

NARARA ECOVILLAGE CO-OPERATIVE LTD



# DISCLOSURE STATEMENT

**UNDER DIVISION 2 OF PART 2.4 OF THE  
CO-OPERATIVES NATIONAL LAW**

FOR ISSUE WITHIN THE STATE OF NEW SOUTH WALES ONLY

Dated: 1st December 2015

Andrews & Holm Lawyers  
Level 7  
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Sydney NSW 2000

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## **LIST OF SUPPORTING DOCUMENTS AVAILABLE ON REQUEST \***

- A. Establishment of Use Development Application DA 44650/2013
- B. Stage One Development Application DA 44994/2013  
Community Title Subdivision (39 lots) and Associated Infrastructure
- C. List of Consultant Reports supporting Stage One DA 44994/2013
- D. Construct 17 Cluster Houses DA 44899/2013  
Demolition of Existing Structures and Construction of new houses on lot 36
- E. Construct 10 Cluster Houses DA 44898/2013  
Demolition of Existing Structures and Construction of new houses on lot 15
- F. Statement of Environmental Effect - DA 44650/2013 (link to online file)
- G. Statement of Environmental Effect - DA 44994/2013 (link to online file)
- H. Statement of Environmental Effect - DA 44899/2013 (link to online file)
- I. Statement of Environmental Effect - DA 44898/2013 (link to online file)
- J. Hill Thalys Design Report (link to online file)
- K. DCP 175 (link to online file)
- L. Plan of Subdivision Stage One
- M. Amended Plan of Subdivision submitted for Section 96 DA44994/2013 Part 2
- N. Section 96 Amendment to DA44994/2013 Part 2 - demolition and site clearing
- O. Section 96 Amendment to DA44994/2013 Part 2 – consent conditions
- P. Section 96 Amendment to DA44994/2013 Part 3 - modification of lot subdivision
- Q. Minutes of Second Annual General Meeting on 14 December 2014
- R. Minutes of Third Annual General Meeting held on 8 November 2015
- S. Press Release for Growing Community Energy Grant 10 March 2015

\* Documents available in electronic format only

## 1 DETAILS

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Name: Narara Ecovillage Co-operative Ltd  
ABN: 86 789 8868 574  
Registered Office: 25 Research Road, Narara, NSW 2250  
Mailing Address: 25 Research Road, Narara, NSW 2250

### 1.1 About this Disclosure Document

- a. Under the *Co-operatives National Law*, a co-operatives is required to take all reasonable steps to ensure that it has a current Disclosure Statement registered with the NSW Co-operatives Registrar.
- b. This Disclosure Document is issued by Narara Ecovillage Co-operative Ltd ('the Co-operative'), a Co-operative registered on 27 July 2012 in NSW under the *Co-operatives Act 1992* (NSW).
- c. The Co-operative held its first Annual General Meeting on 15 December 2013 the minutes of the meeting are available on request (refer supporting document M). The Cooperative is issuing this Disclosure Statement as the last Disclosure Statement has now ceased to be current.
- d. Any person who receives or reads this Disclosure Document should not consider it as a recommendation to become a member of the Co-operative or to purchase shares. Recipients should read this Disclosure Document in its entirety and seek advice from their financial and other professional advisers before applying to subscribe for membership and shares.
- e. To the maximum extent permitted by law, the Co-operative, its directors, officers, employees, advisers and consultants and their associated companies, businesses, partners, directors, officers and employees accept no liability or responsibility for any loss or damage (however caused including without limitation for negligence) arising from reliance placed on the information contained in this Disclosure Document.

## 2 BACKGROUND

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- a. On 26 September 2012, the Co-operative exchanged contracts for the purchase of the parcel of land at Narara in the Local Government Area of Gosford, Parish of Gosford, County of Northumberland, being lot 13 in Deposited Plan 1126998 being the whole of the land in Certificate of Title (Folio Identifier) 13/1126998 and comprising about 62.97 hectares ('the Property').
- b. Settlement of the Property took place on 31 May 2013.
- c. The Property was purchased by the Co-operative using a combination of share capital provided by members and debt financing also provided by members.

The Property was purchased from the NSW State Property Authority (now “Government Property NSW”) and was the property of the former Gosford Horticultural Institute. The full purchase price of the Property and water access license was \$5,500,000 including GST.

- d. As at 30 June 2015 the Co-operative has obtained funds of \$6,143,886 from members in share capital. The Co-operative has obtained an additional \$4,884,458 of unsecured bridging loans principally from current members.
- e. The Board intends that the overall goal of the development will be the establishment of residential housing as part of a mixed use community titled ‘Ecovillage’ promoting social, environmental and economic sustainability (“Narara Development”). It is also anticipated that there will be small scale horticultural, educational, retail and commercial developments on the Property.
- f. The Board intends that the Property be developed by stages, with Stage One in final preparation for infrastructure works to commence for 42 serviced sites and 18) ‘cluster houses’ on one cluster lot.
- g. The Board estimates that Stage One development costs for infrastructure to support the serviced sites and the ‘cluster houses’ will be approximately \$18,400,000 plus GST inclusive of the costs of the Property. This estimate will be revised and updated as the project progresses and more accurate costings are obtained.

### **3 DEVELOPMENT APPROVAL**

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In the past two years the Co-operative carried out the following activities in relationship to its development goals for the Property:

- a. Preparing an overall concept plan for the development of the Property as an ‘ecovillage’ highlighting ecological, social and economic sustainability principles. Prepared a detailed Stage One development plan complying with existing zoning uses.
- b. Determined the staging of the development within the land to be held under community title, including: the survey of the subdivision of the individual and cluster lot within Stage One; established roadways, easements and accessways to satisfy statutory requirements; identified areas and individual buildings to be rezoned for future commercial use such as the Administration Building and the Visitor’s Centre;
- c. Identified development lots for future stages;
- d. Engaged various specialist consultants to assist in preparing and lodging four (4) Development Applications (DA) and two Section 96 Applications with Gosford City Council, including the detailed studies and relevant reports required for the Development.

- e. Lodged the following DA's:
  - i. Establishment of Use: DA44650/2013 for a Number of Existing Buildings for Community Use (see Supporting document A).
  - ii. Stage One Development: DA44994/2013 Community Title Subdivision (39 lots) and Associated Infrastructure (see 3g and see Supporting document B).
  - iii. Construct 17 Cluster Houses: DA44899/2013 including Demolition of Existing Structures (see Supporting document D). This has later been revised to 18 Cluster Houses.
  - iv. Construct 10 Cluster Houses: DA44898/2013 including Demolition of Existing Structures (see Supporting document E).
- f. Lodged the following Section 96 Amendments to Development Applications:
  - i) DA44994/2013 Part 2 to allow demolition and site clearing works to commence prior to the issue of the Construction Certificate for Stage One Development.
  - ii) DA44994/2013 Part 3 modification of lot subdivision including removal of one cluster housing lot and adding 9 additional serviced lots; realigned/modified road design and layout; changed traffic flow and modification of various Conditions of Consent.
- g. Received Development Consent from Gosford City Council for all 4 of the above DA applications and the first Section 96 for DA44994/2013 Application.
- h. Produced a Draft Community Management Statement under the *Community Land Development Act 1989* (NSW) including detailed survey drawings and draft by-laws;
- i. Determined in principle the relevant easements in particular the easement for access across the RE1 land known as the floodplain (formerly 6(a) public open space) and easements for the provision of services contained in the Voluntary Planning Agreement entered into with Gosford City Council as a condition of sale of the Property.
- j. Carried out the survey for the subdivision of the RE1 land to facilitate the transfer of that land in accordance with the Voluntary Planning Agreement entered into with Gosford City Council as a condition of sale of the Property.
- k. Held talks with senior staff of Gosford City Council to discuss alternative arrangements for the dedication of the RE1 land.
- l. Engaged Aquacell Pty Ltd, to prepare and lodge an application under the *Water Industry Competition Act 2006* (NSW) ("WICA") for a retail operator's license and network operator's licensed with the Independent Pricing and Regulatory Authority Tribunal (IPART) for the supply of potable water from the Narara Farm Dam, construction of a treatment plant for waste water and

the production of recycled water

- m. Engaged CJ Arms to design a water reticulation (piped distribution) system for the Narara Development including provision of bushfire fighting water.
- n. Negotiated a temporary potable water supply agreement with Gosford Council to allow the first thirty homes to be occupied prior to construction and commissioning of the potable water treatment plant.
- o. Held talks with the senior staff of IPART resulting in the Project Director instructing Aquacell Pty Ltd to withdraw their WICA Application in favour of the Co-operative becoming the Applicant.
- p. Undertaken the preparation of an application under WICA for a retail operator's license and network operator's licensed with the Independent Pricing and Regulatory Authority Tribunal (IPART) for the provision of water services as in (l) above, with Aquacell Pty Ltd becoming principle 3<sup>rd</sup> party provider of treatment services. This application is expected to be lodged with IPART before the end of 2015.
- q. In December 2014 applied for a NSW State Government '*Growing Community Energy Grant*' from the Department of Environment and Heritage (OEH) for a feasibility study of a 'smart grid' for the village. In March 2015 we were awarded a \$70,000 grant with the announcement being made at the Narara Ecovillage site by the then Environment Minister Rob Stokes MP. The event was attended by various Councillors and senior staff of Gosford City Council as well as Mayor Lawrie McKinna. (See Official Press Release Supporting Document S).
- r. Engaged E2 Design Lab to undertake the smart grid feasibility study as well as the low voltage electrical design for the village.
- s. Arranged additional share purchase and bridging loans from members to obtain the various development construction approvals and be in a position to commence Stage 1 infrastructure works.
- t. Established Teams and Working Groups to carry out the day to day management and operation of the Co-operative and care and maintenance of the Property using largely volunteer members but including some paid contractors from within the Co-operative membership.
- u. Engaged TCB Project Management to provide contract construction project management services for the main civil engineering works and the Bower Cluster (lot 36) Housing design development and tendering.
- v. Engaged various consultants to prepare a Planning Proposal (rezoning) application in collaboration with the Co-operative membership and Gosford City Council to be lodged with NSW Department of Planning for the rezoning of the Property which would allow development more in keeping with the aspirations of the Co-operative and to rectify a number of anomalies in the current zoning. This application is due to be lodged in in early 2016 with the NSW Department of Planning.

## 4 INFORMATION ABOUT THE NARARA PROPERTY

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### 4.1 The Existing Planning Controls

- a. The Co-operative has acquired Lot 13 DP1126998 which was previously held in the name of State Property Authority (now Government Property NSW). The Property is subject to the planning provisions in the Gosford Planning Scheme Ordinance (GPSO) and Development Control Plan No.175 (DCP 175) – which were amended as part of the Gosford Horticultural Institute Rezoning.
- b. Lot 13 DP1126998 comprises about 62.97 hectares including the land to be subdivided and transferred to Gosford City Council. The title is subject to a Voluntary Planning Agreement in favour of Gosford City Council
- c. GPSO establishes the key development controls which apply to the Property including, to zone the land and stipulate which land uses are permissible in each zone. The majority of the Property which is to be developed by the Co-operative is currently zoned R2 Low Density Residential (formerly 2(a) Residential).
- d. Council adopted a new Gosford Local Environmental Plan 2014 (GLEP 2014) which came into effect on 11<sup>th</sup> February 2014. It applies to the broader local government area including Narara. With the adoption of GLEP 2014 the zoning of the Property has changed and the permissible land uses will vary. Most notable, cluster development and general stores will no longer be a permissible use in the residential zone.
- e. Under the former Gosford LEP 2007 Dwelling-houses, dual occupancy development, cluster development, general stores, and homes business are examples of land uses which are permissible in the 2(a) zoned land with the consent of council. In the Gosford LEP 2014 provisions for dual occupancy, cluster development and general stores were eliminated.
- f. GPSO also requires that the area of land on which clustered development be carried out must not be less than 3,500sqm. GPSO also stipulates that no more than 10% of lots to be created by subdivision can be less than 550sqm, with a minimum lots size of 450sqm.
- g. DCP 175 established the detailed guidelines for the development and use of the Property and the Board is of the view that it provides useful information for potential members but is significantly out of date having been based on the initial rezoning approved in 2007. A new DCP for the site will be prepared as part of the Planning Proposal currently in the final stages of preparation as outlined in 3(u) above.

### 4.2 Changes affecting DCP No. 175 (refer to Supporting Document K)

- a. Lot 1 DP 1087535 referred to in DCP 175 was subdivided in April 2008 and the following new lots were created:
  - i) Lot 12 DP1126998 — held in the name of The Gosford Horticultural Institute Reserve Trust (shown on DCP 175 as land to be transferred to NSW Forests); and
  - ii) Lot 13 DP1126998 — held in the name of State Property Authority (now Government Property NSW).
- b. The Co-operative has ONLY acquired Lot 13 DP1126998 (See DP1126998 attached). The acquisition of Lot 13 DP1126998 from State Property Authority was conditional upon the Co-operative, prior to completion, entering into a Voluntary Planning Agreement with the Gosford City Council for the subdivision and dedication of RE1 'Public Recreation' land (formerly the 6(a) and 'Hoop Pines allotment') free of cost to the Gosford City Council. The Voluntary Planning Agreement has been executed (signed) pursuant to the settlement conditions and it is a condition of the current DA44994/2013 that the RE1 land be dedicated to Gosford City Council prior to the issue of a subdivision certificate.
- c. After discussions with senior Gosford City Council staff and their legal counsel the Co-operative will lodge a Section 96 application in early 2016 to delete this consent condition (outlined in section 5 of the Consent) in favour of provisions in the Planning Proposal that will allow alternative arrangements and amendments to the VPA to be mutually agreed with Gosford City Council. Specifically in lieu of dedication of the RE1 land the Co-operative would substitute an area of E2 (forest) land with high nature conservation value that Gosford City Council has previously identified for inclusion in their Coastal Open Space System.
- d. The Voluntary Planning Agreement also establishes a requirement for an easement to be granted in favour of the Co-operative to provide access across the RE1 'Public Recreation' land (formerly 6(a) public open space) to that part of the Property that is zoned E3 'Environmental Management' land (formerly 7(c)2 'Rural Residential'), together with a similar provision to provide Council access across the Co-operatives land to the RE1 land. This is likely to be unnecessary if the Planning Proposal outlined above is approved.
- e. It is anticipated that DCP 175 will be replaced as part of Planning Proposal (rezoning) for the Property (as per 3u and 4.1g above), to more accurately reflect the current DA44994/2013 and subsequent rezoning and future development.

#### 4.3 How is the Property to be developed?

- a. The Board at present intends to develop the Property in 3 stages and believes it will be fully completed in approximately 7 years. The Board anticipates that development and construction of Stage One infrastructure will take approximately 24 months to complete from the date the development consent was issued by Gosford City Council.

- b. The Co-operative has obtained a DA consent for Establishment of Use (DA44650) on 31<sup>st</sup> January 2014 allowing it to occupy and use existing buildings on the Property. A copy of the consent and conditions are contained in Supporting Document A.
- c. The main Stage One Development Application (DA44994) consent was granted on 8<sup>th</sup> August 2014. This creates a Community Title subdivision of 39 lots, 33 of which are to be standard residential lots of approximately 550 m<sup>2</sup>, and two of which are designed as 'Cluster Housing' lots and the remaining lots to be used for future development. A copy of the consent and conditions are contained in Supporting Document B. A list of the supporting consultant reports supporting the application are shown in Supporting document C.
- d. A Section 96 amendment to DA44994/2013 was lodged on 31 August 2015 as per 3f(ii) which amends the subdivision to create 48 lots, 42 of which are to be standard residential lots of approximately 550 m<sup>2</sup>, one of which is to be designated as a 'Cluster Housing' lot (as per 4.3f below), one for an existing dwelling house (former Manager's Residence), and the remaining lots to be used for future development. A copy of the Section 96 application is available on request.
- e. The Co-operative also lodged two separate DA's for the construction of cluster housing developments totally twenty-seven houses prior to the adoption of the GLEP 2014. Under the previous GLEP "Cluster development" was defined as the erection of 3 or more dwellings on a single allotment of land and effectively allowed a greater variety of housing on smaller sized lots. The new GLEP 2014 does away cluster housing, but because the applications were lodged prior to its adoption, the entitlement for this option was secured.
- f. DA44899/2013 was granted consent on 7<sup>th</sup> April 2014 for the construction of 17 cluster houses on lot 36, on the site of the old 'Post Harvest' building. A copy of the consent and conditions are contained in Supporting Document D. After consideration, modified house layouts and parking arrangements have been designed and an 18<sup>th</sup> cluster dwelling added to the cluster lot. A Section 96 application will be prepared for these changes and the Co-operative anticipates this will be submitted to Gosford City Council in the first quarter of 2016.
- g. DA44898/2013 was granted consent on 17<sup>th</sup> April 2014 for 10 cluster houses on lot 15, including and adjacent to the Heritage House (former Managers House). After consideration this plan has since been abandoned in favour of the creation of 9 standard residential lots of approximately 550 m<sup>2</sup>. This change was included in the Section 96 for DA44994/2013 Part 3, lodged on 31 August 2015. See 3f(ii).
- h. The Board has commissioned a Planning Proposal for the rezoning of the site to provide for a more suitable mixed use development including provision for small scale commercial and retail operations, small businesses, educational facilities, horticultural activities as well as other cottage industries and community facilities prohibited in the current R2 zoning. The Board anticipates the Planning Proposal will be lodged with NSW Department of

Planning in early 2016 in collaboration with Gosford City Council and is anticipated that a determination will be made by the end of 2016.

- i. The Board intends to create a Community Scheme with a community association to be formed on registration with the Land Property Information (LPI) under the *Community Land Development Act 1989* (NSW). A community plan must create at least 2 community development lots and a community property lot.
- j. Community development lots are those lots initially owned by the developer (i.e. the Co-operative) that will be subdivided and sold to individual members for residential building or in the case of larger lots, further subdivided for future development with either a Community Plan of subdivision, a Precinct Plan, or a Neighborhood Plan and/or Strata Plan.
- k. Areas identified as community property will vest in the Community Association upon registration of a Community Plan. The Community Association is entrusted with the ownership and management of the community property for the benefit of its members.
- l. Community property, which is similar to the concept of common property in a strata scheme, and will include roads, some services infrastructure, footpaths and access ways, common gardens, parking, stormwater management systems and other amenity features.
- m. The control, maintenance and management of community property is regulated by the by-laws contained within the community management statement (CMS). The CMS is lodged for registration with the Community Plan and like strata by-laws, can be amended by appropriate resolutions.
- n. The CMS may include, but is not limited to the following:
  - i. The theme of the development (architectural, building materials standards, energy efficiency and energy production or landscaping styles);
  - ii. Special requirements for use or maintenance of the community property;
  - iii. Footpaths and common accessways to be created. Accessways are private thoroughfares within the association property and are maintained by the Community Association and not Gosford City Council;
  - iv. Responsibility for the provision and maintenance of service lines if any statutory easements need to be created;
  - v. The keeping of pets;
  - vi. Noise levels;
  - vii. Laundry;
  - viii. Safety and security measures;
  - ix. Ongoing service and maintenance contracts;
  - x. Bushfire controls;
  - xi. Vegetation Management Plan;
  - xii. Property Vegetation Plan;
  - xiii. How the development will be staged;
  - xiv. Allocation of unit entitlements for each lot;
  - xv. Rules regarding the formation and functions of an executive committee

- of the community association;
  - xvi. Permitted uses and any special facilities on the community property;
  - xvii. Internal fencing;
  - xviii. Composting, recycling and general rubbish collection services;
  - xix. The role and functions of the network and retail operators licenses under the *Water Industry Competition Act 2006* (NSW);
  - xx. Insurance over community property.
- o. The CMS is binding on the Co-operative, Community Association and each proprietor, lessee, occupier or mortgagee in possession of a community development lot.
- p. A draft CMS was lodged with the DA for Stage One. During the past year this has been further developed and has now been submitted for legal review. A copy of the current draft CMS is available on request. It will be formally adopted by the Co-operative members once the legal review has been completed and prior to the lodgement of the Community Plan with LPI.
- q. The extent to which a member of a Community Association (i.e. an owner of a community development lot) can participate in decisions regarding dealings with community property or participate in financial benefits and/or burdens of community property, is linked to the proportion to which the unit entitlement of that member's lot bears to the total unit entitlement for the relevant scheme. The Board has not, as of the date of this Disclosure Document, determined the lot unit entitlements. The Co-operative expects that Unit Entitlements will be determined for Stage One lots and Cluster lot within the next nine months.
- r. A Community Association must levy its members based on the unit entitlements associated with each member's lot in order to raise enough funds to carry out its duties. All levies must be worked out in proportion to the unit entitlement of the individual lots. The levy will cover an administrative fund for the cost of maintaining the community property, payment of insurance premiums and for other recurrent expenses. In addition, the Community Association will require a "sinking fund" to cover future capital needs, for example, renewing or replacing any fixtures and fittings such as water and sewerage infrastructure. The amount of money deposited into the sinking funds depends on the anticipated asset maintenance and renewal expenses. As of the date of this Disclosure Document, the Board has not determined how much money will be needed to go into the sinking fund for asset maintenance.
- s. The Board has resolved that the Community Association will not be a trading entity.
- t. As the balance of voting power upon the formation of a Community Association will rest with the Co-operative, the Community Schemes Legislation places restrictions upon the Community Association during a so-called "initial period". The purpose of the initial period is to regulate or prohibit certain activities of the Community Association, which may place onerous liabilities on the Community Association or its members. The Community Association must not during the initial period:

- i. incur a debt of an amount in excess of the amount then available for repayment of the debt from the administrative or sinking fund;
  - ii. borrow money or give security for the repayment of money; or
  - iii. make, amend or repeal a by-law creating restricted property.
- u. The initial period starts when a Community Association is constituted and ends at different times depending on the scheme involved:
  - i. Neighbourhood and strata schemes — ends when one-third of the total unit entitlements have been sold; and
  - ii. Precinct and community schemes — ends when one-third of the total unit entitlements are changed to neighbourhood or strata schemes, which are out of their own initial periods.

#### 4.4 Servicing Considerations

- a. The Property is outside of the Gosford City Council's water and sewer service area. This means that should the Co-operative decide to connect to Gosford City Council's water and sewerage mains the existing Gosford City Council services will need to be augmented to accommodate the proposed development.
- b. The Board is of the opinion that the costs of connecting to Gosford City Council's water and sewer mains are prohibitive.
- c. Narara Ecovillage Co-operative Ltd holds a Water Access License (WAL) under the Water Management Act 2000 that allows it to extract up to 29 mega litres per annum from the Narara Farm Dam located on the Property.
- d. The Board commissioned an Integrated Water Cycle Management Plan by Dr Peter Bacon of Woodlots and Wetlands Pty Ltd in 2013. The study concluded that using a runoff model the dam could supply all the potable water demand for the site, even in times of severe drought. Water would also be available for other uses including horticultural and fire fighting. The study was submitted with the Stage One DA44994/2013 and is available on request.
- e. Initially it was thought the dam water would augment individual household rainwater tanks but after discussing with NSW Department of Health it was decided to supply all potable water to the development from the village potable water system only. This would allow adequate treatment and monitoring that would not be possible if combined with rainwater from individual dwellings.
- f. The Board engaged Aquacell Pty Ltd (Aquacell) and a number of other firms to undertake the following:
  - i. Undertake a technology evaluation to determine the most suitable potable and wastewater treatment solutions;

- ii. Design the potable water treatment, storage & reticulation system for the Narara Ecovillage including the statutory provisions for bush fire fighting;
  - iii. Design the sewer reticulation and treatment plant for the Narara Ecovillage;
  - iv. Design the recycled water reticulation and storage to supply to individual dwellings in the Narara Ecovillage for use in toilet flushing and gardens; and more widely for use in community gardens;
  - v. Provide detailed design of the selected technologies to DA requirements and completed an application for a retail and network operator license, for both water and sewer, under the *Water Industry Competition Act 2006* (NSW);
  - vi. Aquacell subsequently submitted their application for a retail and network operator license to IPART on 14 July 2014.
  - vii. Coordinate with hydraulic services designer to optimise treatment plant location and reticulation; and
  - viii. Coordinate with other consultants regarding Property water management issues as required.
  - ix. Following a meeting with senior staff of IPART and the Co-operative in October 2015, it was determined to withdraw the WICA license application submitted by Aquacell in favour of the Co-operative becoming the Applicant. The application by the Co-operative for a retail and network operator license is currently in the final stages of preparation and is expected to be lodged with IPART before the end of 2015.
- g. The Board has engaged various consultants to finalise the design of infrastructure and civil engineering works as per the terms of the DA Stage 1 approval to apply for a Construction Certificate. As part of this work the required documentation for a tender package is also being developed and it is expected that prior to the end of 2015 a number of Contractors will be invited to submit a price for providing a fixed price for the Stage 1 works.
- h. The Board engaged E2 Design Labs to undertake the feasibility study for the Smart Grid as per the terms of the
- i. The Board, with the assistance of E2 Design Labs, is looking into how the Property may be able to be energy self-sufficient.

#### 4.5 Statement of Environmental Effects And Consultant Reports

- a. A copy of the Statement of Environmental Effects (SEE) submitted for the four approved Development Applications are available on request. These

include:

- i. Establishment of Use (DA 44650/2013)
  - ii. Stage One Subdivision (DA 44994/2013)
  - iii. Cluster Lot 15 (DA 44899/2013)
  - iv. Cluster Lot 36 (DA 44994/2013)
- b. A list of Consultant Reports submitted with the main Stage One DA are listed in Supporting Document C and are available on request.

#### 4.6 Plan of Subdivision

Chase Burke and Harvey Land Surveyors (CBH) were engaged to complete the plans of subdivision required for the Stage One DA. The plans show:

- a. The land covered by the subdivision including whether the E3 (formerly 7c2) and E2 (formerly 7a) land will be included as part of the community owned land and will be held in the short term by the Co-operative. The DA includes an easement across RE1 (formerly 6a – floodplain) for access to the E3 land. The easement must be in place prior to the RE1 land being transferred to Gosford City Council under the VPA, as it is not possible to create an easement over land that is zoned public open space;
- b. The staging of the community title;
- c. The common property owned by the community association — for example roads, the dam site (which needs to be subdivided within its existing zoning) and easements;
- d. The initial subdivided residential lots, and cluster development lots in Stage One;
- e. Lots to remain in the ownership of the Co-operative as part of the community title for example the Visitors Centre, the Administration buildings and the heritage buildings;
- f. The super lots for any future stages of the community title;
- g. Public and private access ways;
- h. Easements for services; and
- i. Easements for access.

#### 4.7 Bushfire Report and Bushfire Management Plan

- a. The Board engaged Australian Bushfire Protection Planners Pty Ltd (ABPP) and Travers Environmental Pty Ltd to complete Bushfire Protection

Assessments and Bushfire Management Plans. These consultants have advised that there will be Asset Protection Zones (APZ) required due to the proximity to high fire risk forest and riparian zones. As a result there will be development exclusion zones and additional construction standards imposed on buildings constructed near the APZ.

- b. This will impact the cleared areas of the Property, therefore triggering the requirements of sections 78BA and 91(1) of the *Environmental Planning & Assessment Act 1979* (NSW). The Property does contain bushfire prone vegetation and therefore any sub-division of bushfire prone land will be considered an integrated development under section 91(1) of the *Environmental Planning & Assessment Act 1979* (NSW) and requires the consent of the Commissioner of the NSW Rural Fire Service, under section 100B of the *Rural Fires Act 1997* (NSW).

#### 4.8 Contamination Report and Hazmat Survey

- a. The Board has resolved not to undertake a further contamination report or Hazmat Survey. The original report undertaken by the State Property Authority identified 24 out of 61 buildings surveyed contained asbestos, synthetic mineral fibre and lead paint materials. If you wish to receive a copy of the earlier reports obtained by State Property Authority please contact the Board for a copy. The Board has not, as of 24/07/2014, approved an asbestos management plan for the Property nor updated the previous asbestos register compiled by State Property NSW.
- b. Phase 1 contamination investigation (Preliminary Site Investigation or PSI) commissioned by the NSW Department of Industry and Commerce in 2005 found certain areas of the Property to be contaminated and requiring remediation before the land could be fit for purpose. The following recommendations were made:
  - i. Remove a redundant underground fuel tank and validate the area around it;
  - ii. Remediation options should be assessed for a green waste rubbish dump which found the presence of asbestos in the soil;
  - iii. Consideration should be given to investigating the health effects of residual herbicides, which could be present in the surface soils; and
  - iv. Localised areas of hydrocarbon contamination should be removed.
- c. The Board appointed Douglas Partners to review the previous report and prepare an updated Preliminary Site Investigation (PSI) report to be submitted with the Stage 1 DA. The report is available on request.
- d. The report concludes that the risk across the site is assessed to be generally low to moderate; however some areas with higher contamination potential exist and further action is required.

- e. The Board has appointed an NSW EPA Accredited Auditor, Melissa Porter of RAMBO-ENVIRON Australia Pty Ltd, to oversee the review of the PSI, oversee a Sampling and Analysis Quality Plan (SAQP) and the preparation of a Detailed Site Investigation (DSI) as recommended by Douglas Partners.
- f. Coffey Environments Australia Pty Ltd were engaged to prepare a Phase 2 Contamination Assessment. Their completed report was received on 6 October 2015. A copy of this report is available on request.
- g. Based on the findings in the PSI and Phase 2 Contamination Assessment, the Board does not expect that any remediation works will affect or prevent redevelopment of the site for the proposed mixed residential and commercial uses.
- h. A Remediation Action Plan based on the findings of the Phase 2 Contamination Assessment was prepared by Coffey Environments Australia Pty Ltd and received on the 29<sup>th</sup> October 2015 and work is currently underway to affect remediation and validation. It is understood that these works are minor and expected that they will be completed before the end of 2015.

#### 4.9 Heritage Items

- a. The site includes the following heritage items which are listed in GPSO:
  - i. Administration Block/Formal Grafting Shed and curtilage;
  - ii. A group of Hoop Pines near the Farm Complex;
  - iii. A bald Cypress tree inside the front gate;
  - iv. Former Managers Residence, house and curtilage;
  - v. Main Entrance Gate Posts;
  - vi. Plantation of Pecan Trees;
  - vii. Row of Callery Pear Trees;
  - viii. A Turpentine Tree of the eastern boundary; and
  - ix. Specimen of Callery Pear (referred to as strain D6)
- b. The Board engaged Musescape Pty Ltd Heritage Consultants to prepare an updated Conservation Management Plan (CMP). The report is available on request.

#### 4.10 Arboricultural Report

- a. The Board engaged Michael Shaw (consultant Arborist) to complete an arboricultural report. The report identified individual trees on a site diagram that are required to be maintained. A copy of the report is available on request.

#### 4.11 Aboriginal Archaeological & Cultural Assessment Report

- a. The NSW State Department of Commerce on behalf of the NSW Department of Primary Industries commissioned an Aboriginal Archeological & Cultural Heritage Assessment Report as part of the original rezoning application. The report was published in May 2006 and found that the proposed development would not have a significant direct effect on Aboriginal archaeological sites or Aboriginal cultural heritage values. No Aboriginal sites or artifacts were found in the proposed development area and no further consent was required.
- b. The report did find sites of high Aboriginal archaeological potential in the E2 conservation land, with 15 sites recorded in the field studies such as stone arrangements, scarred/carved trees, coking/grinding hole and spear-sharpening grooves. The report recommended that these sites be preserved and that no walking trails or public advertising of the sites be undertaken.
- c. The Board resolved not to undertake a new study on the Property as no change had occurred on the property since the earlier report.
- d. The Board engaged the Darkinjung Local Aboriginal Land Council (DLALC) to review the earlier report and carry out a site inspection in May 2014 to verify the finding of the 2006 report. The Project Director and the Senior Project Officer for Culture and Heritage DLALC participated in the site inspection and verified the findings.
- e. DLALC has been invited to participate in the ongoing development and the Board has undertaken to notify DLALC 30 days prior to construction works.
- f. The Board has undertaken to look out for surface shell, bone, rocks or any other Aboriginal Cultural Heritage material when soil excavation, earth works and vegetation clearing occurs.
- g. The Board has resolved that should any Aboriginal sites be located during any future works within the Property then all works will cease and the Office of Environment and Heritage and DLALC will be notified immediately for further advice.

#### 4.12 Flora and Fauna Gap Analysis Survey Report

- a. The Board engaged Robert Payne of Ecological Surveys & Management (ES&M) to undertake a Flora and Fauna Gap Analysis Survey Report to be submitted with the Stage One DA. The report is available on request.
- b. Investigations revealed that one endangered plant species (Magenta Lilly Pilly) was found in the riparian zone of the first order stream to the north of the Heritage House (former Manager's Cottage). This area is not slated for development of any kind.
- c. Threatened fauna species were also found such as the Eastern Bent-wing Bat, the Powerful Owl, the Sooty Owl, the Grey-headed Flying Fox, the Yellow-bellied glider, the Red-crowned Toadlet, the Glossy Black-cockatoo and the Black Bittern. Three preliminary management issues have been raised:

- i. Preparation of a weed management strategy;
  - ii. Care and control during landscaping involving the Magenta Lilly Pilly; and
  - iii. Restriction of artificial night lighting and the ultimate impacts on nocturnal fauna.
- d. The Board further engaged Robert Payne of ES&M to provide an Ecological Restoration Plan, which was completed in December 2013. The report covers management of threatened species; management of the impacts associated with the subdivision; weed-management and eradication; management of endangered ecological communities and ongoing management requirements. The report is available on request.

#### 4.13 Dambreak and Flooding Report

- a. The dam was built in 1985 as a source of water for irrigation on the research site. The dam consists of a 9 metre high earthfill embankment and is approximately 100 metres long and 3.1 metres wide. The storage capacity at full supply is estimate at 43.3ML.
- b. Within the state of NSW, dam safety (regardless of ownership and uses) is managed by the owner in conjunction with the Dams Safety Committee (DSC), an independent government body.
- c. The Board authorised the completion of the Dambreak Study Sensitivity Analysis by NSW Department of Public Works, initiated but not completed by the previous owners. The study was submitted to the DSC in May 2014.
- d. After ongoing discussions with Dam Safety Committee, the Co-operative was commended for the work undertaken since it acquired ownership of the dam and its stated desire to manage the dam safely and responsibly. The DSC advised that the committee will de-prescribe the dam, and the DSC has no current requirements for the dam.
- e. The Board has undertaken to maintain and manage the dam in accordance with the relevant Australian National Committee on Large Dams (ANCOLD) Guidelines for a Low Consequence Category dam, and engage specialist consultants as required.
- f. In July 2015 Pells Consulting were engaged to undertake a Dam Safety Assessment in accordance with current ANCOLD Guidelines and preparation of a Dam Safety Management Plan. Their Dam Safety Monitoring & Surveillance Report and Dam Safety Emergency Action Plan were received on 18 August 2015 and are available on request.

#### 4.14 Civil Engineering

The Board believes significant civil engineering works are required to develop the site, including:

- a. Two single track crossings over the middle central gully;
- b. Internal roads and footpaths including perimeter bush fire access road;
- c. Stormwater management and associated swales and wet weather retention areas;
- d. Cut and fill work required due to the gradient of the site.
- e. Accessway across the flood plain (RE1) to rural blocks (E3), including a bridge over Narara Creek. Note: this is not required until later stages of the development and the extent of works will be dependent on the nature of any proposed development on the rural blocks.
- f. The Board anticipates that scope of the civil works may change as more information becomes available.

#### 4.15 Gosford City Council -Voluntary Planning Agreement

- a. The Co-operative has negotiated a Draft Voluntary Planning Agreement with Gosford City Council for the subdivision and dedication of 'the 6(a) allotment and Hoop Pines' (now RE1) free of cost to the Gosford City Council. The Voluntary Planning Agreement was a condition of Contract for the Sale of Land by the NSW Government (clause 45 of the Contract for the Sale of Land) and is in place of contributions under Section 94 of the *Environmental Planning and Assessment Act 1979*. If you require a copy please contact the Project Director.
- b. The Voluntary Planning Agreement with the Council is noted on the Certificate of Title. The Board negotiated a change to the Voluntary Planning Agreement to provide for an easement for access across the flood plain (RE1) land to access the rural lots on the eastern side of Narara Creek, the Deane Street Side of the Narara Property, and for Council access to the Hoop Pine Allotment.
- c. The Co-operative is attempting to negotiate a further change to the Voluntary Planning Agreement with Gosford City Council which is intended to secure the Co-operative's access to the flood plain (RE1) land for future agricultural and recreational activities (see 4.2b, 4.2c and and 4.2d).

### 5 FINANCING THE DEVELOPMENT

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- a. As of 30 August 2015, the current share capital stands at \$6,143,886.

- b. As of 30 June 2015, member bridging loans stand at \$4,884,458. As of 30 June 2015 the Co-operative had no other loans.
- c. As of 30 June 2015 the Co-operative had cash at bank of \$77,038 and financial assets available for sale of \$2,634,457. Annual cash holding costs relating to the ownership of the Property are estimated as being \$600,000 per annum.
- d. The Board currently believes that member paid-up share capital and unsecured bridging loans will provide sufficient capital to complete Stage One construction without recourse to bank loan funds. If this is not the case then the Board will submit an application for a bank loan for the funding of some of the costs associated with the Stage One development of the Property when final costs are calculated and prior to the commencement of Stage One infrastructure works.
- e. The Board believes that the revenue that can be achieved from the Stage One development will be less than the costs of Stage One, the main reason being it is anticipated that the lead in infrastructure costs will be disproportionately high for Stage One when compared to later development stages.
- f. The Board intends to continue raising further funds by issuing share capital to new and existing members The Board has accepted unsecured bridging loans from members when offered.
- g. The Board anticipates the total cost to complete the Narara Ecovillage Development will be approximately \$28,100,000 plus GST. More accurate costing will be developed over the course of the project, subject to Development Approvals and the detailed design of the various stages.
- h. The Board currently anticipates the development will occur over 3 stages and believes it will be fully completed in approximately 7 years.

## **6 WHO CAN BE APPROVED BY THE BOARD TO BE A MEMBER OF THE CO-OPERATIVE?**

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- a. In order for the Board to consider a person's application for membership the person must:
- b. Provide a properly completed Application for Membership in the form attached to this Disclosure Statement; and
- c. Subscribe for a minimum of 20,000 shares at \$1.00 per share.
- d. In order for the Board to approve the application for membership the Board must be satisfied that there are reasonable grounds to believe that the person will be an 'active member' (See Sect 14.1) of the Co-operative and the Board must have received: confirmation in writing of the proposed Member's intention to acquire a lot on the Property or to be a landowner of a lot on the Property; and the Member must have confirmed their intention to undertake at

least two hours volunteer work as approved by the Board each financial year.

- e. This number of member annual contribution hours is currently being tracked for a six month trial period with a view to proposing a Rule change to increase the minimum number of annual volunteer hours to maintain active membership. This will be subject review and approval by the Co-operative members.

## **7 HOW DOES THIS CO-OPERATIVE PERFORM ITS DUTIES**

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- a. The Co-operative intends to carry out its Primary Activities (Rule 2.1) and Objects (Rule 1.4) as follows:
- b. The Board intends to continue to seek new members and raise share capital until applications for residential lots are fully subscribed. The Board acknowledges that, as at the time of this Disclosure Statement, the Narara Development is intended to provide residential housing and commercial facilities (as yet undetermined) for members. It is the Board's intention that all members who join the Co-operative will be landowners and will be encouraged to utilise the common property and commercial facilities.
- c. In the period of property development and while lots are being sold, it is the intention of the Board that loans will be capitalised, serviced from income derived from the property, or from Co-operative share capital received. After the Property has been developed, the Board intends that it will repay the loan finance from the amounts received from the sale of the lots and that ongoing property ownership costs incurred by the Co-operative are met from its ongoing revenue sources, such as the letting of properties owned by the Co-operative on the Property.
- d. The Board proposes to finalise funding arrangements for the financing of the Stage One Development as soon as detailed costing are available.
- e. In the event that the Co-operative is unable to obtain sufficient loan funding to successfully proceed with the Development, the Board will refer the matter to a General Meeting of Members to determine a future action plan. One option is for the members to sell the Property, wind up the Co-operative and return any remaining funds, after payment of the costs of the Co-operative, to the Members pro rata to their paid up shareholding.
- f. The Board believes that the Narara Ecovillage Stage One Development will take no less than 12 months to 2 years develop from the date of Development Approval, 8<sup>th</sup> August 2014.
- g. It is the Board's intention that all members will be required to maintain their membership in the Co-operative and hold the minimum of 20,000 shares after the purchase of a residential lot in the Narara Development. Members must hold the minimum shareholding for the duration that they are a landowner.

Residential lots can only be sold subject to a simultaneous transfer of shares to a third party (the purchaser). The purchaser will become a landowner and member of the Co-operative on completion of the sale of the residential lot and transfer of shares.

- h. On the 1<sup>st</sup> October 2015 the board approved a proposal to be put to members for approval at a Members Meeting to increase the minimum shareholding from 20,000 to 30,000 shares.

## **8 HOW IS THE CO-OPERATIVE MANAGED**

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### **8.1 Narara Ecovillage Co-operative Ltd - Board of Directors**

- a. The Co-operative is controlled by a board of 7 directors. Three directors were elected at the Formation Meeting held on 22 July 2012, Stuart King, Lyndall Parris and John Talbott. A further 2 directors, Richard Cassels and Mark Fisher, were elected on 17 March 2013. A further two additional directors, Donna Carey and Geoff Cameron, were elected on 8 May 2014. Richard Cassels resigned from the board on 8 February 2015 and was replaced by Verena Olivier on the same date.
- b. The role of the Board is to run the Co-operative in accordance with the Objects and to carry out the Primary Activities of the Co-operative. The Board must do so in a manner that is financially sustainable and in the best interests of the Co-operative.

### **8.2 The Organisational Structure**

- a. There are two existing organisations involved in the Narara Ecovillage Project and both organisations have specific roles. The Property will be held under “community title”, and accordingly a Community Association (similar to a strata title body corporate) will need to be formed.

### **8.3 Narara Ecovillage Co-operative Ltd (the Co-operative)**

- a. The Co-operative was incorporated as a trading co-operative under the *Co-operatives Act 1992* (NSW) on 27 July 2012. The Co-operative’s role can be briefly described as the property development arm of the Narara Ecovillage Project.
- b. The Co-operative’s role is to raise members share capital and financing for the purchase and development of the Property. The Co-operative is responsible for the development of the Narara Ecovillage Project including amongst other things:
  - i. The engagement of the property development core team;
  - ii. The engagement of consultants to provide up to date reports for the purpose of completing the Master Plan and Development Approval for

the development of the Property under the *Community Land Development Act 1989* (NSW);

- iii. Negotiations with Gosford Council and gaining Development Approvals consistent with the proposed Community Title Development;
  - iv. The engagement and supervision of construction contractors;
  - v. The sale of residential lots;
  - vi. Retention of part of the Property for commercial use to generate revenue and contribute to the Community Association sinking fund.
- c. Membership of the Co-operative is limited to persons meeting the active membership test who propose to be landholders on the Property.
- d. The Board of the Co-operative in consultation with the members have established a number of Teams and Working Groups to carry out the activities and necessary work of the Co-operative and to maintain and care for the existing buildings and land of the Narara Ecovillage.
- e. Principal Teams:
- i. Land
  - ii. Buildings and Infrastructure
  - iii. Community Development
  - iv. Economic Well Being
- f. Working Groups:
- i. Legal & Finance
  - ii. Project and Technical Advisory Group (ProTAG)
  - iii. IT & Web
  - iv. Village Heart
  - v. Member Wellbeing
  - vi. Member Annual Contribution Hours
  - vii. Member orientation/induction
  - viii. Member meetings
  - ix. Building Standards
  - x. Governance
  - xi. Community Management Statement
  - xii. Bush Regeneration
  - xiii. Admin Building Garden
  - xiv. Mixed Orchard
  - xv. Citrus TGIF
- g. The Board of the Co-operative in consultation with the members have adopted an interim decision making process broadly based on Sociocracy or Dynamic Governance. The trial was initiated in May 2014 will be reviewed periodically.

#### 8.4 Narara Eco Living Network (NELN)

- a. NELN was previously known as Sydney Coastal Ecovillage (SCEV), which was registered under the *Associations Incorporation Act* (NSW) on 22 January 2007. NELN is a non-profit non-trading incorporated association.
- b. NELN's role in the Narara Ecovillage Project is to:
  - i. Promote the Narara Ecovillage Project to the public and encourage interested parties to become members of the Co-operative;
  - ii. Promote environmentally and socially sustainable practices at Narara and in the broader community;
  - iii. Promote and educate the public on community governance principles;
  - iv. Hold promotional events at the Property and elsewhere.
  - v. Co-ordinate and manage the use of some community facilities under license from the Co-operative.
- c. Currently NELN is licensing the visitors centre and administration building from the Co-operative as a community group.

#### 8.5 Narara Ecovillage Community Association (NEVCA)

- a. The Board proposes in the future to sponsor the establishment of the "Narara Ecovillage Community Association (NEVCA)". The Board's present intention is that the Community Association will be constituted under the *Community Land Development Act 1989* (NSW) subject to the registration of a community plan at the LPI. It is anticipated that NEVCA will be constituted in 2016 and the first residential lots will be made available to members in 2016.
- b. Once formed, NEVCA will be responsible for the following types of activities:
  - i. Administering and enforcing the by-laws of the community scheme;
  - ii. Raising funds by levying its members in the scheme to carry out its duties;
  - iii. Managing the administrative fund and sinking fund to cover the costs of maintaining the association property, payment of insurance premiums and to cover for future capital expenses and any other relevant expenses
  - iv. Keeping records of all notices or orders served on it, correspondences received and sent and minutes of its meetings including details of any motions passed;
  - v. Preparing financial statements for each relevant period and presenting them at the annual general meeting;
  - vi. Preparing and maintaining a community roll that contains separate entries

for each community development lot, each subsidiary scheme within the community scheme and its community property and the community scheme in general;

- vii. Insuring buildings or structures on its association property at all times with an approved insurer against damage or destruction by fire, lightning, explosion or other prescribed risks;
- viii. Taking out public liability insurance, workers compensation insurance and voluntary workers insurance when required by law.

## **9 REMUNERATION OF DIRECTORS AND THE ROLE OF CONSULTANTS**

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- a. Currently the directors are not paid in their role as directors, but they may claim reimbursement for personal expenses relating to Co-operative duties.
- b. The Board has engaged 4 directors as paid consultants:  
Lyndall Parris of Utopeco Pty Ltd as Community Director, and  
John Talbott of Stormlight Consulting Pty Ltd as Project Director.  
Donna Carey as Site Works Co-ordinator.  
Geoff Cameron as Asset Sales Co-ordinator and Project Scheduler.
- c. Consultant's fees for John Talbott and Lyndall Parris were approved by resolution of the Co-operative at a member's meeting on 25 November 2012.
- d. All of the above directors have agreed to defer a proportion of their fees until Stage 2 in order to benefit the Co-operative's cash flow in the early stages of the project.

## **10 SIGNIFICANT CHANGES**

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- 10.1 The following are matters considered to be a significant changes since the last Disclosure Statement of the Co-operative:
- a. Lodging two Section 96 applications to allow demolition and site clearing works to commence for Stage One Development and to remove 10 cluster lots and replace with 9 serviced sites, realign and change traffic flow direction for various roads and remove two roads.
  - b. Receiving Section 96 approval to allow demolition and site clearing works to commence for Stage One Development on 22 June 2015.
  - c. Confirmation from members interviews that self funding for the Stage 1 civils works is viable and that bank funding is no longer likely.

- d. Confirming lot selection of 42 Stage 1 lots by members in November 2015.
- e. Change in Applicant for the WICA retail and network operators License from Aquacell Pty Ltd to the Co-operative.

## **11 EXPLANATION OF FINANCIAL OBLIGATIONS OF MEMBERS**

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### **11.1 Why become a member of the Co-operative?**

- a. The purpose of becoming a member of the Co-operative is to acquire a lot or be a landowner at the Narara Ecovillage. All members are required to purchase a residential lot at the Narara Property at market value, in one of the stages of the development of the Narara Property. The Board may agree to a discount in certain circumstances that will be set out in the Board policies.
- b. Please advise the Board on the Member's Intention to Acquire a Lot on the Property form (attached) if you have a preference for the acquisition of a lot in a specific stage or in a particular area of the Narara Property.
- c. This Disclosure Statement is issued with the purpose of raising further capital (shares) from members to develop the Narara Property.

### **11.2 Minimum Shareholding**

- a. The minimum shareholding is 20,000 shares fully paid. Each share has a nominal value of \$1.00 per share.
- b. On the 1<sup>st</sup> October 2015 the board approved a proposal to be put to members for approval at a Members Meeting to increase the minimum shareholding from 20,000 to 30,000 shares on the advice of the Co-operative's auditors Boyce Assurance Services Pty Limited. A change in the Rules of the Co-operative will be required and will be undertaken only after consultation with the membership.
- c. Additional shares may be acquired either fully or partly paid. The minimum percentage of payment on partly paid shares is 10%.

### **11.3 Maximum Shareholding**

- a. The maximum number of shares which a member may hold in the Co-operative is 20% of the issued share capital of the Co-operative.

### **11.4 Annual Contributions**

- a. The methodology for calculating the annual contributions will be determined by the Board and published to the members (Rule 15).
- b. The Board has resolved that there are no annual contributions payable in the financial year ending 30 June 2015.

- c. Further information on contributions and a work schedule for the upkeep of the Narara Property will be advised after the date of this Disclosure Document, once the conditions of the Development Consent are fully understood.

## 11.5 Obligations of Shareholders

### a. Issue of Shares and Minimum Shareholding

- i. The Co-operative and its members are subject to the *Co-operatives National Law*. The Rules of the Co-operative are subordinate to the *Co-operatives National Law* and are legally enforceable under the *Co-operatives National Law*.
- ii. If you apply for membership and your application is accepted by the Board, the Board will issue you with shares in the Co-operative under Rule 29. To apply for membership, please complete the Application for Membership and Shares form attached.
- iii. Under Rule 26.2 the minimum shareholding is 20,000 shares fully paid. Each share has a nominal value of \$1.00 per share.
- iv. Additional shares may be acquired either fully or partly paid, at the discretion of the Board. The minimum percentage of payment on partly paid shares is 10%, with a minimum of \$20,000 required.
- v. Your shareholding will be issued to you in its entirety regardless of whether you opt to fully or partly pay those shares. If you opt to partly pay your shares you are legally liable to pay the Co-operative the balance of funds owing on those shares at a date in the future to be determined by the Board of the Co-operative.
- vi. In order to help fund the Co-operative in the first years of operation, many members have purchased additional shares above the minimum. This has allowed the Co-operative to carry out the development of the project without bank funding.
- vii. It is the Board's policy to encourage members to purchase up to 250,000 shares as a maximum if feasible.

### b. Partly Paid Shares

- i. Shares are normally acquired as fully paid with the nominal value of \$1.00 per share.
- ii. In special circumstances, at the discretion of the Board, shares may also be purchased as partly paid.
- iii. Under Rule 29.2 a minimum percentage of 10% must be paid up on the value of the entire issued shareholding.

- iv. Pursuant to Rule 29.3 and 29.4, a Shareholder will be required to pay the outstanding balance on the issued shares to the Co-operative within twenty- eight 28 days of receiving a Notice from the Board requesting payment (“the Call”).
  - v. If you propose to be a joint member and opt for partially paid shares, please note each individual/entity within the joint membership has joint and several liability to pay the outstanding balance on the issued shares (Rule 29.5).
- c. Rules are a Contract between You and the Co-operative
- i. The *Co-operatives National Law* provides that the Rules have the effect of a contract under seal between the Co-operative and a Member. By becoming a Member, you agree to be contractually bound by the Rules and to observe and perform the Rules applicable to you. The Rules of the Co-operative, as approved by the Members and registered by the Registrar of Co-operatives, are enforceable through the courts.
- d. Shareholders’ Offset
- i. Shareholders are entitled to offset (redeem) their shares against the value of a lot being purchased from the Co-operative.
  - ii. The offset is subject to the shareholder maintaining the minimum shareholding of 20,000 shares in the Co-operative

#### 11.6 New Members

- a. The Co-operative will accept new Members in accordance with the procedure set out in the Rules and that all Members will be required to meet the active membership test and have subscribed for the minimum shareholding. (See Section 14.1)
- b. A Member Orientation working group was established in 2015 to assist people wishing to assess whether they to join the Co-operative and guidelines were produced to help with getting to know the Co-operative. See Supporting Document
- c. New members may join as a single member or as joint members. Each membership is entitled to one vote regardless of the number of individuals in a joint membership.
- d. Members should indicate their intention to join as single or joint members on their Application. Full name and contact details are required for all individuals included in joint memberships.

#### 11.7 Inactive Members

- a. In the event that a Member decides not to proceed to purchase a lot from the Cooperative, the Member may provide the Board with notice in writing that the Member no longer intends to purchase a lot on the Property.

- b. The Board intends that the Member will be considered inactive from the date the Board receives the notice. At that time, the Board intends to give the Member the opportunity to sell or transfer the Member's Shares to a third party, subject to the consent of the Board, within 12 months from the date the Board receives the notice. If the Member does not sell or transfer the Shares within the 12 month period, the Board intends to give the Member 1 months' notice of cancellation of Membership and forfeiture of Shares in accordance with the Rules.
- c. If the Member does not become active within 1 month of receiving the notice of proposed Cancellation of Membership from the Board, the Membership will be cancelled and the Shares forfeited. The Board has resolved that the amount owing to the Member on the forfeited Shares will be converted to a debenture with a maximum term of 10 years to be repaid in accordance with the *Co-operatives National Law*.

## **12 RESIDENTIAL LOTS PRIORITY LIST**

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- 12.1 The Board has resolved that existing members as at the date of the issue of this Disclosure Statement, have first priority on the choice of Stage 2 lots.
  - a. **The Board wishes to advise new members that in determining the allocation of Stage Two lots priority will be given to existing members who have a minimum of 50,000 fully paid shares.**
- 12.2 Subject to the above, the Board has resolved that new members who apply for membership under this Disclosure Statement will be given a choice of the remainder of Stage Two lots on the basis of "first come first served" using the order established by the member's registration number and date funds are deposited into the Co-operative's bank account.
- 12.3 The Board wishes to advise members that pricing will vary between lots and be determined in conjunction with the advice an independent valuer.

## **13 DEBT TO EQUITY RATIOS**

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- 13.1 The Board has a policy of accepting unsecured bridging loans from members when offered.
- 13.2 The Board is of the opinion that in the event that bank finance is required for the development of the Narara Ecovillage the bank will require the Co-operative to maintain conservative debt to equity ratios, i.e. loans to share capital.

## **14 GOVERNANCE**

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### **14.1 Active Membership Provision**

- a. The primary activities of the Co-operative are:
  - i To design, develop and establish an ecovillage at Narara with residential housing and commercial facilities.
  - ii To operate, lease or license commercial facilities at Narara.
  - iii To maintain and renew the commercial facilities at Narara.
- b. In order to establish active membership of the Co-operative a member must:
  - i provide confirmation in writing of the Member's intention to acquire a lot on the Property, or be a Landowner of a lot at the Property; and
  - ii undertake at least 2 hours volunteer work as approved by the Board each financial year.
- c. The Board may introduce a Special Resolution to the membership within the coming financial year to increase the minimum hours of volunteer work. Consultations with the membership are currently underway to establish an agreed number of Member Annual Contribution Hours.
- d. See also 8.3g

## **15 RULES**

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- a. The Rules of the Co-operative have the effect of a contract between the Co-operative and each member and between the members of the Co-operative. By becoming a member, a person becomes bound by and agrees to observe and perform the provisions of the Rules in so far as they apply to that person.
- b. In particular, the Rules set out the requirements that each member must satisfy in order to be an active member of the Co-operative.

## **16 SPECIAL RESOLUTIONS**

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- a. Special Resolution of the Members Meeting of 25 November 2012 – Adoption of Alteration of the Rules.
- b. Special Resolution of the Members Meeting of the 17<sup>th</sup> March 2013 – Increasing number of Directors to 5.
- c. Special Resolution of the Members Meeting of 13<sup>th</sup> April 2014 – Increasing

number of Directors to 7.

- d. Special Resolution of the Annual General Meeting on 14 December 2014 - 10% Pioneer Member Benefit.

## **17 DISCLOSURE DOCUMENTS**

---

17.1 Members are entitled to:

- a. a current copy of the Rules;
- b. the Annual Report when available in 2015; and
- c. a copy of all special resolutions passed by the Co-operative which are applicable (except those providing for alteration of the Rules) provided free of charge.
- d. Reports from the First Annual General Meeting in December 2013,
- e. Second Annual General Meeting in December 2014 and
- f. Third Annual General Meeting in November 2015.

17.2 The following financial information is attached:

- a. Financial Statements for the period ended 30 June 2015.

17.3 Other documents related to the Narara Ecovillage Development, such as plans, studies, reports and Development Application documents are available to members in electronic format on request. See the list of Supporting Documents.

## **18 CO-OPERATIVE MEMBERSHIP**

---

18.1 Maintaining active membership

- a. If a member is inactive or the member's whereabouts are unknown for a period of 12 months the Board must declare the membership of the member cancelled and that person's shares will be forfeited.

18.2 The right to vote

- a. Each membership receives one vote regardless of the number of shares held.

- b. Each membership receives one vote regardless of the number of individuals in a joint membership.
- c. Only active members are eligible to vote. The *Co-operatives National Law* does not allow members under 18 to vote or take office.

#### 18.3 Liability of members

- a. A member is not under any personal liability to the Co-operative with the exception of any debts owing by that member to the Co-operative.

### **19 RIGHTS AND LIABILITIES ATTACHING TO SHARES**

---

#### 19.1 Share qualification

- a. Each member shall, on admission to membership of the Co-operative, hold the minimum number of 20,000 shares. The maximum number of shares, which a member may hold in the Co-operative is 20% of the issued capital of the Co-operative.

#### 19.2 Nature of shares

- a. The acquisition of shares in the Co-operative is a requirement for membership in the Co-operative. Membership carries additional rights and obligations as set out in the Rules.
- b. A share in the Co-operative is personal property. The Co-operative has a charge on a member's shares or any dividend payable to the member for the amount of any debts owing by that member to the Co-operative.
- c. A share may be transferred, with the consent of the Board, to a person if there are reasonable grounds for believing that the transferee will become an active member of the Co-operative. An administrator, trustee in bankruptcy or executor appointed under a law of state or territory to administer the estate of the member may be registered as the holder of a share.
- d. The Co-operative may distribute to members any part of the surplus arising in any year from the business of the Co-operative by way of bonus shares, rebates or a limited dividend.

#### 19.3 Repurchase of shares

- a. The Co-operative may repurchase the shares of a member where the member so requests. However, the Co-operative:

- i. is not bound to do so; and
- ii. is not obligated to repay the value of the shares immediately if this would adversely affect the financial viability of the Co-operative.
- iii. Is not permitted to purchase more than 5% of the paid up capital of the Co-operative in any one financial year.

#### 19.4 Forfeiture of shares

- a. Where the membership is being cancelled under the active membership requirements, the board must declare that the shares of the member are forfeited.
- b. The Co-operative must repay the amount due in relation to the cancellation within 12 months of the date of cancellation, unless the Board considers that repayment would adversely affect the financial position of the Co-operative. The Co-operative may retain the money until such time as repayment would not adversely affect the financial position of the Co-operative. However, this amount must be paid within 10 years of the cancellation of the membership.

#### 19.5 Share Entitlements

- a. Members who hold a minimum of 50,000 shares (\$50,000 contribution) have a confirmed place Residential Lot Priority List.
- b. For members holding in excess of 50,000 shares, the Board intends to pay members at their market value for services rendered to the Development.
- c. The services may be physical labor or other skilled tasks determined by the Board to be needed by the Co-operative.
- d. The level of remuneration is to be agreed in advance with individual members up to a maximum of 7% of their equity contribution in excess of \$50,000, calculated for the period the Co-operative has held the funds.
- e. When individual lot and Cluster titles become available, share equity will be converted to the purchase price of the lot, with a minimum of 20,000 shares to be retained by the member as a condition of active membership.

#### 19.6 Winding up

- a. In the event of dissolution of the Co-operative, if any property remains after the satisfaction of all its debts and liabilities (including the refund of amounts paid up on the shares), the property shall be distributed among the members in proportion to their shareholdings.

## 20 TERMS OF MEMBER BRIDGING LOANS

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- a. Bridging Loans have been accepted from members when offered in order to allow the project to proceed prior to bank or lending institution finance being received.
  - b. Member Bridging Loans are unsecured. Member Bridging Loans are for a fixed period with a current Repayment Date of 30 June 2016.. Interest is calculated at 7% per annum and paid monthly.
  - c. It is anticipated that member loans will be rolled over with a new expiry to coincide with the issue of the Stage 1 lot or Cluster House titles.
  - d. The Board will not grant a security to a bank or other lending institution without offering the option to fully repay any unsecured loans to members
  - e. Except as specified in Notes 17 and 18 to the attached Financial Statement of the Co-operative for the period to 30 June 2015 or elsewhere in this Disclosure Statement, no director of the Co-operative have an interest in any member's loans to the Co-operative and no compensation or consideration is to be paid to officers or members of the Co-operative in connection with the loans.
-

## **21 CO-OPERATIVE PRINCIPLES**

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### **21.1 Voluntary and open membership**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **21.2 Democratic member control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary Co-operatives, members have equal voting rights (one member, one vote) and Co-operatives at other levels are organised in a democratic manner.

### **21.3 Member economic participation**

Members contribute equitably to, and democratically control, the capital of their Cooperative. At least part of that capital is usually the common property of the Co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the Co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the Co-operative; and supporting other activities approved by the membership.

### **21.4 Autonomy and independence**

Co-operatives are autonomous, self help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external resources, they do so on terms that ensure democratic control by their members and maintain their Co-operative autonomy.

### **21.5 Education, training and information**

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their Co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefit of co-operation.

### **21.6 Co-operation amongst Co-operatives**

Co-operatives serve their members most effectively and strengthen the Co-operative movement by working together through local, national, regional and international structures.

### **21.7 Concern for the community**

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

## APPENDIX A



### APPLICATION FOR MEMBERSHIP AND SHARES NARARA ECOVILLAGE CO-OPERATIVE LTD

I/We,

.....  
(Full name/s)

of

.....  
(Residential address)

Apply to the Board for membership and shares in:

#### NARARA ECOVILLAGE CO-OPERATIVE LTD

In accordance with the Rules confirm that I/We intend to be active members and:

- (a) attach our confirmation in writing that we intend to purchase a lot on the Property;
- (b) confirm our intention to provide two hours volunteer work each financial year.

The minimum shareholding is 20,000 shares fully paid. Each share has a nominal value of \$1.00 per share. Additional shares may be acquired fully paid or at the discretion of the Board as partly paid (min 10%).

I/We apply as single/joint member(s) for the following number of shares:

- (1) I/We apply for **20,000 fully paid** shares (the minimum).
- (2) I/We apply for an additional ( ) shares fully (or partly paid to \_\_\_\_% - optional)

Total commitment: \$.....

Signed by

....., (proposed member 1)

In the presence of ....., (witness)

Signed by

....., (proposed member 2)

In the presence of ....., (witness)

Dated: ....., 2016

Narara Ecovillage Co-operative Ltd - ABN 86 789 868 574 - **Mailing address: 25 Research Road, Narara NSW 2250**  
Narara Ecovillage Co-operative Ltd follows the Australian Privacy Principles (APPs) of the Privacy Act 1998, as amended. We collect your personal information to contact you and provide you with membership privileges. If you do not provide the information, we may not be able to provide these services. We ensure that contractors that receive your personal information also comply with the APPs. To access or change your details, please contact the Privacy Officer, Narara Ecovillage Co-operative Ltd on [privacy@nararaecovillage.com](mailto:privacy@nararaecovillage.com) or by mail to 25 Research Road, Narara 2250.

## APPENDIX B



### Member's Intention to Acquire a Lot on the Property

As one of the conditions of maintaining active membership of Narara Ecovillage Co-operative Ltd:

I/we, confirm to the Board of Narara Ecovillage Co-operative Limited that it is my intention to acquire a subdivided lot within the Property described as lot 13 in Deposited Plan 1126998.

Full Name(s) .....

Signature(s) .....

Address .....

.....

Name of Witness .....

Signature of Witness .....

Address .....

**Date:** .....

Please nominate the stage that you would like to acquire your lot in:

☐

Stage 2 \*

☐

Future Stages

- \* The Board wishes to advise new member that in determining the allocation of Stage Two lots preference will be given to members who have a minimum of 50,000 fully paid shares.

Subject to the above, the Board has resolved that new members who apply for membership under this Disclosure Statement will be given a choice of the remainder of Stage Two lots on the basis of "first come first served" using the order established by the member's registration number. The Board wishes to advise members that pricing will vary between lots.

Best contact telephone(s): mob \_\_\_\_\_ landline \_\_\_\_\_

mob \_\_\_\_\_ landline \_\_\_\_\_

Best contact email(s): \_\_\_\_\_

\_\_\_\_\_

Narara Ecovillage Co-operative Ltd - ABN 86 789 868 574 - Mailing address: 25 Research Road, Narara NSW 2250

Narara Ecovillage Co-operative Ltd follows the Australian Privacy Principles (APPs) of the Privacy Act 1998, as amended. We collect your personal information to contact you and provide you with membership privileges. If you do not provide the information, we may not be able to provide these services. We ensure that contractors that receive your personal information also comply with the APPs. To access or change your details, please contact the Privacy Officer, Narara Ecovillage Co-operative Ltd on [privacy@nararacovillage.com](mailto:privacy@nararacovillage.com) or by mail to 25 Research Road, Narara 2250.

## APPENDIX C

### Membership Process and Questionnaire



NARARA ECOVILLAGE CO-OPERATIVE LTD

25 Research Road, Narara, NSW 2250

#### Membership Orientation

Dear prospective Narara Ecovillage (NEV) Members

Our members are embarking on a wonderful journey together: to create an ecovillage according to our Vision, Mission and Aim (VMA).

Our **Vision** is for an environmentally, socially and economically sustainable world

Our **Mission** is to create a sustainable ecovillage as a demonstration of this vision

Our **Aim** is to research, design and build a stylish, inter-generational, friendly demonstration ecovillage at Narara, blending the principles of ecological and social sustainability, good health, business, caring and other options that may evolve for our wellbeing.

In the context of building our social fabric and determining 'good fit', we invite you to reflect and answer the following Member Orientation Questionnaire and share it with our Orientation working group and your buddy (see Point 7 below). This will help in getting to know you better and in determining how best to organise your orientation.

We welcome your responses by email. Otherwise, feel free to chat to Joy or Lyndall in person anytime.

For your information, we have outlined the process for joining the NEV Co-op and becoming a member of our community.

Thank you for giving this your consideration.

Warm regards,

On behalf of the Member Orientation Working Group

Prospective members:

1. are requested to read the provided NEV Co-op Rules and Disclosure Statement	<input type="checkbox"/>
2. are invited to complete and return the Membership Orientation Questionnaire (attached to this letter) to the NEV Administration Officer, Joy Mozzi, at <a href="mailto:orientation@nararaecovillage.com">orientation@nararaecovillage.com</a> .	<input type="checkbox"/>
3. are requested to attend five NEV events, the majority of which are held at the Ecovillage. Examples include Open Days, Sydney NEV events, community dinners and working bees. Please draw your attendance at these events to the attention of Joy Mozzi.	<input type="checkbox"/>
4. are invited to complete the two forms to be supplied: i. Application for Membership & Shares form, and ii. Member's Intention to Acquire a Lot on the Property form	<input type="checkbox"/>
5. will receive the NEV bank details to deposit funds into the NEV Co-op bank account for purchase of shares in the Co-op	<input type="checkbox"/>
6. your request for Co-op membership will be taken to the NEV Board for ratification	<input type="checkbox"/>
7. will be introduced to your 'buddy', who will help you with some of the nuts and bolts of NEV	<input type="checkbox"/>
8. will receive a deposit receipt and share certificate	<input type="checkbox"/>
9. are invited to attend an Orientation session	<input type="checkbox"/>
10. are welcome to attend the regular monthly Member's Meetings. Periodically, there will be a Welcome for new members at a monthly Member's Meeting – date to be advised.	<input type="checkbox"/>

## APPENDIX C

### Membership Process and Questionnaire



NARARA ECOVILLAGE CO-OPERATIVE LTD

25 Research Road, Narara, NSW 2250

#### Membership Orientation Questionnaire

Date \_\_\_\_\_

Name \_\_\_\_\_

Joint membership with \_\_\_\_\_

1. What is it that attracts you to be part of Narara Ecovillage?
2. What are your reasons for considering our community and living in Narara Ecovillage. Are there any "must have" aspects?
3. Are there any "deal-breaker" aspects that would discourage you becoming a member?
4. Tell us a bit about your background, skills and training, and what do you really enjoy doing or are good at? (E.g. my skills are growing gardening, sculpture, and software programming, but I really enjoy pottery).
5. What would you like to contribute to our community?
6. Is there anything else you'd like us to know about you?
7. Is there anything else that you would like to know about us?

Answers may be returned by email to  
Joy Mozzi [orientation@nararaecovillage.com](mailto:orientation@nararaecovillage.com) (0428 582 258)  
Thank You

## APPENDIX D

Financial statements for the year ending 30 June 2015

## **Appendix 3.6.1.2**

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# **RULES OF NARARA ECOVILLAGE CO-OPERATIVE LTD**

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**A TRADING CO-OPERATIVE**

**REGISTERED UNDER THE CO-OPERATIVES ACT 1992 (NSW)**

**DATED 18 FEBRUARY 2013**

**MATTILA | LAWYERS**

Level 23, Governor Phillip Tower  
1 Farrer Place  
SYDNEY NSW 2000  
GPO Box 4727 SYDNEY NSW 2001  
Ph: (02) 9252 7177  
Fax: (02) 9241 4674  
[www.mattilalawyers.com.au](http://www.mattilalawyers.com.au)

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## **GENERAL STATEMENT ON RULES AND THEIR LEGAL EFFECT**

These Rules have the effect of a contract under seal between the co-operative and each of its Members, as well as between a Member and each of the other Members. Each Member, office-bearer, and Director must agree to observe and perform the requirements of the Rules applicable to them.

The Rules should be read in conjunction with the current provisions in the *Co-operatives Act* 1992 (NSW) and the Regulation to that Act. The Act and the Regulation are available for inspection at the registered office of the co-operative and can be accessed by Members, prospective Members and the public.

The Schedules provide information specific to the co-operative and are linked to the Rules. The Rules and Schedules should be read together.

In the application of a Rule, the interpretation that would best achieve the purpose of the Rule and the objects of the co-operative, as well as co-operative principles, is to be used in preference to any other interpretation.

## 1. DEFINITIONS AND NAME

### 1.1. Definitions

In these Rules, unless the context otherwise requires:

- (a) **“Act”** means the co-operatives Act 1992;
- (b) **“active Member”** means a Member who is in active Membership within the provisions of Rule 2.2;
- (c) **“alter”** or a similar word or expression used in relation to a Rule amendment includes add to, substitute and rescind;
- (d) **“auditor”** means the auditor or auditors for the time being of the co-operative appointed in accordance with Rule 20;
- (e) **“Board”** means the Board of Directors of the co-operative and includes a committee of management of the co-operative;
- (f) **“business day”** means a day that is not a Saturday, Sunday, public holiday or bank holiday in New South Wales;
- (g) **“By-Laws”** mean the By-Laws approved by Members pursuant to Rule 10.2;
- (h) **“Contributions”** mean the contributions for asset maintenance and renewals which the Board must set on an annual basis under Rule 15, to be paid by Members in accordance with the methodology set out in the By-Laws;
- (i) **“Director”** includes:
  - (i) a person who occupies or acts in the position of a Director or Member of the Board of the co-operative, whether or not the person is called a Director and whether or not the person is validly appointed or duly authorised to act in the position; and
  - (ii) a person in accordance with whose directions or instructions the Directors or Members of the Board of the co-operative are accustomed to act;
- (j) **“Landowner”** means the registered proprietor (or joint registered proprietors) of a lot at the Property and includes any mortgagee, chargee or encumbrancee, of the whole of the lot, who has entered into and is in possession of the whole of the lot or a lessee where the lease provides that the lessee is responsible for the payment of the contributions in which case the lessee is considered to be the landowner to the exclusion of the registered proprietor for the term of the lease.

- (k) **“may”** or a similar word or expression used in relation to a power of the Board indicates that the power may be exercised or not exercised at the Board's discretion;
- (l) **“Member”** means a member of the co-operative;
- (m) **“month”** means a calendar month;
- (n) **“Narara Development”** means subdivision and mixed development of residential housing and commercial facilities as part of an ecovillage that promotes social, environmental and economic sustainability;
- (o) **“prescribed”** means prescribed by the Act or under the Act by Regulation;
- (p) **“Property”** means the parcel of land at Narara in the Local Government Area of Gosford, Parish of Gosford, County of Northumberland and being lot 13 in Deposited Plan 1126998 and being the whole of the land in Certificate of Title (Folio Identifier) 13/1126998 and comprising 62.97 hectares as at 1 July 2012;
- (q) **“provision”** in relation to the Act, means words or other matter that form or forms part of the Act, and includes:
  - (i) a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph, sub-subparagraph or Schedule of or to the Act; and
  - (ii) a section, clause, subclause, item, column, table or form of or in a Schedule to the Act; and
  - (iii) the long title and any preamble to the Act;
- (r) **“Registrar”** means the Registrar of co-operatives or any person to whom the Registrar's functions are delegated from time to time;
- (s) **“Regulation”** means any Regulation made under the Act, and any Regulation that applies to a co-operative by way of a transitional Regulation made under the Act;
- (t) **“remuneration”** means any money, consideration or benefit but does not include:
  - (i) amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the co-operative or any subsidiary of the co-operative; or
  - (ii) in relation to an employee Director, remuneration received or due and receivable as an employee;
- (u) **“Rules”** means these Rules;
- (v) **“Schedule”** means a Schedule to these Rules;

- (w) **“secretary”** means any person appointed by the Board as secretary of the co-operative in accordance with section 219 of the Act;
- (x) **“Share”** means a Share in the capital of the co-operative;
- (y) **“special business”** means all business of a general meeting other than the ordinary business of the annual general meeting;
- (z) **“special general meetings”** means all general meetings of the co-operative other than the annual general meeting;
- (aa) **“will”** or a similar word or expression used in relation to a power of the Board indicates that the power must be exercised, subject to the Act or the Rule granting the power;
- (bb) **“writing”** includes printing, typing, lithography, electronic and other modes of representing or reproducing words in a visible form, and “written” has a corresponding meaning;
- (cc) **“Year”** means financial year in accordance with Rule 19.

## 1.2. Definitions – Interpretation provisions

- (a) Words importing one gender include the other gender.
- (b) Words importing persons include bodies corporate.
- (c) Words in the singular include the plural, and vice versa.
- (d) Words or expressions used have the same meanings as those given to them by the act and regulation.
- (e) A reference in these Rules to “the Act” includes a reference to the Act as originally enacted and as amended from time to time since its original enactment.
- (f) A reference in these Rules to a provision in “the Act” includes a reference to:
  - (i) the provision as originally enacted and as amended from time to time since the original enactment;
  - (ii) if the provision has been omitted and re-enacted since the enactment of the reference, the provision as re-enacted and as amended from time to time since its re-enactment; and
  - (iii) if the provision has been omitted and replaced with a new provision dealing with the same area of law or procedure, the new provision as enacted and as amended from time to time since its enactment.

- (g) In the interpretation of a Rule, or paragraph of a Rule, the interpretation that will best achieve the purpose of the Rule is to be preferred to any other interpretation. This provision applies whether or not the purpose is expressly stated in the Rule or paragraph of the Rule.
- (h) In these Rules, unless the context indicates a contrary intention, headings are for convenience and do not affect interpretation.

### 1.3. Name

The name of the co-operative is the Narara Ecovillage Co-operative Ltd.

### 1.4. Objects

The objects of the co-operative are to:

- (a) purchase the Property and undertake the Narara Development; and
- (b) undertake the Narara Development using processes, procedures and technology to establish an ecovillage that promotes and enhances social, environmental and economic sustainability.

### 1.5. Trading co-operative

The co-operative is a trading co-operative within the meaning of section 14 of the Act.

## 2. ACTIVE MEMBERSHIP PROVISIONS

### 2.1. Primary activity

The primary activities of the co-operative are:

- (a) to design, develop and establish an ecovillage at Narara with residential housing and commercial facilities;
- (b) to operate, lease or licence commercial facilities at Narara; and
- (c) to maintain and renew commercial facilities at Narara.

### 2.2. Active Membership requirements

In order to establish active Membership of the co-operative, a Member must comply with the following requirements:

- (a) provide confirmation in writing of the Member's intention to acquire a lot on the Property, or be a Landowner of a lot on the Property; and

- (b) undertake a minimum of 2 hours of volunteer work per Year as approved by the Board.

### **3. ADMISSION TO MEMBERSHIP**

#### **3.1. Qualifications for Membership**

In order to qualify for Membership of the co-operative, there must be reasonable grounds for believing that the person will be an active Member of the co-operative.

#### **3.2. Application for Membership**

- (a) The Board, or a person authorised by the Board, shall provide applicants for Membership of the co-operative with:
  - (i) the documents specified in sections 146A (unless exempt under section 146C) and 76A of the Act; and
  - (ii) a written notice of any intending or prescribed entry or periodic fees that a person or an organisation will be liable to pay on becoming a Member of the co-operative.
- (b) Applications for Membership shall be lodged with the secretary in a format approved by the Board.
- (c) The Board shall consider every application. If the applicant is admitted to Membership, the applicant's name, date of admission and any other information required under the Act shall be entered in the Register of Members and Shares. The applicant shall be notified in writing of the entry in the Register within 14 days of the approval.
- (d) The Board may, at its discretion, refuse admission to membership and need assign no reasons for such refusal. Upon refusal, any deposit made by the applicant shall be refunded without interest.
- (e) In considering an application for Membership, the Board will ensure that a person or an organisation is not admitted as a Member unless there are reasonable grounds for believing that the person or organisation will be an active Member.

### **4. MEMBERS**

#### **4.1. Members of the co-operative**

The Members of the co-operative are those persons or bodies corporate who:

- (a) signed the application for registration of the co-operative; or

- (b) are admitted to Membership by the Board; or
- (c) become Members by:
  - (i) a transfer of engagements to the co-operative;
  - (ii) a scheme of arrangement; or
  - (iii) operation of law.

#### 4.2. Rights and liabilities of Members

- (a) The Rules of the co-operative have the effect of a contract under seal:
  - (i) between the co-operative and each Member;
  - (ii) between the co-operative and each Director, the principal executive officer and the secretary of the co-operative; and
  - (iii) between a Member and each other Member.
- (b) Under the contract, each of those persons agrees to observe, perform or abide by:
  - (i) the provisions of the Rules applicable to that person; and
  - (ii) the provisions of the Act and the Regulation;
 in force and as amended from time to time.
- (c) A Member shall be entitled on demand to a copy of the Rules upon payment of the prescribed fee. Any person may inspect a copy of these Rules free of charge at the registered office during all reasonable hours.
- (d) The co-operative may, in accordance with section 78 of the Act, make a contract with a Member requiring the Member to have specified dealings with the co-operative for a fixed period.
- (e) A Member shall not, as a Member of the co-operative, be under any personal liability to a creditor of the co-operative.
- (f) A Member shall, in accordance with sections 76 and 77 of the Act, be liable to the co-operative for the amount, if any, unpaid on the Shares held by that Member, together with any charges, including entry and periodic fees, payable by the Member to the co-operative as required by these Rules.
- (g) 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. The Board will follow the provisions in Division 3 Part 4 of the Act in dealing with a deceased Member's estate.

## **5. CANCELLATION AND EXPULSION OF MEMBERS**

### **5.1. Cancellation of Membership**

- (a) Pursuant to section 127 of the Act, the Board will, after giving notice in accordance with section 132 of the Act, declare the Membership of a Member cancelled if:
  - (i) the whereabouts of the Member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least 12 months, before the date of cancellation; or
  - (ii) the Member is not presently an active Member and has not been an active Member at any time during the period specified in paragraph (a)(i) above immediately before the date of cancellation.
- (b) The Board is to declare the Shares of a Member forfeited at the same time as the Membership is cancelled and the amounts due in respect of that cancellation and forfeiture shall be dealt with and repaid in accordance with sections 134 – 136 (inclusive) of the Act.
- (c) The Board shall not be required to give notice if the Member's whereabouts are unknown to the co-operative and the amount required to be repaid to the Member in respect of the cancelled Membership (whether by reason of the cancellation of Share or otherwise) does not exceed \$50, or such other amount as may be prescribed.

### **5.2. Expulsion of Members**

- (a) A Member may be expelled from the co-operative by special resolution for:
  - (i) failing to discharge the Member's obligations to the co-operative, whether prescribed by these Rules or arising out of any contract; or
  - (ii) conducting themselves in a manner prejudicial or detrimental to the interests of the co-operative; or
  - (iii) ceasing to be qualified as a Member as specified in Rule 3.1.
- (b) A notice of special resolution to expel a Member shall be forwarded to the Member not less than 21 days before the date of the meeting at which the special resolution is to be moved. The notice shall state the date, time and place of the meeting and shall also state the nature of the relevant act or omission.
- (c) At the meeting, the Member shall be afforded a reasonable opportunity to be heard. If the Member is not able to attend, they may make a written statement for the consideration of Members present at the meeting. If the Member fails to attend at the time and place mentioned without reasonable excuse, the act or omission shall be considered and the co-operative may decide on the evidence

before it, in spite of the absence of the Member. Following such consideration, the Members of the co-operative may decide to expel the Member.

- (d) The Members of the co-operative shall not make a decision on an expulsion, except by vote by secret ballot. A motion for that decision shall not be deemed to be passed unless two-thirds of the Members so present and so entitled, vote in favour of the motion.
- (e) If the co-operative resolves to expel the Member, the secretary must, within 7 days after the meeting, cause written notice to be given to the Member of the decision.
- (f) Expulsion of a Member shall not be effective until the special resolution expelling the Member is registered.
- (g) The Shares of any Member expelled shall be cancelled as at the date the expulsion is effective and the cancellation shall be noted in the register of Shares.
- (h) In accordance with section 81 of the Act, the co-operative shall pay to the expelled Member the amount of capital paid up on the Member's Shares at the time of expulsion (less any amount owing by the Member to the co-operative).
- (i) An expelled Member shall not be re-admitted as a Member unless such readmission is approved by special resolution. A Member so re-admitted shall not have the Shares restored that were cancelled on the Member's expulsion.

### 5.3. Suspension of Members

- (a) A Member may be suspended by a resolution passed by the Board, for a period not exceeding six months, for any of the following:
  - (i) infringing any of the Rules or By-Laws of the co-operative; or
  - (ii) failing to discharge obligations to the co-operative, whether prescribed by these Rules or arising out of contract; or
  - (iii) conducting themselves in a manner prejudicial or detrimental to the interests of the co-operative.
- (b) Where the Board receives a complaint that a Member has committed any act referred to in paragraph (a), the Board may meet within 21 days of the occurrence of the act to consider the complaint.
- (c) Where the Board is to meet pursuant to paragraph (b), the following procedure will apply:

- (i) At least 7 days written notice stating the date, time and place of the Board meeting will be given to any Member against whom a complaint has been received. The written notice will also state the nature of the complaint.
  - (ii) At the meeting, the Member shall be afforded a reasonable opportunity to be heard. If the Member is not able to attend, they may make a written statement for the consideration of the Members of the Board. If the Member fails to attend at the time and place mentioned without reasonable excuse, the complaint shall be considered and the Board may decide on the evidence before it, in spite of the absence of the Member. Once the complaint has been considered, the Board may decide to suspend the Member.
  - (iii) A resolution on the complaint or on a suspension shall not be deemed to be passed unless two-thirds of the Directors so present vote in favour of the resolution.
- (d) If the Board resolves to suspend the Member, the secretary must, within 7 days after the meeting, cause written notice to be given to the Member of the decision and of the Member's right to appeal.
- (e) The suspension does not take effect:
- (i) until the expiration of the period within which the Member is entitled to appeal against the Board's decision; or
  - (ii) if within that period the Member exercises the right of appeal, unless and until the co-operative confirms the Board's decision;
- whichever is the later.

#### 5.4. Right of appeal of suspended Member

- (a) A Member who has been suspended by resolution of the Board may appeal to the co-operative in general meeting within 7 days after notice of the decision is served on the Member, by lodging a notice of appeal with the secretary.
- (b) On receipt of the notice of appeal, the secretary must notify the Board, which is to convene a general meeting of the co-operative to be held within 28 days after the date on which the secretary received the notice of appeal, to consider a special resolution to confirm the Board's decision to suspend the Member.
- (c) At the general meeting of the co-operative convened under paragraph (b):

- (i) no business other than the question of appeal is to be transacted; and
  - (ii) the Board and the Member must be given the opportunity to state their respective cases orally or in writing, or both; and
  - (iii) the Members present are to vote by secret ballot on the question of whether the Board's decision should be confirmed.
- (d) If the special resolution confirming the Board's decision to suspend the Member is passed, the Member's suspension shall take effect from that time. If the special resolution confirming the Board's decision to suspend the Member is not passed, the Board resolution is revoked.

#### 5.5. Rights of suspended Member

A Member who has been suspended shall not be entitled to the rights of membership and use of the co-operative's facilities but remains liable for all their obligations as a Member under these Rules and the Act.

### 6. **CEASING MEMBERSHIP**

Membership of the co-operative ceases in the circumstances set out in sections 70 and 71 of the Act.

### 7. **CHARGES OR SUBSCRIPTIONS WHICH ARE TO BE PAYABLE BY A MEMBER**

#### 7.1. Entrance fees

- (a) Every applicant for Membership may be required to pay a once only entrance fee. The entrance fee may be fixed by the Board but must not exceed the sum specified in Schedule 1.
- (b) A Member whose Membership ceases may apply to the Board for a refund of all or part of the entrance fee. Any refund will be at the discretion of the Board.

#### 7.2. Annual subscriptions

- (a) Members may be required to pay an annual subscription which shall:

- (i) be in addition to any other charges payable under the Rules;
  - (ii) be determined by the Board from time to time with any increase in the annual subscription to be announced at the annual general meeting in accordance with Rule 22.8;
  - (iii) be payable, in advance, within the period set by the Board; and
  - (iv) not exceed the sum specified in Schedule 1 in any Year.
- (b) Notwithstanding paragraph (a)(iii), the Board may in the event of unusual circumstances, either generally or in a specific case, extend a period for the payment of the annual subscription, even though the previous period has expired.
  - (c) A Member whose membership ceases may apply to the Board for a refund of any pre-paid subscriptions. Any refund will be at the discretion of the Board.
  - (d) An annual subscription is a debt due from the Member to the co-operative for the purpose of Rule 7.3.

### 7.3. Charges

The co-operative has a charge in respect of any debt due from a Member or past Member to the co-operative, as specified by section 80 of the Act. The Board may act in respect of any such charge on Shares in accordance with section 80 of the Act and Rule 30.4.

### 7.4. Compulsory loans from Members

- (a) The co-operative may, in accordance with section 268 of the Act, require its Members to lend money to the co-operative, with or without security, in accordance with a proposal approved by the Members by special resolution.
- (b) Any such proposal must be accompanied by a disclosure statement approved by the Registrar.

## 8. FINES PAYABLE BY MEMBERS

The Board may impose on a Member a maximum fine specified in Schedule 1 for any infringement of the Rules or By-Laws. No fine exceeding \$20 is to be imposed unless the provisions of section 79 of the Act have been complied with.

## 9. GRIEVANCE PROCEDURES FOR SETTLING DISPUTES

- (a) In this Rule:
  - (i) “party” includes:
    - (A) a Member of the co-operative;
    - (B) any aggrieved person who has ceased to be a Member in the last six months;
    - (C) any person claiming through or under a Member or any aggrieved person referred to in subparagraph (a)(i)(B); and
    - (D) the co-operative, including the Board or any other officer of the co-operative;
  - (ii) “dispute” may only refer to a matter affecting a person of the type mentioned in subparagraphs (a)(i)(A)-(C).
- (b) If a dispute arises, a party shall not commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this Rule, except where the person seeks urgent interlocutory relief.
- (c) A party claiming that a dispute has arisen must give written notice to the other party or parties specifying the nature of the dispute.
- (d) On receipt of that notice by that other party or parties, the parties must endeavour to resolve the dispute expeditiously, using the mediation Rules of the NSW Law Society.
- (e) If the parties do not agree within seven days of receipt of the notice (or any further period as agreed in writing between them) as to:
  - (i) the timetable for all steps in the procedures; and
  - (ii) the selection and compensation of the independent person required for mediation;

the dispute shall be settled by arbitration in accordance with the Commercial Arbitration Act 1984.
- (f) Nothing in this Rule will extend to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these Rules.

## **10. POWERS OF THE CO-OPERATIVE AND THE BOARD**

### **10.1. Legal capacity and limitation of powers**

The co-operative shall have the legal capacity of a natural person and have all the powers allowed by or under the Act.

### **10.2. By-Laws**

The Board shall have power to make By-Laws, not inconsistent with the Act, the Regulation or the Rules, relating to the conduct of Members or to the operations of the co-operative. A breach of a By-Law shall be deemed to be an infringement of the Rules for the purposes of fines.

### **10.3. By-Laws relating to Member's Contributions**

The Members may, by ordinary resolution, approve the methodology of apportioning Member's contributions to be included in the By-Laws for the:

- (a) asset maintenance and renewals; and
- (b) operations and administration;

of the co-operative to be applied by the Board on an annual basis when determining Member's Contributions under Rule 15.

### **10.4. Guidelines and Procedures**

The Board may issue Guidelines and Procedures not inconsistent with the Act, Regulations or Rules.

## **11. BOARD OF DIRECTORS**

### **11.1. Board**

- (a) There shall be a Board of Directors, each of whom shall be a natural person and at least 18 years old. In accordance with section 204 of the Act, the business of the co-operative will be managed by the Board of Directors.
- (b) At the formation meeting three (3) Directors will be elected. The co-operative will have a minimum of three (3) and a maximum of eight (8) Directors.
- (c) The positions on the Board will consist of:

- (i) A minimum of three (3) Member Directors: and
  - (ii) subject to section 206(3) of the Act, no more than two (2) independent Directors.
- (d) The maximum term of office of a Director is three (3) years or to the next Annual General Meeting three years after coming to office. A retiring Director may stand for re-election.
- (e) The number of Directors of the co-operative may only be changed by special resolution of the Members at a general meeting.
- (f) Subject to Rule 11.6, the Directors shall hold office until the end of the annual general meeting at which their term expires.

## 11.2. Qualifications of Directors

A person is eligible to be elected as Director of the co-operative provided the person:

- (a) is an active Member of the co-operative (Active Member Director); or
- (b) is a representative of a body corporate, that is an Active Member of the co-operative (active Member Director); or
- (c) is an employee of the co-operative (independent Director); or
- (d) holds the qualifications in accounting, finance, law, corporate governance, environmental science or engineering (independent Director).

## 11.3. Election of Directors

- (a) Board Members will be elected in the manner specified in this Rule. At an annual general meeting at which a Director retires, the vacated office may be filled in the manner specified in this Rule.
- (b) At least six (6) weeks before an annual general meeting, the Board must:
  - (i) notify all Members of the number of Directors retiring at the annual general meeting; and

- (ii) advise the Members of:
    - (A) their eligibility to nominate as a Director;
    - (B) the duties and responsibilities of a Director;
    - (C) the anticipated remuneration (if any); and
    - (D) the nomination and election procedures.
- (c) A notice must also be displayed at the place of business of the co-operative, inviting nominations of nominees to serve as Directors.
- (d) A nomination must:
  - (i) be signed by two (2) or more Members;
  - (ii) provide details of the qualifications and experience of the person nominated; and
  - (iii) be accompanied by a notice in writing signed by the nominee consenting to their nomination.
- (e) The nomination and the notice of consent must be lodged with the secretary of the co-operative at least 30 days before the annual general meeting.
- (f) The secretary, or an officer nominated by the Board, shall give details of each person who has been nominated to Members with the notice of the annual general meeting. Details to be provided to Members must include the nominee's:
  - (i) name;
  - (ii) qualifications and experience; and
  - (iii) length of any previous service as a Director of the co-operative or with any other co-operative.
- (g) Where the number of nominees equals the number of vacancies, the nominees will be declared elected at the annual general meeting.
- (h) If there are insufficient nominees to fill all vacancies, the nominees will be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies shall be called from the floor and a ballot held if required.
- (i) Where the number of nominees exceeds the number of vacancies, the election of Directors shall be conducted at the meeting by ballot as follows:

- (i) A returning officer is elected at the meeting. The Directors, secretary, or anyone who has an interest in the election, are not eligible to be the returning officer;
  - (ii) All nominees are to be listed on the ballot form in alphabetical order;
  - (iii) The returning officer is responsible for determining the validity of and counting of the votes;
  - (iv) If there is an equality of votes, the outcome shall be determined by lot;
  - (v) The returning officer is to declare the election results.
- (j) If any vacancies remain at the end of the meeting, such vacancies shall be casual vacancies and shall be filled in accordance with Rule 11.6.

#### 11.4. First meeting of the Board

At the first meeting of the Board following the annual general meeting, the Directors shall:

- (a) elect persons from their number to fill any vacancies in the positions specified in Part 1 of Schedule 4; and
- (b) appoint a person to act as the co-operative's secretary as specified in section 219 of the Act if necessary.

#### 11.5. Vacation of office of Director

A Director vacates office in the circumstances provided in the section 218 of the Act.

#### 11.6. Filling of casual vacancies

A casual vacancy on the Board may be filled as specified in section 212 of the Act or by appointment by the Board in accordance with section 205(3) of the Act.

#### 11.7. Retirement of Directors

- (a) At the first annual general meeting of the co-operative, and at the annual general meeting in each subsequent year, the Directors shall retire as follows:

- (i) At the first Annual General Meeting one third of the Directors elected at the formation meeting (rounded up) will retire and will be eligible for re-election;
  - (ii) At the second Annual General Meeting one half of the Directors (rounded up) longest in office will retire and will be eligible for re-election;
  - (iii) At the third Annual General Meeting Directors filling the remaining Director's positions where the person originally in that position has not previously been required to retire, will retire and will be eligible for re-election;
  - (iv) At each Annual General Meeting after the third Annual General Meeting one third of Directors longest in office must retire in each year at the Annual General Meeting
- (b) The Directors to retire in any year shall (subject to the provision as to filling casual vacancies) be those who have been longest in office since their last election. Retirement of persons who became Directors on the same day, shall (unless they otherwise agree among themselves) be determined by lot. In such case, the order for retirement shall be the order in which the names are withdrawn.

#### 11.8. Removal of Director from office

The co-operative may, by ordinary resolution, remove any Director before the expiration of the Director's period of office. The resulting vacancy shall be filled as provided under Rule 11.6.

#### 11.9. Directors' remuneration

The Directors shall receive the remuneration for their services that is determined at a general meeting, and all necessary expenses incurred by them in the business of the co-operative shall be refunded to them.

#### 11.10. Delegation and Board committees

- (a) The Board may, by resolution in accordance with section 213 of the Act, delegate the exercise of any of the Board's functions (other than this power of delegation).
- (b) The Board may by resolution appoint committees comprising Directors, Members or Members and other persons, to act in an advisory role to the Board and to any committees of Directors in accordance with section 213 of the Act.
- (c) A committee may elect a chairperson, may meet and adjourn as it thinks proper, and will follow the procedures specified for Board meetings in Rule 12.
- (d) The Board may establish a General Management Committee consisting of all or specified chairpersons of committees established under Rule 11.

### 11.11. Deputy Directors

- (a) A Director may, from time to time, apply in writing for any active Member (other than an employee of the co-operative, the Auditor or a partner or employer or employee of the auditor) to be appointed by the Board as a Deputy Director to sit in the Director's place on the Board.
- (b) A person appointed as a Deputy Director must have similar qualifications to the absent Director.
- (c) A Deputy Director shall be entitled to notice of meetings of the Directors. In the absence of the nominating Director, the Deputy Director is entitled to attend and vote at Board meetings and to sign resolutions and to exercise such powers, authorities, and discretions as are vested in or would otherwise be exercisable by the nominating Director. The attendance of the Deputy Director at any meeting of the Board shall be deemed to be attendance by the nominating Director.
- (d) The remuneration of any Deputy Director shall be payable out of the remuneration payable to the nominating Director and shall consist of such portion of the Director's remuneration as shall be agreed between the Deputy Director and the nominating Director.
- (e) A Deputy Director shall vacate office if the nominating Director ceases to be a Director or on a majority of the other Directors removing him or her from office. An appointment or removal under this Rule must be in writing and notice of the appointment removal must be served on the Deputy Director and the appointment or removal shall take effect forthwith upon the service of that notice. Service of any such notice may be effected in accordance with these Rules.
- (f) A Deputy Director whilst acting in the absence of the nominating Director will not be an agent of the nominating Director and the nominating Director will not be liable for the actions of the Deputy Director.

## 12. MEETINGS OF THE BOARD

### 12.1. Meetings

- (a) Meetings of the Board will be held at least once every three (3) months in accordance with section 209 of the Act and as often as the Board considers necessary.
- (b) Questions arising at any meeting shall be decided by a majority of votes.
- (c) The quorum for a meeting of the Board shall be 50% of the number of Directors provided Active Member Directors present outnumber independent Directors present by at least one (1).

- (d) A Director shall not vote in respect of any contract or proposed contract with the co-operative in which the Director is in any way interested or in respect of any matter arising out of such a contract or proposed contract.

#### 12.2. Chairperson of Board

- (a) The Board shall elect one of their number to act as the chairperson of the Board.
- (b) The chairperson may be removed as chairperson by a resolution of the Board. Such a person remains a Director after their removal as chairperson.
- (c) If:
  - (i) the chairperson is not present within 10 minutes after the time appointed for holding the meeting; or
  - (ii) the chairperson is unwilling to act as chairperson of the meeting;

then the Directors present may choose one of their number to be chairperson of the meeting until such time as the chairperson attends and is willing to act in that capacity.

#### 12.3. Transaction of business outside Board Meetings

The Board may transact any of its business in a manner specified in section 210 of the Act.

#### 12.4. Minutes of meetings

- (a) In accordance with section 203 of the Act, the Board shall have minutes of meetings recorded in books provided for the purpose within 28 days after the meeting, 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 any committee of the Board; and
  - (iii) all resolutions and proceedings at all meetings of the co-operative and of the Board and of committees.
- (b) The confirmation of such minutes, signed by the chairperson, shall be taken as the first business at the next succeeding meeting of the co-operative, Board, or committee to which the minutes relate. If it is impracticable for the minutes to be confirmed at that meeting, the minutes shall be confirmed at the next succeeding meeting.

- (c) Directors present at any meeting shall sign their name in a book to be kept for that purpose.
- (d) The minutes of Board meetings and subcommittee meetings are only to be made available for inspection by Members where the Board considers it appropriate.

### **13. SEAL**

- (a) The co-operative shall, as required by section 258(1)(a) of the Act, have the name of the co-operative appear in legible characters on its common seal. The common seal shall be kept at the registered office in such custody as the Board shall direct. The co-operative may have one or more official seals in accordance with section 49 of the Act.
- (b) The common seal or official seal of the co-operative shall not be affixed to any instrument except by resolution of the Board. The seal must be affixed by a Director of the co-operative in the presence of another Director or officer of the co-operative and be authenticated by the signature of both persons.
- (c) The person affixing the official seal shall certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.
- (d) The co-operative may, in accordance with section 48 of the Act, by writing under its common seal, empower its agent or attorney (either generally or in respect of a specified matter or specified matters) to execute deeds on its behalf.

### **14. CO-OPERATIVE FUNDS**

#### **14.1. Accounts**

- (a) The Board shall have the accounts, statements and Directors' report prepared in accordance with the Corporations Act 2001, as applied by the Act and the Regulation.
- (b) The Board shall submit those accounts, statements and report, together with the Auditors' report on those accounts, to the annual general meeting of the co-operative, in accordance with the Corporations Act 2001 as applied by the Act and the Regulation.
- (c) The Board shall send a copy of all documents required to be submitted to each Member at least 21 days before the date of the annual general meeting.

#### **14.2. Banking**

- (a) The Board shall have a banking account or accounts in the name of the co-operative, into which all money received shall be paid as soon as possible after receipt.

- (b) All cheques drawn on such accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the co-operative, shall be signed by 2 Directors or by any 2 persons authorised by the Board.

## **15. CONTRIBUTIONS EXPENSES AND RESERVES**

15.1. The Board must on the last Business Day of the financial year, determine the:

- (a) Fixed Contributions;
- (b) Variable Contributions;

in accordance with the By-Laws and notify Members of those determinations in the form of a Contribution Notice.

15.2. In determining Contributions for a Year the Board must calculate Contributions so as to cover costs and expenses and overheads of the co-operative in carrying out its primary activities, including, but not limited to:

- (a) any outstanding amounts payable by the co-operative;
- (b) the anticipated costs of the operation by the co-operative and the performance of the co-operative of its functions for the relevant year;
- (c) costs of regular repairs, refurbishment, maintenance and construction in relation to the co-operative's assets for the Year;
- (d) amounts sufficient to allow accumulation of reserves at rates sufficient to meet anticipated expenses and liabilities of the co-operative in future Years, including:
  - (i) a fund to be known as the "Asset Maintenance Fund" to cover maintenance and refurbishment expenses on the co-operative's assets; and
  - (ii) such other reserves as the co-operative may from time to time determine are prudent and reasonable to permit the co-operative to carry out its primary activities; and
  - (iii) the costs and expenses of the co-operative in delivering services to Members.

15.3. The Board may at any time vary any Contribution, whether or not the Member has paid that Contribution, for any reason including but not limited to:

- (a) an error however described having been made in the Contribution or in its calculation;
- (b) the provision of any additional services; and

(c) any other factor, matter or circumstance determined by the Board.

15.4. The Board will notify the Member of any variation in Contributions. Any variation will take effect from the date on which the relevant notice is delivered to the Member or any other date as may be specified by the Board in the notice.

## **16. ESTABLISHMENT OF RESERVES**

16.1. The Board must cause separate accounts to be kept for the Reserves established under Rule 15.

16.2. Subject to the Rules, moneys to the credit of the Reserves may only be utilised for the purposes stated (in respect of each particular reserve) in Rule 15.2.

16.3. Moneys to the credit of the Reserves may only be expended for a purpose other than those stated (in respect of each particular reserve) in Rule 15.2, if approved by an ordinary resolution of Members at a general meeting.

## **17. CUSTODY OF SECURITIES BELONGING TO THE CO-OPERATIVE**

17.1. Custody of the securities and records

A person or persons appointed by the Board annually will have the custody of the securities and records of the co-operative. For the purposes of this Rule, “securities” includes, but is not limited to, Shares and debentures held by the co-operative.

17.2. Registered office

The co-operative shall have a registered office, the address of which is recorded in the public register maintained by the Registrar. The Board will ensure that the record is accurate by notifying the Registrar of any change of address within 28 days after the change, in the form approved by the Registrar.

17.3. Documents to be kept

(a) The co-operative shall keep at the registered office, or another location as specified in section 250 of the Act, available during all reasonable hours for inspection by any person free of charge:

- (i) a copy of the Act and the Regulation;
- (ii) a copy of the Rules of the co-operative; and
- (iii) a copy of the last annual report of the co-operative under section 252 of the Act.

- (b) The co-operative shall keep at the registered office, or another location as specified in section 250 of the Act, available during all reasonable hours for inspection by any Member free of charge, all the registers specified in section 251 of the Act.
- (c) A Member is entitled to make a copy of entries in a register specified in subparagraph (b) on payment of the prescribed fee.

## **18. TRANSFER OF DEBENTURES**

- (a) A debenture of the co-operative cannot be sold or transferred except with the consent of the Board.
- (b) The instrument of transfer of any debenture will be executed by or on behalf of the transferor and the transferee. The transferor will be deemed to remain the holder of the debenture until the name of the transferee is entered in the register of debentures held by the co-operative.
- (c) Debentures will be transferred in a form approved by the Board.
- (d) The Board may decline to register any transfer of debentures. If the Board refuses to register a transfer of debentures, it shall send notice of the refusal to the transferee within 2 weeks after the date on which the Board declined to register the transfer.
- (e) The Board may decline to recognise any instrument of transfer unless:
  - (i) the fee specified in Schedule 1 is paid to the co-operative for the transfer; and
  - (ii) the instrument of transfer is accompanied by such evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- (f) The Board shall have a record of all transfers made in the appropriate register.

## **19. FINANCIAL YEAR**

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

## **20. AUDIT**

- 20.1. The accounts of the co-operative must be audited annually in accordance with the Corporations Act 2001 as applied by the Act and the Regulation.

20.2. One or more Auditors shall be appointed, hold office, be remunerated, and have qualifications, duties, and responsibilities in accordance with the Corporations Act 2001 as applied by the Act and the Regulation.

20.3. An Auditor must not be replaced except in accordance with the procedure set out in the Corporations Act 2001 as applied by the Act and the Regulation.

## **21. PROVISION FOR LOSS**

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

## **22. GENERAL MEETINGS**

22.1. Convening special general meetings

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

22.2. Requisition of general meetings

The Board will convene and hold, as soon as practicable, a general meeting of the co-operative in accordance with section 202 of the Act, on the requisition in writing by at least 20% of active Members entitled to vote.

22.3. Member resolutions

Any Member who has a resolution to submit to a general meeting will give written notice of the terms of the resolution to the co-operative not less than 28 days prior to the date of the meeting.

22.4. Notice of general meetings

- (a) Subject to Rule 22.5, at least 14 days notice (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) will be given of any general meeting.
- (b) Notice will be given to those persons who are, under these Rules entitled to receive such notices from the co-operative, but the non-receipt of the notice by any Member shall not invalidate the proceedings at a general meeting. The notice must specify the place, day and hour of the meeting and the general nature of any special business.
- (c) The Board will have inserted in any notice convening a general meeting any proper business that a Member has notified the intention to move and for which notification has been given in accordance with Rule 22.3.

- (d) Notice of every general meeting will be given to:
  - (i) Members of the co-operative, by the method specified in Rule 22.6; and
  - (ii) every person entitled to a Share in consequence of the death, incapacity or bankruptcy of a Member who, but for that Member's death, incapacity or bankruptcy, would not be entitled to receive notice of the meeting; and
  - (iii) the Auditor or Auditors of the co-operative.
- (e) Except as provided in these Rules, no other person will be entitled to receive notice of general meetings.

## 22.5. Notice of special resolutions

Notice of a special resolution, in accordance with section 189 of the Act, shall be given to those persons entitled to receive notice at least 21 days (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) before the general meeting.

## 22.6. Notices

- (a) Unless exempted under section 440A, a notice must be in writing and may be given by the co-operative to any Member:
  - (i) personally;
  - (ii) by post to a listed address or an alternate address supplied by the Member; or
  - (iii) by some other form of technology, for example by facsimile or e-mail, where the Member has given consent and notified the co-operative of the relevant contact details.
- (b) Where a notice is sent by post, service shall be deemed to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving such service, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (c) A notice forwarded by some other form of technology shall be deemed to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
- (d) A notice may be given by the co-operative to joint Members by giving the notice to the joint Member named first in the Register of Members and Shares.
- (e) A notice may be given by the co-operative to the person entitled to a Share in consequence of the death, incapacity or bankruptcy of a Member by sending it

through the post in a prepaid letter addressed to that person by name. Alternatively it can be addressed to the person by the title of representative of the deceased or incapacitated person, or trustee of the bankrupt, or by any like description. The address should be that supplied for the purpose by the person claiming to be entitled. Alternatively, if no address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.

- (f) For the purpose of this Rule, “listed address” means the address of the Member as appearing in the Register of Members and Shares.

## 22.7. Annual general meetings

- (a) The first annual general meeting of the co-operative will be held at any time within 18 months after the registration of the co-operative. Subsequent annual general meetings will be held within five (5) months after the end of financial year, or within such other period as specified in section 198 of the Act.
- (b) If an annual general meeting is not held in accordance with paragraph (a), the Members may requisition such a meeting, in accordance with Rule 20.2.

## 22.8. Business of annual general meetings

- (a) The ordinary business of the annual general meeting will be:
  - (i) to confirm minutes of the preceding general meeting (whether annual or special);
  - (ii) for the Board, Auditors, or any officers of the co-operative to present reports upon the transactions of the co-operative during the Year, including balance sheet, income statement, cash flow statement, and the state of affairs at the end of that Year;
  - (iii) to announce the annual subscription, if any, for the following Year;
  - (iv) to elect the Directors;
  - (v) to determine the remuneration, if any, of Directors;
  - (vi) to declare the rates of dividends and rebates;
  - (vii) to appoint (if necessary) an Auditor; and
  - (viii) to allow Members a reasonable opportunity to ask questions about or comment on the management of the co-operative and to ask the Auditor or their representative, if present, questions relevant to the conduct of the audit and the preparation and content of the Auditor’s report and the accounting policies adopted by the co-operative in relation to the financial statements.

- (b) The annual general meeting may also transact special business of which notice has been given to Members in accordance with these Rules.

## **23. PROCEDURE AT MEETINGS**

### **23.1. Standing orders**

- (a) The following standing orders will be observed at the co-operative's meetings, subject to any suspension of, or amendment to, or addition to, these orders adopted for the purposes of that meeting by the Members present at a meeting:
  - (i) the mover of a motion will not speak for more than 10 minutes. Subsequent speakers shall be allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may, however, by simple majority, extend in a particular instance the time permitted by this Rule;
  - (ii) whenever an amendment to an original motion is proposed, no second amendment will be considered until the first amendment is disposed of;
  - (iii) if an amendment is carried, the motion as so amended will displace the original motion and may itself be amended;
  - (iv) if an amendment is defeated, a further amendment may be moved to the original motion. However, only one amendment will be submitted to the meeting for discussion at one time;
  - (v) the mover of every original motion, but not of an amendment, will have the right to reply. Immediately after this, the question will be put from the chair. No other Member will speak more than once on the same question, unless permission is given for an explanation, or where the attention of the chairperson is called to a point of order; and
  - (vi) any discussion on a motion or amendment may be closed by a resolution "that the question be now put" being moved, seconded and carried. The resolution will be put to the meeting without debate.
- (b) Any motions and amendments will be submitted in writing if requested by the chairperson.
- (c) Any Member, or any visitor invited to attend the meeting by the Board, may speak on any issue at a meeting with the permission of the chairperson provided that the permission may be conditional.
- (d) Standing orders may be suspended for any period by ordinary resolution.

### 23.2. Quorum at general meetings

- (a) No item of business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting is considering that item. A quorum is constituted by 50% of the active Members, being a number no less than five (5), present in person and entitled to vote.
- (b) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall be adjourned to the same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting, the Members present shall constitute a quorum.

### 23.3. Chairperson at general meetings

The chairperson of the Board shall preside as chairperson at every general meeting of the co-operative. If at any meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the Members present shall choose one of their number to be chairperson until such time as the chairperson attends or is willing to act in that capacity.

### 23.4. Adjournment of general meetings

- (a) The chairperson may, with the consent of any meeting at which a quorum is present (and will if so directed by the meeting), adjourn the meeting from time to time and from place to place. The only business that can be transacted at any adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
- (b) Where a meeting is adjourned for 14 days or more, notice of the adjourned meeting shall be given just as in the case of the original meeting. Apart from this requirement it, will not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

### 23.5. Voting rights

- (a) Members will have the right to vote as specified in Division 1 of Part 8 of the Act.
- (b) Except as provided in Rule 23.6(g), an active Member of the co-operative who is entitled to vote will have one vote only in respect of any question or motion arising at a general meeting of the co-operative.
- (c) A Member's right to vote is a personal right and is not attached to, or conferred by, any Share held by the Member in the co-operative.

- (d) A Member of the co-operative is not entitled to vote at a meeting of the co-operative:
  - (i) if the person is not an active Member of the co-operative or a delegate for a body corporate that is an active Member; or
  - (ii) the person is excluded from voting under the Act or these Rules.
- (e) A person is not entitled to exercise, under a power of attorney, a Member's power to vote if the person has that power of attorney in respect of another Member under another power of attorney.
- (f) In the case of joint Membership, the joint Members will have one (1) vote only between them and that vote may only be exercised (subject to the grant of any proxy in accordance with Rule 21.8 or power of attorney) by the joint Member whose name appears first in the register of Members and Shares.
  - (i) A Member is not entitled to vote if another person (whether or not a Member of the co-operative) has a relevant interest in any Share held by the Member or in the right to vote of the Member in accordance with section 178 of the Act.
  - (ii) Pursuant to section 286 of the Act, a person (whether or not a Member of the co-operative) must give notice in accordance with the Regulation to the co-operative within 5 business days of becoming aware that the person has, or has ceased to have, a relevant interest in the right to vote of a Member in the co-operative.
  - (iii) The co-operative is to keep a register of notifiable interests pursuant to section 294 of the Act, which shall be open for inspection:
    - (A) by any Member, free of charge; and
    - (B) by any other person on payment of the fee prescribed in the Regulation.

#### 23.6. Attendance and voting at general meetings

- (a) A Member whose Membership is required to be cancelled under Rule 5.1 is not entitled to attend any meeting of the co-operative.
- (b) At any general meeting, a resolution put to the vote of the meeting shall be decided by show of hands unless a poll is demanded in accordance with section 201 of the Act.
- (c) If no poll is demanded before the declaration of the result, a declaration by the chairperson that a resolution has been carried, or lost, and an entry to that effect included in the book of the proceedings of the co-operative, shall be evidence of

the fact. No proof is needed of the number or proportion of the votes recorded in favour of, or against, that resolution.

- (d) If a poll is demanded, it shall be taken in a manner that the chairperson directs. Unless the meeting is adjourned, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (e) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.
- (f) A poll demanded may be withdrawn.
- (g) In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, may have a casting vote.
- (h) A simple majority will determine all resolutions except special resolutions.

### 23.7. Special resolutions

- (a) A special resolution is passed:
  - (i) at a general meeting where two-thirds of the Members who, being entitled to do so, vote in favour of the special resolution; or
  - (ii) in a postal ballot where two-thirds of the Members who, being entitled to do so, cast formal votes in favour of the special resolution; or
  - (iii) in a special postal ballot where three-quarters of the Members who, being entitled to do so, cast formal votes in favour of the special resolution.
- (b) A special resolution has effect from the date it is passed except in the following circumstances:
  - (i) the removal of an Auditor;
  - (ii) the expulsion of a Member;
  - (iii) the alteration of a Rule; or
  - (iv) any matter for which a special resolution is required to be passed by special postal ballot pursuant to section 194A of the Act (other than a special postal ballot in favour of a voluntary winding up);

in which case it has effect from the time it is registered by the Registrar.

### 23.8. Proxy votes

- (a) The instrument appointing a proxy shall be duly authorised in writing under the hand of the appointer, or of the appointer's attorney. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument. An instrument appointing a proxy shall be deemed to confer authority to demand, or join in demanding, a poll.
- (b) An instrument appointing a proxy may be in the form given in Appendix 1 to these Rules or any other form which the Board shall approve.
- (c) Where an instrument of proxy is signed by all of the joint Members, the vote of the proxy so appointed shall be accepted as the vote of the joint Member whose name appears first in the register of Members and Shares.
- (d) No person shall act as a proxy unless the person is an active Member.
- (e) No person shall act as proxy for more than 10 persons unless the instrument appointing a proxy specifies the manner in which the proxy is to vote in respect of a particular resolution.

### 23.9. Instrument appointing proxy to be lodged at registered office

- (a) An instrument appointing a proxy is not valid unless:
  - (i) the instrument; and
  - (ii) if the instrument is signed by the appointer's attorney, the authority under which the form was signed, or a notarially certified copy of the authority;
 is deposited at the registered office of the co-operative.
- (b) The documentation required to be given under this Rule must be deposited at the registered office:
  - (i) at least 48 hours before the meeting at which the proxy may be used; or
  - (ii) in the case of a poll, at least 24 hours before the taking of the poll.

### 23.10. Revocation of instrument appointing proxy

A vote given in accordance with the terms of an instrument of proxy, or of a power of attorney, is valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of the instrument (or of the authority under which the instrument was executed) or the power, if no intimation in writing of the death, unsoundness of mind or revocation has been received by the co-operative at the

registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

## **24. POSTAL BALLOT**

The co-operative may hold a postal ballot to determine any issue or proposal by the Members. Postal ballots, including special postal ballots as required by section 194A of the Act, must be conducted in the manner prescribed in Schedule 2 of the Regulation.

## **25. RULE ALTERATIONS**

- 25.1. The Rules may be altered by special resolution or by a resolution of the Board in accordance with section 112 of the Act.
- 25.2. A change to the active Membership provision cannot be proposed at a meeting unless prior written approval has been obtained from the Registrar.
- 25.3. Resolutions altering the Rules shall be lodged with the Registrar in accordance with section 113 of the Act.
- 25.4. No alteration to these Rules takes effect until the Registrar registers the alteration.

## **26. CAPITAL AND SHARES**

### **26.1. Nominal value of Share capital**

- (a) The capital of the co-operative shall be raised by the issue of Shares which shall be of one class, all ranking equally, and be of nominal value of the one dollar (\$1.00).
- (b) The capital shall vary in amount according to the nominal value of Shares from time to time subscribed.

### **26.2. Minimum shareholding**

Every Member will, on admission to Membership of the co-operative, hold at least the twenty thousand (20,000) Shares.

### **26.3. Applications for additional Shares**

- (a) Applications for additional Shares will be lodged with the secretary in a format approved by the Board and will be accompanied by sufficient funds to pay for the Shares.
- (b) The Board will consider every application. If the Shares are issued, the issue is to be noted in the Register of Members and Shares. The Member will be notified in writing within 14 days of the issue.

- (c) The Board may, at its discretion, refuse to issue additional Shares and need assign no reasons for its refusal. Upon refusal, any deposit made by the Member will be refunded without interest.

#### 26.4. Compulsory Share acquisition

The Board may require a Member to take up or subscribe for additional Shares in accordance with section 155 of the Act.

#### 26.5. Bonus Shares

Bonus Shares may be issued by the co-operative in accordance with section 156 of the Act.

#### 26.6. Purchase of Members' Shares

- (a) Subject to section 172 of the Act and Rule 26.2, the co-operative may:
  - (i) purchase any Share of a Member at the request of the Member; and
  - (ii) repay to a Member, with the Member's consent, the whole or any part of the amount paid up on any Share held by the Member when the sum repaid is not required for the activities of the co-operative.
- (b) The co-operative will cancel any Share purchased or repaid in full by the co-operative.
- (c) Section 172 of the Act does not apply to any Member who has been expelled or whose Membership has been cancelled under Rule 5.1.
- (d) If the Board is of the opinion that to pay the repurchase price would adversely affect the financial position of the co-operative it can allot or issue debentures or CCUs of the co-operative to the Member in satisfaction of the amount.
- (e) A debenture or CCU issued pursuant to paragraph (d) will:
  - (i) bear interest during any period in accordance with section 173 of the Act; and
  - (ii) be repaid to the Member as soon as, in the Board's opinion, the repayment would not adversely affect the financial position of the co-operative, and in any case within 10 years.

#### 26.7. Shares to be forfeited to remedy contravention of maximum level of Share interest

- (a) Where a person (whether or not a Member of the co-operative) contravenes Rule 28.1(a), the Board will declare to be forfeited sufficient number of the Shares in which the person has a relevant interest to remedy the contravention.

- (b) The Shares to be forfeited pursuant to this Rule are:
  - (i) the Shares nominated by the person for the purpose; or
  - (ii) in the absence of such nomination, the Shares in which the person has had a relevant interest for the shortest time.
- (c) A declaration of the Board that Shares are forfeited operates to forfeit the Shares concerned.
- (d) The provisions of sections 134 - 136 (inclusive) of the Act will apply to and in respect of Shares forfeited under this Rule as if the Shares had been forfeited under Rule 5.1(b).

26.8. Notice to be given of substantial Share interest and substantial change in Share interest

Pursuant to section 287, a person must give notice in writing to the co-operative within five (5) business days after becoming aware that the person has a substantial Share interest in the co-operative and after becoming aware that a substantial change has occurred in that interest.

## **27. SHARES TO BE FORFEITED PURSUANT TO SALE OF LAND CONTRACT**

Subject to the repurchase and repayment provisions of the Act:

- (a) Shares may be voluntarily forfeited by a Member pursuant to a Sale of Land contract between the Member as the purchaser and the co-operative as the vendor, on completion of which the Member will become a Landowner.
- (b) The Shares to be forfeited pursuant to this Rule are the Shares nominated by the person and the Sale of Land contract will be taken as written consent of the forfeiture.
- (c) Execution of the Sale of Land contract operates to forfeit the Shares concerned.
- (d) The Co-operative may offset Shares forfeited pursuant to this Rule against the purchase price of the land in the Sale of Land contract.

## **28. TERMS OF ISSUE OF SHARES**

28.1. Terms of issue of Shares

- (a) No person, whether or not a Member, will hold or have a relevant interest in more than 20% of the nominal value of issued Share capital of the co-operative, except in accordance with section 289 of the Act.

- (b) The co-operative may issue Shares at a premium in accordance with section 151 of the Act.
- (c) Shares of the co-operative will not be quoted for sale or purchase at any stock exchange or in any other public manner whatever, within the meaning of the Income Tax Assessment Act 1936 (Cwlth).
- (d) A Share is not to be issued at a discount.

## 28.2. Statement of Shares

- (a) Every person whose name is entered as a Member in the Register of Members and Shares shall be given, after application and without payment, a statement certifying the number of Shares held by the person and the amount paid up on those Shares.
- (b) If a Share statement is defaced, lost or destroyed, a duplicate may be issued by the co-operative on payment of the fee, if any, specified in Schedule 1, and on any terms as to evidence and indemnity as the Board thinks fit.

## 29. PAYING FOR SHARES

- 29.1. No Share is to be allotted (other than a bonus Share) unless the amount of the nominal value of the Share specified in Rule 29.2 has been paid.
- 29.2. Shares may be issued by the Board as partly paid at a minimum payment of ten cents (10c) for each one dollar (\$1.00) Share.
- 29.3. The Board may issue a call on a Member to pay up the remaining balance of any partly paid Share by providing the Member with 28 days notice in writing.
- 29.4. Each Member must pay to the co-operative, at the time or times so specified, the amount called on their Shares.
- 29.5. The joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share.
- 29.6. If a sum called in respect of a Share is not paid before or on the day appointed for payment, the person from whom the sum is due must pay interest upon the sum. This interest is at the rate determined by the Board, after giving due consideration to prevailing commercial bank interest rates, from the day appointed for the payment to the time of actual payment. However, the Board is at liberty to waive payment of that interest wholly or in part.
- 29.7. When Shares are issued the Board may in its discretion prescribe conditions of issue which differ between shareholders with respect to:

- (a) the amount of calls made on the Shares of those shareholders; and
- (b) the time in which payment must be made.

29.8. The Board may, if it thinks fit, receive from any Member willing to advance it, all or any part of the money uncalled and unpaid upon any Shares held by that Member.

### **30. DEFAULT IN PAYMENT OF CALLS**

- 30.1. If a Member fails to pay any call or instalment of a call by the day appointed for payment the Board may, while any part of the call or instalment remains unpaid, serve a notice on the Member requiring payment of the unpaid amount together with any interest which may have accrued.
- 30.2. The notice must name a further day (not earlier than 28 days from the date of the notice) by which the payment required by the notice is to be made. The notice must also state that if there is no payment by that time the Shares for which the call was made may be forfeited.
- 30.3. If the requirements of the notice are not complied with by the Member, then any Share in respect of which the notice was given may be forfeited by a resolution of the Board.
- 30.4. The co-operative has a charge upon the paid up amounts of the forfeited Shares and may appropriate those amounts pursuant to that Rule.

### **31. DISTRIBUTION OF SURPLUS**

#### **31.1. Distribution of Surplus**

- (a) The Board may resolve to retain all or part of the Surplus arising in a Year from the business of the co-operative to be applied for the benefit of the co-operative.
- (b) The Board may apply part of the Surplus arising in a Year from the business of the co-operative or any part of the reserves in accordance with sections 282 and 283 of the Act.
- (c) A part of the Surplus, not more than 10%, arising in any year from the business of the co-operative may be applied for:
  - (i) charitable purposes; or
  - (ii) supporting any activity approved by the co-operative.
- (d) “Surplus” means the excess of income over expenditure after making appropriate allowance for taxation expense, depreciation in value of the property of the co-operative and for future contingencies.

31.2. Declaration of dividend or rebate

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

31.3. Payment of dividend or rebate

- (a) Subject to section 153(5) of the Act, any dividend or rebate which will accrue to the holder of Shares shall be paid to that holder.
- (b) In accordance with section 283 of the Act, any part of the Surplus arising in any Year from the business of the co-operative may be credited to any person who is not a Member.
- (c) No dividend or rebate shall bear interest against the co-operative.

31.4. Determination of dividend

The Board may recommend:

- (a) a higher rate of dividend in respect of Shares held by a Member in excess of a specified number of Shares; or
- (b) different rates of dividend on Shares based on the business done by shareholders with the co-operative;

to be declared at a general meeting in accordance with Rule 31.2 and if declared, the Board shall be authorised to pay the dividend to Members, subject to the provisions of Rule 31.3.

**32. WINDING UP**

- (a) The winding up of the co-operative will be in accordance with Part 12 of the Act.
- (b) If on the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the Shares) any property, this shall be paid to or distributed among the Members of the co-operative in proportion to Members' shareholdings.
- (c) If on the winding up or dissolution there is a deficiency, Members will be liable to contribute towards this deficiency to the extent of any amount unpaid on the

Shares held by the Member and any charges payable by the Member to the co-operative as required by these Rules.

- (d) Former Members may also Share in the distribution of any Surplus or be liable to contribute to the property of the co-operative in accordance with sections 139 and 331 of the Act and the applied provisions of the Corporations Act 2001.

### **33. FORFEITURE, CHARGES AND SALE OF SHARES**

#### **33.1. Forfeited Shares**

- (a) A person whose Shares have been forfeited pursuant to these Rules will cease to be a Member in respect of the forfeited Shares. However, that person will remain liable to pay to the co-operative all amounts that (as at the date of forfeiture) were payable by the person to the co-operative in respect of the Shares, in addition to the calls in default.
- (b) A statutory declaration in writing by a Director of the co-operative stating that a Share in the co-operative has been forfeited on a date stated in the declaration will be conclusive evidence of that fact as against all persons claiming to be entitled to the Share.
- (c) A Share that is forfeited in accordance with these Rules will be cancelled and the date of cancellation noted in the Register of Members and Shares.

#### **33.2. Charges on Shares**

- (a) The co-operative may appropriate the capital of any Share in respect to which it has a charge, in accordance with section 80 of the Act.
- (b) The co-operative may sell in such manner as the Directors think fit all or any Shares on which the co-operative has a charge, pursuant to section 80 of the Act. However, no sale will be made unless a sum in respect of which the charge exists is payable at the date of the sale. Also, no sale will be made until the expiration of 14 days after a notice in writing (stating and demanding payment of any part of the amount in respect of which the charge exists as is payable at the date when the notice is given) has been given to the registered holder of the Share or the person entitled to it by reason of death or bankruptcy. The notice will indicate that, upon failure to make payment of the sum demanded within the time stipulated, the Shares will be sold by the Board.
- (c) Where the highest offer received by the Board is less than the amount paid up on the Shares to be sold, the Board will notify the Member of the receipt of such offer, the amount of the offer and of the Board's intention to accept the offer at the expiration of 14 days if no payment is made before then to the co-operative of all amounts in respect of which the charge exists.

- (d) From the proceeds of any such sale, the co-operative may deduct the expenses, if any, associated with the sale and may apply the balance to reduce the liability of the Member. However, if a surplus remains after such deduction, the surplus shall be payable to the Member whose Shares were sold.
- (e) For giving effect to any such sale, the Board may authorise a person to transfer the Shares sold to the purchaser.

## **34. TRANSFER AND TRANSMISSION OF SHARES**

### **34.1. Transfer of Shares**

- (a) The instrument of transfer of any Share will be executed by or on behalf of the transferor and the transferee. The transferor will be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members and Shares.
- (b) Shares will be transferred in the form given in Appendix 2 to these Rules or any other form which the Board will approve.
- (c) A Share may not be sold or transferred except:
  - (i) with the consent of the Board and to a person who is qualified to be admitted to Membership of the co-operative under Rule 3.1; or
  - (ii) as otherwise provided by these Rules or the Act.
- (d) The Board may decline to register any transfer of Shares to a person of whom they do not approve. The Board may also decline to register any transfer of Shares on which the co-operative has a lien or charge. If the Board refuses to register a transfer of Shares it shall send notice of the refusal to the transferee within two (2) weeks after the date on which the Board declined to register the transfer.
- (e) The Board of the co-operative will not consent to the sale or transfer of Shares to a person where it would result in a contravention of Rule 28.1(a).
- (f) The Board may decline to recognise any instrument of transfer unless:
  - (i) the fee, if any, specified in Schedule 1, is paid to the co-operative for the transfer; and
  - (ii) the instrument of transfer is accompanied by any evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- (g) The Board will have a record of all transfers made in the appropriate register.

- (h) The Board may suspend the registration of transfers during the 14 days immediately preceding the annual general meeting in each Year.

#### 34.2. Effect of sale, transfer or disposal of Shares

A Member who has sold, transferred or disposed of the beneficial interest in their Shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the co-operative.

### 35. DEATH, BANKRUPTCY OR INCAPACITY OF MEMBERS

#### 35.1. Death of Member

- (a) The Board may register as the holder of a Share, a trustee, executor or administrator of the estate of a dead person who was the registered holder of the Share in the co-operative, or where the deceased Member is entitled in equity to a Share, with the consent of the holder of the Share in accordance with section 164 of the Act.
- (b) On the death of a Member, the Member's Share in the co-operative cannot be transferred to a person other than an administrator or executor except with the consent of the Board of the co-operative in accordance with sections 82 and 170A of the Act.
- (c) For the purposes of section 86:
  - (i) the value of the Shares held by the deceased Member will be the paid up amount on those Shares;
  - (ii) the value of any other interest of a deceased Member will be determined by the instrument creating that interest.

#### 35.2. Registration of Official Trustee in Bankruptcy

Where a Member is declared bankrupt, the Official Trustee in Bankruptcy may be registered as the holder of the Share held by the bankrupt Member in accordance with section 166 of the Act.

#### 35.3. Registration as administrator of estate on incapacity of Member

A person appointed under a law of a State or Territory to administer the estate of another person who, through mental or physical infirmity, is incapable of managing their affairs, may be registered as the holder of a Share held by the incapable person whose estate the appointed person is administering in accordance with section 165 of the Act.

#### 35.4. Rights attaching to Shares in relation to death, bankruptcy or incapacity of Members

- (a) A person who is entitled to a Share by reason of the death, bankruptcy or the incapacity of the holder will be entitled to the dividends and other advantages to which that person would be entitled if the person were the registered holder of the Share. However, before being registered as a Member in respect of the Share, the person will not be entitled to exercise any right conferred by Membership in relation to meetings of the co-operative.
- (b) A person registered pursuant to Rules 35.1, 35.2 and 35.3 is, while so registered, subject to the same liabilities in respect of the Share as those to which that person would have been subject if the Share had remained, or had been registered in the name of the deceased person, the incapable person or the bankrupt person.

### 36. CO-OPERATIVE CAPITAL UNITS (CCUS)

#### 36.1. Issue of CCUs

The co-operative may issue co-operative capital units (CCUs) to a person (whether or not a Member of the co-operative) pursuant to section 273.

#### 36.2. Rights attaching to CCUs

- (a) Each holder of a CCU is entitled to one vote only at a meeting of the holders of CCUs.
- (b) The rights of the holders of CCUs may be varied only in the manner and to the extent provided by their terms of issue and only with the consent of at least 75% of the holders of CCUs given in writing or at a meeting.
- (c) The holder of a CCU has, in the person's capacity as such a holder, none of the rights or entitlements of a Member of the co-operative.
- (d) The holder of a CCU is entitled to receive notice of all meetings of the co-operative and all other documents in the same manner as the holder of a debenture of the co-operative.
- (e) In discharging their duties, it is proper for the Directors of the co-operative to take into account that the holders of CCUs have none of the rights and entitlements of, and are not regarded as, Members of the co-operative.

# APPENDIX 1 – RULE 23.8 PROXY FORM

PROXY FORM		
I/we .....		
.....		
.		
.....		
.		
of .....		
.....		
.		
.....		
appoint .....		
of .....		
.....		
.		
.....		
or in that person's absence .....		
of .....		
.....		
.		
or [in that person's absence] the chairperson of the meeting, or a person nominated by the chairperson, as my/our proxy to vote for me/us on my/our behalf at the [annual/special] general meeting of the co-operative to be held on ..... and at any adjournment of that meeting.		
I/We direct my/our proxy to vote in respect of each resolution to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.		
	FOR	AGAINST
[ordinary/special] resolution No. 1	[   ]	[   ]
[ordinary/special] resolution No. 2	[   ]	[   ]
If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each resolution (including any procedural resolution) to be considered by the meeting and any adjournment of the meeting.		
Dated .....		
Signature .....		



**APPENDIX 2 – RULE 34.1**  
**SHARE TRANSFER FORM**

**SHARE TRANSFER FORM**

I/we .....  
.....  
.....  
of .....

in consideration of the sum of .....

paid to me by .....  
.....  
.....  
of  
.....  
.....  
.....

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

I, the transferee, agree to take the said Share (or Shares) subject to the conditions on which the  
transferor holds the Share (or Shares) and subject to the Rules of: .....  
.....as amended from time to time.

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

Signed by

....., transferor.

In the presence of ....., witness.

Signed by

....., transferee.

In the presence of ....., witness.

## SCHEDULE 1 - FEES

ITEM	RULE REFERENCE	CHARGE
Annual Contribution (maximum)	<b>Rule 15</b>	As determined by the Board in accordance with the Rules
Duplicate Share Certificate	<b>Rule 28.2(b)</b>	\$20.00
Transfer of Shares	<b>Rule 34.1(f)</b>	\$100.00
Transfer of Debentures	<b>Rule 18(e)</b>	\$50.00
Maximum Fine	<b>Rule 8</b>	\$1,100.00
Entrance Fee (maximum)	<b>Rule 7.1(a)</b>	\$0