
- (f) Payment to the expelled or resigning Member of any amount owing by the Co-operative to the former Member:
 - (i) must be made at the time decided by the Board but within three years from the date of expulsion or resignation; or
 - (ii) may be applied:
 - A. at the time decided by the Board but within one year from the date of expulsion or resignation; and
 - B. in the manner set out in section 73(2) to (4) of the Act 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.
- (g) Any one of the joint holders of a Share may give receipt of any payment to those holders in respect of that Share, and such receipt shall be deemed an effective receipt on behalf of all such joint holders.

10. Disputes and mediation

10.1 Application of clause

- (a) In this clause 10 only, "Member" is deemed to mean a Member and any person who was a Member not more than 6 months before this clause 10 is applied to a dispute.
- (b) The grievance procedure set out in this clause 10 applies to disputes under these Rules between:
 - (i) a Member and another Member; or
 - (ii) a Member (or Members) and the Co-operative.
- (c) Nothing in this clause 10 extends to any dispute:
 - (i) as to the construction or effect of, or any other dispute in relation to, any mortgage or contract contained in any document other than these Rules; or
 - (ii) involving the expulsion or suspension of a Member or the imposition of a fine.

10.2 Discussion to resolve dispute

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 with the dispute or grievance.

10.3 Mediation

- (a) If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, then the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- (b) The mediator must be:
 - (i) a person chosen by agreement between the parties; or
 - (ii) in the absence of agreement:
 - A. for a dispute between a Member and another Member, a person appointed by the Board; or
 - B. for a dispute between a Member and the Co-operative, a person appointed by the President of The Institute of Arbitrators and Mediators Australia.
- (c) The mediator may be a Member, other than a Member who is a party to the dispute.
- (d) The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- (e) The mediator, in conducting the mediation, must:
 - (i) give the parties to the mediation process every opportunity to be heard;
 - (ii) allow due consideration by all parties of any written statement submitted by any party; and
 - (iii) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- (f) The mediator cannot determine the dispute.
- (g) The mediation must be confidential and without prejudice.
- (h) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.

10.4 Precondition to proceedings

- (a) A person may not commence any court or arbitration proceedings relating to a dispute subject to this clause 10 unless it has first complied with the provisions of clauses 10.2 and 10.3, except where a person seeks urgent interlocutory relief.
- (b) If the mediation process in clause 10.3 does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Act or otherwise at law.

11. Capital and Shares

11.1 Control of Board

Subject to the Act and these Rules:

- (a) all unissued Shares are under the control of the Board;
- (b) the Board may issue Shares, including different classes of Shares, with such rights and subject to such restrictions on such terms and at nominal value or at a premium as they think fit;
- (c) the Board may, on the issue of Shares, differentiate between the holders as to the amount of calls to be paid and the times of payment; and
- (d) the Board may grant or issue to any person an option over Shares or a security with the right of conversion into Shares or a pre-emptive right to acquire Shares at nominal value or at a premium and for any consideration and for any period.

11.2 Nominal value

- (a) Unless otherwise specified by the Board, each Share will be issued with a nominal value of \$2.
- (b) The capital of the Co-operative varies in amount according to the nominal value of Shares on issue from time to time.
- (c) A Share must not be issued at a discount to its nominal value.

11.3 Share holding limit

- (a) No Member may have a Relevant Interest in more than five Shares.
- (b) The Board may declare such number of Shares in which a Member holds a Relevant Interest in excess of five Shares as being forfeited.

12. Liability of Members to the Co-operative

- (a) A Member is liable to the Co-operative for the amount, if any, unpaid on the Shares held by the Member together with any charges, including entry and periodic fees, payable by the Member to the Co-operative under these Rules.
- (b) 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.
- (c) Joint Members are jointly and severally liable for any amount unpaid on Shares and any charges mentioned in clause 12(a).

13. Calls on Shares

13.1 Calls on unpaid amounts

- (a) The Board may from time to time make calls on the Members for any amounts unpaid on Shares.
- (b) The Board may require calls on unpaid amounts on Shares to be paid by instalment.

- (c) Each Member must, on receiving not less than 14 days' notice, pay to the Co-operative the amount called on the Shares.
- (d) The Board may revoke or postpone a call.
- (e) A call is taken to have been made when the resolution of the Board authorising the call was passed.

13.2 Payment and non-payment of calls

- (a) If an amount called for a Share is not paid on or before the day fixed for payment of the amount, the person from whom the amount is due must pay interest on the amount from the day fixed for the payment of the amount to the time of actual payment at such rate (being not more than 16% per annum) as may be determined by the Board, but the Board may waive payment of all or part of the interest.
- (b) An amount that, under the terms of issue of a Share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the Share or by way of premium, is for these Rules taken to be a call made and payable on the date that, under the terms of issue, the amount becomes payable and, if the amount is not paid, all relevant provisions of these Rules about payment of interest and expenses, forfeiture or otherwise apply as if the amount had become payable under a call properly made and notified.

13.3 Board discretion

- (a) The Board may, in relation to the issue of Shares, differentiate between the holders in the amount of calls to be paid and the times of payment.
- (b) The Board may accept from a Member all or part of the money uncalled and unpaid on Shares held by the Member.
- (c) The Board may authorise payment by the Co-operative of interest on all or part of an amount accepted under clause 13.3(b) until the amount becomes payable, at a rate agreed between the Board and the Member paying the amount, not more than 8% per annum (or such another rate as may be fixed by the Co-operative by special resolution).

14. Purchase of Shares by the Co-operative

14.1 Purchase of Shares

Subject to the Act, the Co-operative may:

- (a) purchase any Share at the request of the Member holding that Share; and
- (b) repay to a Member, with the Member's consent, all or part of the amount paid up to the stated nominal value on any Share held by the Member when the amount repaid is not required for the activities of the Co-operative.

14.2 Cancellation of Shares

The Co-operative must cancel a Share purchased by or forfeited to the Co-operative.

15. Transfer of Shares

15.1 Transfer

A Share may only be transferred in accordance with the Act and these Rules.

15.2 Form of transfer

- (a) Shares must be transferred in such form as may be approved by the Board from time to time.
- (b) The instrument of transfer of a Share must be signed by or for the transferor and the transferee.

15.3 Transferor remains holder pending registration

The transferor of a Share is taken to remain the holder of the Share until the name of the transferee is entered in the register of Members.

15.4 Restrictions on transfer

A Share may not be transferred except:

- (a) with the consent of the Board, to a person who is qualified to be admitted to Membership of the Co-operative under clauses 5 and 6; or
- (b) as otherwise provided by these Rules or the Act.

15.5 Board's discretion

- (a) The Board may decline to register a transfer of Shares:
 - (i) to a person not qualified to be a Member;
 - (ii) to a person of whom it does not approve; or
 - (iii) on which the Co-operative has a lien or charge.
- (b) If the Board declines to register a transfer of Shares it must send notice of that fact to the transferee within 28 days after the day the Board declined to register the transfer.
- (c) The Board is not required to give any reason for declining to register a transfer of Shares.
- (d) The Board must not register or permit the registration of a transfer of Shares that would result in a contravention of the Share holding limit under the Act or under clause 11.3.
- (e) The Board may decline to recognise an instrument of transfer if:
 - (i) an administration fee of \$10 (or the lesser sum determined by the Board from time to time) is not paid to the Co-operative in respect of the transfer; or
 - (ii) the instrument of transfer is not accompanied by any evidence the Board may require to demonstrate the right of the transferor to make the transfer or the right of the transferee to receive the transfer.

15.6 Record of transfers

The Board must cause to be maintained a record of all transfers made in the books of the Co-operative.

15.7 Suspension of registration

The Board may suspend the registration of transfers of Shares during the 90 days immediately preceding an annual general meeting or a special general meeting.

16. Cessation of Active Membership - cancellation of Membership

16.1 Cancellation following cessation of Active Membership

Subject to the Act and to clause 16.2, 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 two years (and two years shall be the required period for the purposes of the Act in these circumstances); or
- (b) the Member is not presently an Active Member and has not been an Active Member at any time in the past 12 months (and 12 months shall be the required period for the purposes of the Act in these circumstances).

16.2 Deferral of cancellation of Membership

Without limiting the ability of the Board under the Act to defer the cancellation of the Membership of a Member who has ceased to be an Active Member, the cancellation may be deferred if the relevant Member proves to the satisfaction of the Board that the failure to maintain Active Membership was occasioned by an event beyond the reasonable control of the Member which affected the Member's production of grain including drought, flood, fire or storm.

16.3 Notice of proposed cancellation

- (a) Unless clause 16.3(b) applies, the Board must ensure that notice of its intention to declare the Membership of a Member to be cancelled is given to the Member not less than 28 days prior to the intended day of the cancellation.
- (b) Notice is not required to be given under 16.3(a) if:
 - (i) the Member's whereabouts are unknown to the Co-operative; or
 - (ii) the amount required to be repaid to the Member in relation to the cancelled Membership, whether because of the forfeiture of Shares or otherwise, does not exceed \$100 or such other amount as may be prescribed under the Act.

16.4 Forfeiture of Shares following cancellation of Membership

The Board is to declare the Shares of a Member forfeited at the same time as the Membership is cancelled, and the Co-operative must repay to former Members amounts in connection with the cancellation and forfeiture as required by the Act.

16.5 Register of cancelled Memberships

The Co-operative must keep a register of Memberships cancelled under clause 16.1, including the particulars prescribed in the Regulations.

17. Forfeiture of Shares

17.1 Forfeiture for failure to pay call

- (a) If a Member fails to pay a call or instalment of a call by the day appointed for payment, the Board may, at any time any part of the call or instalment remains unpaid, serve a notice on the Member requiring payment of so much of the call or instalment as is unpaid, together with any interest that may have accrued.
- (b) The notice must specify a further day (not earlier than 14 days after the date of the notice) on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the Shares for which the call was made will be liable to be forfeited.
- (c) If the requirements of the notice served under this clause 17.1 are not complied with, any Share in respect of which the notice has been given may at any time (but before the payment required by the notice has been made), be forfeited by a resolution of the Board.

17.2 Forfeiture for non-payment of subscription

- (a) The Shares of a Member whose periodic fee or subscription has not been paid may be forfeited by resolution of the Board.
- (b) Written notice of the proposed forfeiture must be given to the Member at least 14 days before the date of the Board meeting at which the resolution for forfeiture of the Shares is to be moved and the Member must be given an opportunity of being heard at the meeting.

17.3 Forfeiture of Shares

- (a) A person whose Shares have all been forfeited under these Rules stops being a Member. The person nevertheless remains liable to pay to the Co-operative all amounts that are (as at the date of forfeiture) payable by him or her to the Co-operative for the Shares.
- (b) A certificate signed by a Director, the chief executive officer of the Co-operative or the Secretary stating that a Share in the Co-operative has been forfeited on a date stated in the certificate, is proof of that fact as against all persons claiming to be entitled to the Share.
- (c) Subject to the Act and clause 17.3(d), payment to the Member of any amount due in relation to the forfeiture of his or her Shares must be made at the time determined by the Board, but within one year from date of forfeiture.
- (d) Subject to the Act, instead of payment of an amount due to a Member whose Shares are forfeited, the Co-operative may allot or issue debentures or CCUs in satisfaction of the amount, or if the Member consents in writing the amount may be appropriated as a donation.
- (e) The Co-operative, under clause 20, has a charge on the paid up amounts of the forfeited Shares and may appropriate those amounts under clause 20.2.

18. Death of Member

- (a) Subject to the Act and to clause 18(e), the Board must transfer a deceased Member's Share or interest in the Co-operative to:
 - (i) the personal representative of the deceased (that is, an executor or administrator of the estate of a deceased Member); or
 - (ii) the person specified by the deceased's personal representative, in an application made to the Co-operative within three months after the death of the Member.
- (b) The Board may approve the transfer of a Share or interest to a person other than the executor or administrator if the Board is satisfied that:
 - (i) there are reasonable grounds for believing the proposed transferee will be an Active Member;
 - (ii) the proposed transferee is qualified to be a Member under these Rules; and
 - (iii) the transfer would not increase the proposed transferee's holding in the Co-operative beyond that allowed by the Act or these Rules.
- (c) If the total value of the deceased Member's Share or interest in the Co-operative is less than \$10,000 or another amount fixed by the Regulations, the Board may transfer the Share or interest under the Act if there has not been a grant of letters of administration or of probate of the deceased's will.
- (d) The Board must decide the value of the Shares and interest of a deceased Member as the amount paid up on the Shares together with any other amounts due to the deceased Member less any amounts owing to the Co-operative by the deceased Member.
- (e) If a joint Member dies, the Co-operative will recognise only the surviving joint Member or Members as having any interest in the Co-operative in respect of the relevant joint membership, including title to or interest in, or any benefits accruing in respect of, the jointly held Share.

19. Dealings of Members with the Co-operative

19.1 Contracts with Members

- (a) The Co-operative may make a contract with a Member requiring the Member to have specified dealings with the Co-operative for a fixed period.
- (b) A contract made under this clause 19.1 may require a Member:
 - (i) to sell products through or to the Co-operative;
 - (ii) to obtain supplies or services through or from the Co-operative; or
 - (iii) to pay to the Co-operative specified amounts as liquidated damages for contravention of a requirement authorised by this clause.

19.2 Liquidated damages

Any amount specified in a contract between a Member and the Co-operative as liquidated damages payable to the Co-operative is to be considered as a debt payable to the Co-operative for which the Co-operative has a charge on each of the following:

- (a) the Share or interest in the capital and the credit balance and deposits of the Member or past Member;
- (b) any interest, bonus or rebate payable to the Member or past Member; and
- (c) any entry and periodic fees required to be repaid to a Member when the Member ceases to be a Member.

20. Charges on Shares

20.1 Charge in relation to debt payable

The Co-operative has a charge on the Share or interest in the capital, and on the credit balance and deposits of a Member or former Member, and on any interest, bonus or rebate payable to a Member or former Member, in respect of any debt due from the Member or former Member to the Co-operative. The Co-operative may also set-off any amount paid on account of that Share or otherwise or an amount credited or payable to the Member or past Member in or towards payment of the debt.

20.2 Enforcement

The charge may be enforced at any time after seven days' notice to the Member or former Member, by appropriation by the Co-operative of the capital, interest or deposit subject to the charge. Any Share for which capital has been appropriated must be cancelled.

20.3 Sale of Shares by Co-operative

- (a) The Co-operative may sell, in such manner as the Board considers appropriate, all or any Shares on which the Co-operative has a charge, provided that:
 - (i) an amount which the charge secures is payable at the date of the sale; and
 - (ii) 14 days after a written notice (stating, and demanding payment of, an amount which the charge secures and is payable at the date the notice is given) has been given to the registered holder of the Share or the person entitled to it because of death or bankruptcy. The notice must indicate that, on failure to make payment of the amount demanded within the time stipulated, the Shares will be sold by the Board.
- (b) If the highest offer received by the Board is less than the amount paid up on Shares to be sold, the Board must, before accepting the offer, notify the Member of the receipt of the offer and the amount of the offer, and of the Board's intention to accept the offer at the end of 14 days, if no payment is made before then to the Co-operative of all amounts for which the charge exists.
- (c) From the proceeds of the sale the Co-operative may deduct the expenses, if any, associated with the sale and may apply the balance to reduce the liability of the Member. However, if a surplus remains after the deduction the surplus is payable to the Member whose Shares were sold.

- (d) For giving effect to a sale the Board may authorise a person to transfer the Shares sold to the purchaser of them.

21. Registration upon bankruptcy or incapacity

21.1 Registration of Official Trustee in Bankruptcy

- (a) If a Member is declared bankrupt, the Official Trustee in Bankruptcy may be registered as the holder of the Shares or other interests held by the bankrupt Member.
- (b) The Board may register the Official Trustee in Bankruptcy as the holder of a Share in which a bankrupt Member has an entitlement in equity, with the consent of both the Co-operative and the holder of the Share.

21.2 Registration as administrator of estate on incapacity of Member

A person appointed under a law of a State or a 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 Share.

21.3 Entitlements and liabilities of person registered as trustee, administrator etc.

- (a) A person becoming entitled to be a Share holder because of the death, bankruptcy or incapacity of the holder is entitled to the advantages to which that person would be entitled if he or she were the registered holder of the Share or Shares. However, before being registered as a Member, the person is not entitled to exercise any right conferred by Membership in relation to meetings of the Co-operative.
- (b) A person registered under clause 18, 21.1 or 21.2 has, while registered, the same liabilities in relation to the Share or Shares as those to which the dead person, the bankrupt person or the incapable person would have been liable if he or she had remained a Member with full legal capacity.
- (c) The Board has the same right to decline or to suspend registration of a Share as it would have had for a transfer of a Share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

22. Transfer and transmission of debentures

22.1 Registration of transfer of debenture

- (a) 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.
- (b) 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.

22.2 Form of transfer

- (a) Any transfer of a debenture must be in such form as may be approved by the Board from time to time.
- (b) An instrument of transfer of a debenture must be executed by or on behalf of the transferor and the transferee.

- (c) 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.
- (d) The Board may decline to recognise an instrument of transfer of a debenture and may decline to register a debenture if:
 - (i) an administration fee of \$10 (or the lesser amount determined by the Board from time to time) is not paid to the Co-operative in respect of the transfer; or
 - (ii) the instrument of transfer is not accompanied by the relevant debenture(s) and any evidence the Board may require to demonstrate the right of the transferee to receive the transfer; and
 - (iii) any government duty payable is or remains unpaid.

23. CCUs

23.1 Issue of CCUs

- (a) The Board may confer an interest in the capital of the Co-operative by issuing CCUs, including different classes of CCUs, in accordance with the Act.
- (b) The Board may issue CCUs to a person whether or not that person is a Member of the Co-operative.

23.2 Voting entitlements

Each holder of a CCU is entitled to one vote per CCU held at a meeting of the holders of CCUs.

23.3 Rights and variation of rights

- (a) 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.
- (b) 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.
- (c) The holder of a CCU is entitled to receive notice of all relevant meetings of the Co-operative and all other documents in the same manner as the holder of a debenture of the Co-operative.

23.4 Transfer of CCUs

- (a) Subject to this clause 23, the transfer of a CCU is to follow the same process as for a debenture under clause 22.
- (b) Where the terms of issue of a CCU differ from clause 22 in respect to the manner of transfer, the terms of its issue prevail.

24. Annual general meetings

An annual general meeting must be held each year within:

- (a) 5 months after the close of the financial year; or

- (b) within the further time allowed by the Registrar or fixed under the Regulations, at a place and on a date and a time determined by the Board.

25. Special general meetings

25.1 Classification of general meetings

A general meeting of the Co-operative other than the annual general meeting must be a special general meeting.

25.2 Calling special general meetings

The Board may, whenever it considers appropriate, call a special general meeting of the Co-operative.

25.3 Requisitioned general meetings

- (a) The Board must call a general meeting of the Co-operative on the requisition in writing by Members who together are able to cast at least 10% of the total number of votes able to be cast at a meeting of the Co-operative.
- (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 Co-operative's registered office.
- (c) A meeting requisitioned by Members under these Rules must be called and held as soon as practicable and in any case must be held within two months after the requisition is served.

25.4 Failure to call requisitioned meeting

If the Board does not call a meeting within 35 days after the requisition is served, the following provisions apply:

- (a) the requisitioning Members (or any of them representing at least half their total voting rights) may call the meeting in the same way, as nearly as possible, as meetings are called by the Board;
- (b) for that purpose they may ask the Co-operative to supply a written statement of the names and addresses of the persons entitled, when the requisition was served, to receive notice of general meetings of the Co-operative;
- (c) the Board must send the statement to the requisitioning Members within seven days after the request for the statement is made;
- (d) the meeting called by the requisitioning Members must be held within three months after the requisition is served;
- (e) the Co-operative must pay the reasonable expenses incurred by the requisitioning Members because of the Board's failure to call the meeting; and

- (f) any amount required to be paid by the Co-operative is to be retained by the Co-operative out of amounts payable by the Co-operative, for fees or other remuneration for their services, to the Directors who were in default.

26. General meetings

26.1 Notice

- (a) At least 14 days notice (not including the day on which the notice is served or taken to be served, but including the day on which the meeting is to be held) must be given to every Member of a general meeting, in the way stipulated in clause 43.
- (b) Notice must be given to the persons who are, under these Rules, entitled to receive notices from the Co-operative, but the non-receipt of the notice does not invalidate the proceedings at the general meeting.
- (c) The notice must state the place, day and hour of the meeting and, for special business, the general nature of the business.
- (d) For a special resolution, notice of:
 - (i) the intention to propose the special resolution;
 - (ii) the reasons for proposing the special resolution; and
 - (iii) the effect of the special resolution being passed,must be given at least 21 days before the meeting.
- (e) Members who together are able to cast at least 10% of the total number of votes that are able to be cast at a meeting of the Co-operative and who have a resolution to submit to a general meeting must give written notice of it to the Co-operative at least 90 days before the day of the meeting.
- (f) In a notice calling a general meeting, the Board must include any business Members have notified their intention to move at the meeting under clause 26.1(e) (provided the Members' notification has been made under these Rules and within time).

26.2 Business

- (a) The ordinary business of the annual general meeting must be to receive from the Board, auditors or officers of the Co-operative:
 - (i) the financial statements of the Co-operative for the immediately previous financial year; and
 - (ii) a report on the state of affairs of the Co-operative.
- (b) The annual general meeting may also transact special business of which notice has been given to Members under these Rules.
- (c) All business of a general meeting, other than business of the annual general meeting that is ordinary business, is special business.

26.3 Quorum

- (a) 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.

- (b) 12 Members present in person or by proxy, each being entitled to exercise a vote, constitute a quorum.
- (c) If a quorum is not present within half an hour after the appointed time for a meeting:
 - (i) if the meeting was called on the requisition of Members, it must be dissolved; or
 - (ii) in any other case, it must be adjourned to the same day, time and place in the next week.
- (d) If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the Members present constitute a quorum.

26.4 Chairperson

- (a) The chairperson, if any, of the Board may preside as chairperson at every general meeting of the Co-operative.
- (b) If there is no chairperson, or if at a 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 must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).
- (c) The chairperson 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. It is not otherwise necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

26.5 Right to vote

- (a) The right to vote attaches to Membership and not Share holding.
- (b) Notwithstanding clause 26.5(a), a Member who has transferred or disposed of the beneficial interest in the Member's Shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the Co-operative.

26.6 Joint Members

- (a) Joint Members have only one vote between them.
- (b) Every joint Member is entitled to attend and be heard at a general meeting.
- (c) 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 will vote.

26.7 Voting and approval

- (a) A resolution, other than a special resolution, must be decided by simple majority.
- (b) Subject to clauses 26.7(c) and 26.7(d), at any general meeting a question for decision (including a resolution) must be decided on a show of hands of Members present at the meeting.

- (c) A poll may be demanded on any question for decision.
- (d) Where before a vote is taken or before or immediately after the declaration of the result on a show of hands:
 - (i) the chairperson directs that the question is to be determined by a poll; or
 - (ii) at least 5 Members present in person or represented by proxy demand a poll,
 the question for decision (including a resolution) must be determined by a poll.
- (e) The poll must be taken when and in the manner that the chairperson directs.
- (f) A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
- (g) Once the votes on a show of hands or on a poll have been counted then, subject to clause 26.7(d), a declaration by the chairperson that a resolution has been carried (unanimously or by a particular majority) or lost is evidence of that fact.
- (h) The result of the vote must be entered in the minute book.

26.8 Voting on a show of hands

Subject to clause 26.6, on a show of hands at a general meeting, each Member:

- (a) present;
- (b) represented by a non-Member acting under a power of attorney;
- (c) represented by a non-Member appointed as a Member Representative; or
- (d) represented by a non-Member appointed as a proxy under these Rules,

has and may exercise only one vote, provided that in no circumstances may a person exercise more than one vote.

26.9 Voting on a poll

Subject to clause 26.6, on a poll called at a general meeting, each Member:

- (a) present;
- (b) represented by a person acting under a power of attorney;
- (c) represented by a Member Representative; or
- (d) represented by a proxy,

has and may exercise one vote.

26.10 Equality of votes

- (a) Where the votes in favour and against a resolution are equal, the chairperson of the meeting, provided he or she is a Member, may exercise a second or casting vote.
- (b) Where the chairperson is not a Member or decides not to exercise a casting vote, the outcome of an equality of votes on a resolution is taken to be that the resolution is not approved.

27. Proxy votes

27.1 Appointment of proxy

- (a) The instrument appointing a proxy must be in writing signed by the appointer or the appointer's attorney properly authorised in writing.
- (b) 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.
- (c) A person may act as a proxy despite that person not being a Member.
- (d) A person may be appointed as a proxy by more than one Member.
- (e) An instrument appointing a proxy may be in such form as the Board may approve from time to time.

27.2 Validity of proxy

- (a) An instrument appointing a proxy is not valid until the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of the power or authority, are deposited, at least 48 hours before the time for holding the meeting, adjourned meeting at which the person named in the instrument proposes to vote, at the registered office of the Co-operative or at another place specified for the purpose in the notice calling the meeting.
- (b) A vote given under the terms of an instrument of proxy or of 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.

28. Postal ballots

28.1 Use of postal ballots

A postal ballot or special postal ballot must be held when required by the Act, these Rules or when the Members by ordinary resolution approve one.

28.2 Method

- (a) Subject to the Act, the Regulations and to this clause 28, a postal ballot or special postal ballot is to be conducted using such method, in such form and returnable in such manner, as the Board may determine.
- (b) A postal ballot or special postal ballot may incorporate one or more methods of electronic voting, provided:
 - (i) Members who have limited or no access to electronic facilities are not prejudiced in their ability to be advised of the postal ballot and to consider, record and return their vote; and

- (ii) facilities are reasonably available for Members to be advised of the postal ballot, and to consider, record and return their vote, otherwise than by the use of electronic facilities.

28.3 Returning officer

The Board is to appoint a returning officer to conduct the postal ballot or special postal ballot or, in default of such appointment, the Secretary is the returning officer.

28.4 Conduct of ballot

- (a) At least 21 days prior to the closing date of a postal ballot or special postal ballot, the returning officer is to send ballot papers (in the form and with such content as the Board may approve) to all voting Members giving:
 - (i) particulars of the business in relation to which the postal ballot or special postal ballot is being conducted;
 - (ii) an explanation of how to lodge a valid vote and the majority required to pass the vote; and
 - (iii) notice of the closing date and closing time of the postal ballot.
- (b) The returning officer shall receive, validate and count the votes and advise the Board of:
 - (i) the number of formal votes cast in favour of the relevant proposal;
 - (ii) the number of formal votes cast against the relevant proposal; and
 - (iii) the number of informal votes cast.
- (c) On declaration of the result of the ballot, the Secretary must enter the details in clause 28.4(b) in the minute book of the Co-operative.

28.5 Secret postal ballot

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.

29. Special and ordinary resolutions

29.1 Special resolutions

- (a) A special resolution is a resolution of which the notice set out in clause 29.1(b) has been given of the intention to propose the resolution as a special resolution and that is passed:
 - (i) by two-thirds of the Members who vote in person or by proxy or attorney, at a general meeting;
 - (ii) by a two-thirds majority in a postal ballot; or
 - (iii) by three-quarters of the Members who cast formal votes in a special postal ballot of Members.
- (b) A resolution is not taken to have been passed as a special resolution unless not less than 21 days notice has been given to the Members stating:

- (i) the intention to propose the special resolution;
 - (ii) the reasons for proposing the special resolution; and
 - (iii) the effect of the special resolution being passed.
- (c) A special resolution has effect from the date it is passed, however a special resolution required to be passed by special postal ballot has no effect until registered by the Registrar and no amendment to these Rules is to take effect until the amendment is registered by the Registrar.

29.2 Ordinary resolutions

An ordinary resolution is one passed by a simple majority and has effect from the date it is passed.

29A Minimum Member participation for Collective Equity Resolution

- (a) Notwithstanding anything to the contrary in these Rules, a Collective Equity Resolution will, for all purposes, be approved only if (and will be deemed not to have been approved unless):
 - (i) in the case of a postal ballot conducted for the purpose of the Collective Equity Resolution, greater than 50% of all Members cast a formal and valid vote; and
 - (ii) in the case of a Collective Equity Resolution put to a general meeting, greater than 50% of all Members vote on the resolution in person or by proxy.
- (b) **“Collective Equity Resolution”** means any resolution put to Members for:
 - (i) the approval of the making of an offer to which Division 2 of Part 11 of the Act applies;
 - (ii) an agreement to a compromise or arrangement between the Co-operative and any of its Members under Part 13 of the Act;
 - (iii) the approval of the making of an application for a merger or transfer of engagements, as contemplated in Division 1 of Part 12 of the Act;
 - (iv) the approval of the making of an application for the Co-operative to become registered or incorporated, under legislation or law other than the Act, as contemplated in Division 2 of Part 12 of the Act;
 - (v) the approval of the sale of all or part of the undertaking of the Co-operative that relates to its primary activities, the value of which represents 50% or more of the total value of its undertaking;
 - (vi) the approval of the winding up of the Co-operative;
 - (vii) the approval of any alteration to Rule 42 (including by removal) or which otherwise has the effect of converting the Co-operative into a distributing co-operative; or
 - (viii) the approval of an alteration of these Rules to the extent that the alteration has the effect of amending this clause 29A in any manner, including by removal.

30. Board of Directors

30.1 Powers of Board

- (a) The business and operations of the Co-operative are to be managed and controlled by the Board, and for that purpose the Board has and may exercise the powers of the Co-operative as if expressly conferred on the Board by a general meeting of the Co-operative.
- (b) The powers of the Board are subject to any restrictions imposed by the Act or by these Rules.

30.2 Remuneration

- (a) The Co-operative may pay or provide to the Directors, as remuneration for their services, fees, concessions and other benefits in an amount or value determined by the Board which does not in any financial year exceed in aggregate the amount last determined by the Co-operative in general meeting.
- (b) The Co-operative may pay or reimburse all reasonable travelling, accommodation and other expenses that a Director properly incurs in attending meetings of the Board, committees of the Board, meetings of Members, or otherwise in connection with the business of the Co-operative.

30.3 Number of Directors

- (a) The Co-operative may from time to time in general meeting increase or decrease the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.
- (b) Until otherwise determined by the Co-operative in general meeting the number of Directors shall be a minimum of nine and a maximum of 12 comprising:
 - (i) nine Member Directors elected in accordance with clause 31; and
 - (ii) up to three Independent Directors appointed in accordance with clause 32.

30.4 Qualifications of Directors

- (a) A person is not qualified to be a Director unless the person is:
 - (i) a Member or a Member Representative; or
 - (ii) a person qualified under clause 32 to be an Independent Director.
- (b) An Independent Director is not required to be a Member or an Active Member.

31. Member Directors

31.1 Qualifications

Each Member Director must:

- (a) be an individual, whether as a Member of the Co-operative, or as a Member Representative;
- (b) be at least 18 years old; and

- (c) not be a disqualified person under the Act.

31.2 Term of office

- (a) The term of office of a Member Director commences from the annual general meeting at which he or she is elected or at which his or her election is confirmed and ends on the day of the third annual general meeting thereafter.
- (b) A Member Director may, if qualified, submit himself or herself for and will be eligible for re-election.

31.3 District representation

Member Directors shall be elected on the following basis:

- (a) The State of Western Australia shall be divided into such number of districts as the Board in its discretion shall determine from time to time.
- (b) The number of Member Directors to be elected from each such district shall be determined by the Board in its discretion from time to time.
- (c) The Board shall exercise its discretion under clauses 31.3(a) and 31.3(b):
 - (i) having regard to the objective of adopting a district representation director system that is fair between districts having regard to Member numbers in each district and the volume of grain delivered to the Co-operative from each district (or such other or additional factor or factors that the Board in its absolute discretion considers appropriate for the purposes of measuring the patronage of Members to the business of the Co-operative and its subsidiaries); and
 - (ii) so as not to affect the term of any Member Director appointed prior to the date of exercise of the discretion.
- (d) The Member Directors to be elected from each district shall be elected by Members who have their main grain growing interests in that district.

31.4 Election procedure

Member Directors shall be elected by postal ballot conducted on the basis of standard preferential voting as outlined in Chapters IV and V of the Australian Electoral Commission publication "Industrial Elections Voting System" 1997 and the election shall be carried out as follows:

- (a) The ballot for the election of a Member Director to fill the place of a Member Director retiring at a forthcoming general meeting shall be conducted prior to and as near as practicable to the general meeting at which the Member Director retires.
- (b) The Board shall appoint a returning officer each year prior to the holding of an election for the purpose of conducting the ballot, taking charge of the voting papers and counting the votes cast at such an election. The returning officer shall declare the result of the ballot following the counting of the votes and such declaration by the returning officer shall be final and conclusive. At the time of the appointment of the returning officer the Board shall also fix the time and date for the closing of nominations and for the closing of the ballot.
- (c) The returning officer shall at least fourteen days before the close of nominations cause an advertisement to be placed in a daily newspaper circulating generally in Western Australia and, if such a publication exists, a rural newspaper circulating

generally in Western Australia and/or such other papers as the Board may determine from time to time, advising Members that a ballot is to be held, stating the vacancies that are occurring and are to be filled at the election, calling for nominations for those vacancies from those eligible to stand for election and stating the time and date on which nominations will close.

- (d) A candidate for election as a Member Director must be nominated by five Members other than himself or herself who are eligible to vote in respect of his or her candidature. Nomination papers shall be in such form as may be prescribed by the Board and shall be signed by the nominators and by the candidate and shall be lodged with the returning officer prior to the closing of nominations. If the candidate is a Member Representative, the Member shall confirm the appointment of the Member Representative by signing the nomination papers.
- (e) At any election of Member Directors no person or persons shall be permitted to nominate for more than one position whether personally or as a Member Representative.
- (f) Upon the close of nominations the returning officer shall have the necessary ballot papers prepared and shall post a paper or papers to each Member eligible to vote at the election together with a notification of the hour and date of the close of the ballot and directions for the completion of ballot papers. The ballot paper or papers shall also be accompanied by a stamped addressed envelope for the return of the completed ballot paper.
- (g) The voting papers shall be in such forms as may be prescribed by the Board.
- (h) Attorneys and proxies shall not be eligible to vote at an election of Member Directors.
- (i) If there are no more duly qualified candidates for any election than vacancies to be filled then no ballot shall be held and the Chairman of the general meeting shall at such meeting declare such candidates elected.
- (j) A retiring Member Director shall remain in office until the close of the general meeting notwithstanding the declaration of the election of his or her successor.
- (k) A candidate for election as a Member Director may at his or her own expense either be present himself or herself or appoint another Member to be present at the examination of the voting papers and the counting of votes by the returning officer.

31.5 Ineligibility of candidate

Should any candidate for the position of Member Director die or become ineligible between the time of closing nominations and the close of the ballot then, upon satisfying himself or herself that such is the case, the returning officer shall report such death or ineligibility to the Board and the election shall lapse. A new election shall be held and the Directors shall at their next meeting fix the time and date for the closing of nominations for the new election and for the closing of the poll.

32. Independent Directors

32.1 Appointment and special skills

- (a) The Board may, subject to clause 32.2, appoint a person with special skills to be an Independent Director of the Co-operative on the conditions the Board decides and for a period of up to three years.

- (b) The special skills required of an Independent Director may be specified by the Board, and may be varied by the Board from time to time, or from appointment to appointment.

32.2 Qualifications

Each Independent Director must:

- (a) be an individual;
- (b) be at least 18 years old; and
- (c) not be a disqualified person under the Act.

32.3 Term of appointment

An Independent Director is, subject to this clause 32 and to clause 33, a Director of the Co-operative for the term of the appointment.

32.4 Ratification

- (a) Despite the term of appointment fixed under clause 32.2, the appointment of an Independent Director must be ratified by an ordinary resolution of the Members at the annual general meeting next following the appointment of the Independent Director.
- (b) If the appointment of an Independent Director is not ratified by Members, anything done by the Independent Director since the appointment and up to that time is taken to have been validly done.

32.5 Attendance at general meetings

An Independent Director is entitled to attend any general meeting of the Co-operative and be heard on any part of the business of the meeting.

32.6 Voting on matters of personal interest

An Independent Director is not entitled to vote at a meeting of Directors on a motion about the terms and conditions of his or her own appointment, conditions of service or termination of service but may be permitted by the chairperson of the Board to speak in relation to the matters.

33. Removal and vacation of office

33.1 Removal from office of Director

The Co-operative may by ordinary resolution and in accordance with the Act remove a Director before the end of the Director's period of office, and may by ordinary resolution appoint another person in place of the Director. The person appointed must retire when the removed Director would otherwise have retired.

33.2 Vacation of office of Director

A Director vacates office if:

- (a) the Director dies or is permanently incapacitated;
- (b) the Director is disqualified or otherwise unable to be a Director under the Act;

- (c) the Director absents himself or herself from 3 consecutive ordinary meetings of the Board without its leave;
- (d) the Director resigns from the office of Director by written notice given by the Director to the Secretary;
- (e) the Director is removed from office in accordance with clause 33.1;
- (f) the person ceases to hold a qualification that qualified the person to be a Director;
or
- (g) an administrator of the Co-operative's affairs is appointed under of Part 12 Division 4 of the Act.

34. Filling of casual vacancies

34.1 Casual vacancy

For the purposes of this clause 34, a casual vacancy arises if the office of Director is vacated under clause 33.2.

34.2 Filling of casual vacancy

- (a) The Board may appoint a qualified person to fill a casual vacancy in the office of Director until the next annual general meeting.
- (b) The Directors may instead of themselves filling a casual vacancy in the office of Member Director, decide to hold a by-election to fill the vacancy in which case:
 - (i) the Board shall at its first meeting after the vacancy occurs fix the time and date for the closing of nominations for the by-election and for the closing of the poll; and
 - (ii) the provisions of clauses 31.4 and 31.5 shall apply to the by-election.
- (c) Where a casual vacancy in the office of a Member Director has occurred as a result of the removal of a Member Director under clause 33.1, the Member Director who has been removed is not entitled to stand as a candidate in any by-election that is held as a consequence of that removal.

34.3 Retirement

A Member Director elected in accordance with this clause to fill a casual vacancy (either under a by-election or at an election upon the retirement of a person appointed by the Directors to fill the casual vacancy) shall retire when the Member Director he or she replaces was due to retire had he or she not vacated office.

34.4 Continuing Directors may act

The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the quorum, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Co-operative but for no other purpose. If the continuing Directors increase the number of Directors to the number required for a quorum, then the Directors shall resume the full power of the Directors.

35. Proceedings of the Board

35.1 Meetings

- (a) Meetings of the Board (including meetings conducted under clause 35.4) are to be held as often as may be necessary for properly conducting the business and operations of the Co-operative and must be held at least quarterly.
- (b) A meeting may be held with one or more of the Directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the Directors taking part in the meeting.

35.2 Voting

- (a) Questions arising at a meeting of the Board must be decided by a majority of votes. Each Director has one vote.
- (b) If votes on a resolution proposed at a meeting of the Board are equal, the resolution is deemed not to have been passed. For the avoidance of doubt, the chairperson does not have a second or casting vote.

35.3 Notice of Board meetings

- (a) A meeting of the Board may be called by a Director giving notice individually to every other Director.
- (b) 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.

35.4 Transaction of business outside Board meetings

- (a) The Board may transact any of its business:
 - (i) by the circulation of papers among all the Directors, and a resolution in writing by a majority of the Directors is taken to be a decision of the Board; or
 - (ii) at a meeting at which Directors (or some Directors) participate by telephone, closed-circuit television or other means, but only if a Director who speaks on a matter before the meeting, can be heard by the other Directors.
- (b) For the purposes of this clause 35.4, the chairperson of the Board and each Director has the voting rights they have at an ordinary meeting of the Board.
- (c) A resolution approved under clause 35.4(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 clause 35.4(a)(i) by email, fax or other transmission of the information in the papers concerned.

35.5 Quorum for Board meetings

- (a) The quorum for a meeting of the Board is half the number of Directors (or if half is not a whole number the whole number next higher than one-half).

- (b) The number of Independent Directors must be fewer than the number of Member Directors present at a meeting of the Board.

35.6 Chairperson of Board

- (a) The chairperson of the Board is to be elected by the Board. The Board may also elect a deputy chairperson.
- (b) If no chairperson is elected or the chairperson is not present within 5 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, and if no deputy chairperson is elected or present or willing to act as chairperson, the Directors present may choose one of their number to be chairperson of the meeting until the chairperson or deputy chairperson attends and is willing to act as chairperson.
- (c) The Board may, by an ordinary resolution, remove the chairperson and elect a new chairperson.
- (d) The Board may, by an ordinary resolution, remove the deputy chairperson and elect a new deputy chairperson.

35.7 Minutes

- (a) The Board must keep minutes of Board meetings and, in particular, of:
 - (i) all appointments of officers and employees made by the Directors;
 - (ii) the names of the Directors present at each meeting of the Board and of a committee of the Board;
 - (iii) all resolutions and proceedings at all meetings of the Co-operative and of Directors and of committees of Directors; and
 - (iv) any declaration of interest made at a meeting under Division 5 of Part 9 of the Act.
- (b) Minutes must be entered in the appropriate books within one month after the date of the meeting to which they relate.
- (c) The minutes are to be signed within a reasonable time after the meeting by the chairperson of the meeting, or the chairperson of the next meeting.
- (d) Every entry in the minutes purporting to be a minute of the business transacted at a meeting of the Board, and purporting to have been signed by the chairperson at a subsequent meeting, is evidence that the business recorded in the minute was transacted at the meeting and that the meeting was properly convened and held.

36. Delegation and committees

36.1 Delegation

- (a) The Board may by resolution delegate to:
 - (i) a Director;
 - (ii) a committee of two or more Directors;
 - (iii) a committee of Members;

- (iv) a committee of Members and other persons if Members form the majority of persons on the committee; or
- (v) a committee of Directors and other persons,

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

- (b) A power delegated under this clause 36.1 may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.
- (c) A delegation under this clause 36.1 may be given on conditions limiting the exercise of the power delegated, or time or circumstances.
- (d) Despite any delegation under this clause 36.1, the Board may continue to exercise the power delegated.
- (e) If a power is exercised by a Director (alone or with another Director) and the exercise of the power is evidenced in writing, signed by the Director in the name of the Board or in his or her own name on behalf of the Board, the power is taken to have been exercised by the Board. This is so 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 mentioned in clause 36.1(c) were observed by the Director exercising the powers.

36.2 Proceedings of committees

- (a) 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 5 minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairperson of the meeting.
- (b) A committee may meet and adjourn as it considers 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.

36.3 Other committees

- (a) 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.
- (b) Clauses 36.2(a) and 36.2(b) apply to committees appointed under this clause, with any changes approved of by the Board.
- (c) The quorum for a meeting of the committee is half the number of committee members (or if half is not a whole number, the whole number next higher than one-half).

37. Common seal and execution of documents

37.1 Use and keeping of common seal

- (a) This clause 37.1 applies if the Co-operative chooses to authenticate a document under the common seal of the Co-operative.
- (b) The Co-operative must have the name of the Co-operative appear in legible characters on its common seal and on any official seal. The common seal must be kept at the registered office in the custody that the Board directs.

- (c) The Co-operative may have for use in place of its common seal outside Western Australia, 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.
- (d) The seal of the Co-operative must not be affixed to an instrument other than pursuant to a resolution of the Board. Two Directors, or one Director and the Secretary, must be present and must sign all instruments sealed while they are present.

37.2 Execution of documents

The Co-operative may execute a document without a common seal by the signature of two people, one of whom is a Director and one of whom is a Director or the Secretary.

38. Custody and inspection of records and registers

38.1 Registers

The Co-operative must have at its registered office and available during normal office hours for inspection by any Member free of charge the following:

- (a) a copy of the Act and the Regulations;
- (b) a copy of these Rules (and any attachments thereto);
- (c) a copy of the most recent financial information reported to Members;
- (d) a copy of the most recent annual return of the Co-operative;
- (e) the register of Directors, Members and Shares;
- (f) the register of names of persons who have given loans to or hold securities or debentures given or issued by the Co-operative;
- (g) the register of cancelled Memberships;
- (h) the register of notifiable interests required to be kept under section 284 of the Act;
- (i) a copy of the minutes of each general meeting; and
- (j) the other registers required under the Act or the Regulations to be open for inspection.

38.2 Registered holder of Share recognised

- (a) The Co-operative shall be entitled to treat the registered holder of any Share as the absolute owner of the Share and accordingly shall not be bound to recognise any equitable or other claim to or interest in such Share on the part of any other person except as expressly provided in these Rules or the Act.
- (b) No notice of any trust, expressed implied or constructive, shall be entered in the register of Members other than as required under the Act.

38.3 Copies of entries

A Member may make a copy of the entries in a register mentioned in clause 38.1 during normal office hours, for a fee as prescribed in the Regulations.

38.4 Use of information on registers

- (a) A person must not:
 - (i) use information about a person obtained from a register mentioned in clause 38.1 or otherwise kept under the Act or the Regulations to contact or send material to the person; or
 - (ii) disclose information of that kind knowing that the information is likely to be used to contact or send material to the person,unless that use or disclosure of the information is:
 - (iii) relevant to the holding of the directorship, membership, loans, securities, debentures, CCUs or deposits concerned, or the exercise of rights attaching to them; or
 - (iv) approved by the Board; or
 - (v) necessary to comply with a requirement of the Act.
- (b) If the Board so requires, a person who contravenes clause 38.4(a) will compensate anyone else who suffers loss or damage because of the contravention.
- (c) If the Board so requires, a person who makes a profit from a contravention of clause 38.4(a) will owe a debt to the Co-operative in the amount of the profit so made.

39. Financial matters

39.1 Accounts

- (a) The Co-operative must have an account (or accounts) at a financial institution, electronic or otherwise, in the name of the Co-operative, into which all amounts received by the Co-operative must be paid promptly after receipt.
- (b) All cheques drawn on the accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for the Co-operative, must be signed by 2 Directors or by any 2 persons authorised by the Board or authorised by the chief executive officer of the Co-operative.

39.2 Financial year

The financial year of the Co-operative ends on 30 September.

39.3 Provision for loss

The Board must make provision for loss that may result from transactions of the Co-operative.

40. Safe keeping of securities

Shares, 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 such provision for their security, as the Board may direct.

41. Auditor

41.1 Appointment

- (a) The Co-operative must appoint an Auditor of the Co-operative. To avoid doubt, the Auditor of the Co-operative immediately prior to the registration of the Co-operative under the Act will continue in that role following such registration.
- (b) The Co-operative at a general meeting must appoint an Auditor to fill any permanent vacancy in the office of the Auditor.

41.2 Terms of appointment, remuneration and removal of Auditors

- (a) The appointment, remuneration and removal of an Auditor must comply with the Act.
- (b) An Auditor appointed at an annual general meeting holds office until the Auditor:
 - (i) dies;
 - (ii) is removed or resigns from office in accordance with the Act;
 - (iii) ceases to be a registered company auditor within the meaning of the Act; or
 - (iv) ceases to be an auditor under the Act.
- (c) While a casual vacancy in the office of the Auditor continues, the surviving or continuing Auditor or Auditors, if any, may act.
- (d) Where there is no surviving or continuing Auditor, the Board must fill a casual vacancy in the office of Auditor, other than a vacancy caused by the removal of an Auditor from office, within one month of the vacancy occurring, unless the Co-operative at an annual general meeting has already appointed an Auditor to fill the vacancy. A person or firm appointed as Auditor under this subclause holds office until the next annual general meeting of the Co-operative.
- (e) An individual, audit company or audit firm can be appointed as an Auditor.
- (f) The Co-operative cannot appoint a person:
 - (i) (including a person who is a substantial share holder in a corporation) who is indebted to the Co-operative (or to a subsidiary of the Co-operative) for an amount that is more than \$5,000; or
 - (ii) who 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,to be Auditor.
- (g) All reasonable fees and expenses of an Auditor are payable by the Co-operative.

- (h) The Board must enable an Auditor to have access to all books, accounts, vouchers, securities and documents of the Co-operative and to be given such information as the Auditor requires to perform his or her duties as Auditor.
- (i) An Auditor may attend any general meeting of the Co-operative and is entitled to be heard, at any general meeting the Auditor attends on any part of the business of the meeting.
- (j) An Auditor is entitled to receive all notices and other communications relating to a general meeting that any Member of the Co-operative is entitled to receive.
- (k) Subject to the Act, an Auditor may be removed from office by resolution at a general meeting.
- (l) Subject to the Act, an Auditor may resign as Auditor.

42. No distributions

- (a) No part of any income or property of the Co-operative shall be, directly or indirectly, paid or transferred as a profit, by way of dividend or bonus or otherwise, to any Member.
- (b) All of the income and property of the Co-operative shall be applied towards the objects of the Co-operative and not otherwise.

43. Notices

43.1 Notices to Members

A notice or other document required under the Act, the Regulations or these Rules to be given to a Member of the Co-operative may be given:

- (a) personally;
- (b) by leaving it with a person who appears to be 16 years of age or older at the Member's address;
- (c) by post;
- (d) by sending it by fax or emailing it to a fax number or email address provided by the person;
- (e) by sending it to the Member by other electronic means (if any) nominated by the Member; or
- (f) by publishing the notice in a newspaper circulating generally in Western Australia.

43.2 Notices to the Co-operative

A notice or other document required under the Act, the Regulations or these Rules to be given to the Co-operative may be given:

- (a) by post addressed to the registered office; or
- (b) by leaving it at the registered office of the Co-operative.

43.3 Service of notices

- (a) If a notice is sent by post, service is taken to be effected by properly addressing, pre-paying and posting a letter containing the notice. For a notice of a meeting service is taken to be effected at the end of 24 hours after the letter containing the notice is posted. Otherwise, service is taken to be effected when the letter would be delivered in the ordinary course of post and, in proving service, it is enough to prove the envelope containing the notice was properly addressed and posted.
- (b) A notice or other document directed to a Member and advertised in the newspaper is taken to be given to the Member on the day the advertisement appears.
- (c) A notice given by fax or other electronic means is taken to have been served, unless the sender's fax or other electronic device indicates a malfunction in transmission, on the day the notice is sent, if sent on a Business Day, otherwise on the next Business Day.

43.4 Notice in respect of joint holders

A notice may be given by the Co-operative to the joint holders of a Share by giving the notice to the joint holder named first in the register of Shares in respect of that Share.

43.5 Notice in respect of dead, bankrupt or incapacitated Members

A notice may be given by the Co-operative to the person entitled to a Share because of the death, bankruptcy or incapacity of a Member by sending it through the post in a pre-paid letter addressed to the 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 similar description. The address should be the address given for the purpose by the person claiming to be entitled. Alternatively, if no address has been given, the notice can be given in the way it could have been given if the death, bankruptcy or incapacity had not happened.

43.6 Notices of general meeting

- (a) Notice of every general meeting must be given, in the same way as authorised in this clause 43, to:
 - (i) every Member other than a Member that has not supplied to the Co-operative an address for giving notices to them;
 - (ii) every person entitled to a Share because of the death, bankruptcy or incapacity of a Member, who, but for the Member's death, bankruptcy or incapacity, would be entitled to receive notice of the meeting; and
 - (iii) every Director.
- (b) Except as provided in this clause 43.6 and clause 41.2(j), no other person is entitled to receive notices of general meetings.

44. Winding-up

If the Co-operative is wound up and any surplus assets remain after payment of its debts and liabilities and the costs of winding up and repaying to Members the capital paid upon their Shares, those surplus assets shall not be distributed among the Members, but shall be distributed or applied in such other manner as shall be determined by the liquidator, subject to:

- (a) any requirements of the Bulk Handling Act 1967 (WA); and

- (b) prior confirmation from the Commissioner of Taxation that the distribution complies with section 50-40 of the Income Tax Assessment Act 1997 (Cth), or the equivalent section or sections in the then prevailing income tax legislation.