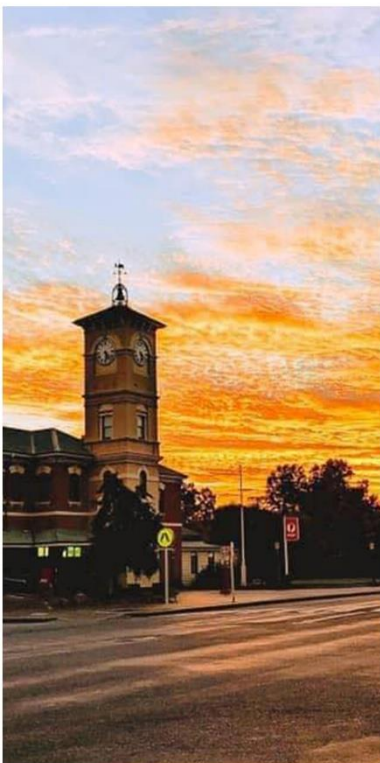


THE  
COOTA  
DISTRICT  
CO-OP

# The Coota District Co-op Ltd Business Plan



**Acknowledgments:**

Photographs: Rosalie Dale, Gail Douglas, Peter Hogan, Ron South  
Design: Rosalie Dale

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# Executive summary

A group of committed Cootamundra residents has come together in response to the news that in April 2021 Wesfarmers would close its Target store located in the centre of town.

An opportunity to reverse the trend of shops closing in the centre of town was identified and the concept of starting a community owned retail experience was explored.

On 27 August 2020, a public meeting was held in the Cootamundra Ex-Servicemen's and Citizens' Memorial Club. 80 people attended (under COVID Safe restrictions) and a speaker from the Business Council of Co-operatives and Mutuals spoke about the nature of cooperatives and how to go about setting one up. Within a week of the meeting a Steering Committee was formed; from seven to nine people met weekly and volunteered their time to explore what might be possible in response to a widely acknowledged risk to the economic prosperity of the town.

It was identified that funds would be required to support business planning and formation of a legal entity so the Cootamundra Monster Garage Sale was organised.

On Saturday, 6 March 2021, at the Cootamundra Showground, donated goods were sold with a total of \$7,500 raised. As well as being a fundraising event this was also a community engagement and celebration bringing people together with the purpose of saving the centre of Cootamundra.

Over the past nine months the Steering Committee has been working collaboratively to explore how a retail store could be set up that would support Cootamundra to:

1. Create local jobs
2. Provide traineeships for local young people
3. Become a shopping destination
4. Financially support local community groups and projects
5. Drive economic viability and prosperity through a community-wide mutual relationship – we support you and you support us
6. Unite through community engagement and strengthening community connections
7. Be proud of their community-lead response to the closure of a central retail store

The risk of not taking this action is that the centre of town could see more shops closing, the loss of local jobs and training opportunities and people being forced to travel out of town in order to access the type of quality and affordable items previously stocked at Target.

The Steering Committee is committed to Cootamundra having a thriving town centre that provides local jobs and puts money back into the local community. It identified that this can be achieved through setting up a community owned and operated co-operative retail business.

This business plan outlines the vision for a Cootamundra community owned and operated retail store and the proposed plan to take it from an idea through to opening the doors.

It starts with a summary of the co-op, the strategic objectives, the opportunity presented and then a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and risk matrix which inform the later sections of the document around the business and financial modelling. The final section is 'Next Steps', which outlines the focus of the steering committee and the board for the next 12 months.

This document is intended to provide background information for people interested in the proposed business modelling and planning for The Coota District Co-op Ltd.

Investment information is provided in the co-operative's Disclosure Statement which should be read in conjunction with this document.

## **Disclaimer**

This document provides an overview of the proposed approach to be taken in the set up of The Coota District Co-op Ltd. It does not provide legal or financial advice.

## Acknowledgements

This document and supporting materials have been developed in collaboration with the following people:

Business Plan development	Clare Fountain – Co-operative Bonds
Co-operative structure development	Anthony Taylor – Business Council of Co-operatives and Mutuals
Financial modelling development	Daniel Morrow – Thomas Noble and Russell, Chartered Accountants, Auditors and Business Advisors
2021 Steering Committee members  Potential board member	Gwen Norman, Leigh Bowden, Richard Turnbull, Todd Basham, Des Guthrie, Donna Streher and Richard White  Robert Patterson
With additional contributions and support from:	<ul style="list-style-type: none"><li>• Leah Sutherland, Cootamundra Development Corporation</li><li>• John English, JMA Legal</li><li>• John Heath, local businessman</li><li>• Amber Wineman, Riverina Design and Interiors</li><li>• Steve Turner, local businessman</li><li>• The Cootamundra community</li></ul>

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**Prepared By:** Clare Fountain

**Date Prepared:** 14 May 2021

**Document Name:** The Coota District Co-op Business Plan

# The Co-operative. A summary

**The Coota District Co-op Ltd** ('the co-op' / 'the co-operative') is a proud, community owned business, set up to make sure that people who live in and around Cootamundra continue to be able to access affordable and quality goods and that the centre of town remains vibrant and economically strong.

In 2021 the town of Cootamundra lost its Target store, which since 1998 has serviced the local market with a quality and affordable retail store, bringing shoppers and community members into the centre of Cootamundra. The store closure means that locals now have to travel outside of the district if they need to buy quality and affordable clothing, footwear, toys, books, Manchester and homewares, etc.

This presents the risk that people who have access to a car will travel outside of the district for shopping, thus impacting on the economic viability of other businesses in the centre of Cootamundra and leading to a loss of a sense of connection and community. It also puts people without access to private transport at a disadvantage, in terms of access to quality and affordable shopping options.

## Our Vision

A strong community with a successful store

## Our Purpose

Underpinning a vibrant shopping experience is a focus on creating local jobs, local opportunities and putting profits back into Cootamundra

## Our Values

### Ethical

We are

- Honest
- Trustworthy
- Transparent



## **Professional**

We are

- Accountable
- Diligent
- Fair
- Sincere

## **Valuing everyone**

We are

- Welcoming
- Inclusive
- Respectful
- Interested and curious

## **Community**

We build community through

- Investment
- Engagement
- Being committed
- Being patient

## **Outstanding customer service**

We

- Listen
- Understand
- Keep our customers in focus
- Create new ideas to meet customer needs

## **Products and services**

The Coota District Co-op will identify and fill the key gaps in the local market for quality and affordable items. The Co-op will also work to support other retailers in town by bringing in

more customers to the central precinct and establishing Cootamundra as a shopping destination.

## **Our Members**

Our co-operative members will be our customers and our customers will be our co-operative members. These members will also be invited to invest in the co-operative.

## **Our Market**

Our market is shoppers looking for quality and affordable retail items locally available in Cootamundra. Initially delivering an in-person shopping experience, this will be extended to support online shopping, which will extend the market beyond the Cootamundra district.

## **The Business Potential**

Historically, the Target store is believed to have had a turnover of approximately \$35,000 a week. This was based on providing the standard Target stock range. There is the potential to partner with the local community to better understand their needs, with the opportunity to bring in a more diverse stock range. There is also the potential to support Australian made products – national, but also local.

Operating under a co-op model also has the potential to financially reward members for their loyalty, through discounts and financial surplus distributions. Locals who invest in the co-op start-up capital raising also have the *potential* for receiving a return on their investment.

## **Business Structure**

The Co-op is a distributing co-operative democratically owned by its members. Members of the co-operative vote for which members sit on the board and govern the business, as per the co-operative rules. Membership is open and each member only gets one vote. Everyone in Cootamundra can become a member the co-op.

## **Finance**

The co-op requires a minimum of \$750,000 to fund set up costs and the first 6 months of operations. This will be raised through member shares, with the aim of selling member shares to 1,000 members to the value of \$1,000 per member or some other combination, to raise \$1.0 million in share capital.

Once operating, the co-op is forecast to break even when monthly sales reach \$95,000. When sales grow to reach more than \$100,000 a month, the co-operative is projected to make a surplus. The co-op aims to reinvest 5% of surpluses back into the community by supporting projects and groups.

## Our Plan

To take the idea of a community owned retail store through to opening the doors the following approach has been drafted by the Steering Committee.

Sitting under the vision and purpose are 4 strategic areas that will support the co-op board, once formed, to set the strategic direction. These same 4 areas can then also be used by the operations management team to plan day to day operations.

To support aligned expectations, both internally and externally, indicative 5-year goals have been created.

This thinking has been captured in the following Towards 2031 one-page strategic summary.

# Towards 2031 ...

<p><b>Our Vision</b> A strong community with a successful store</p>			
<p><b>Our Purpose</b> Underpinning a vibrant shopping experience is a focus on creating local jobs, local opportunities and putting profits back into Cootamundra</p>			
<p><b>Our Values</b> Ethical / Professional / Valuing Everyone / Community / Outstanding Customer Service</p>			
<p><b>The Strategic Areas for 2021- 2026 are:</b></p>			
<b>Finance</b>	<b>Operations</b>	<b>Governance</b>	<b>Community</b>
<p><b>Our 2026 goals for each Strategic Area are:</b></p>			
<ul style="list-style-type: none"> <li>• 5% dividend paid per annum on share capital</li> <li>• A cash reserve is in place to the value of 20% of share capital</li> <li>• A diversified business model is in place which has reduced the reliance on the retail business. This new model has resulted in a strong financial position with cash reserve / capital raising targets being met.</li> <li>• An annual sum of 10% of the surplus is being used to support community groups / projects</li> </ul>	<ul style="list-style-type: none"> <li>• 10% of regional sales are from customers that live outside of postcode 2590</li> <li>• Stock turnover is at a rate of 2.5 a year</li> <li>• All floor space is being utilised</li> <li>• The Coota District Co-op Ltd is a workplace of choice, with staff retention at 100% and any vacancies attracting suitable application numbers</li> <li>• At least 10 people employed</li> </ul>	<ul style="list-style-type: none"> <li>• Member retention is at 95% with a total of 3,000 active members</li> </ul>	<ul style="list-style-type: none"> <li>• One annual co-op sponsored community education event.</li> <li>• At least one new school leaver is being employed annually, and provided with training in retail or other relevant services.</li> <li>• A business management scholarship in place as part of the co-ops commitment to community education</li> <li>• Providing / receiving ongoing support and mentoring within the co-op sector</li> </ul>

# The Opportunity

## The landscape

Cootamundra is a town of just under 6,000 people located on the northern fringes of the food growing areas in southern NSW. It has been home to the Wiradjuri people for over 60,000 years.

Cootamundra's unique geographic location places it in an advantageous position both within the local region and further afield. Its proximity to major centres such as Wagga Wagga, Canberra, Sydney and Melbourne means that over half Australia's population can be reached within a 7-hour drive. The transportation routes give Cootamundra easy access to both the Hume and Olympic Highways; passenger rail services run twice daily to Sydney and Melbourne; and coach services running to various regional centres operate regularly.

Agriculture provides a strong economic base for the region, supported by the location, good soils and a reliable climate. Sheep and cattle grazing plus broadacre winter crop production are the main enterprises; however, there are some small producers providing free-range pork and goat meat, nuts and olives.

There are several industries operating in the area. These include:

- Cootamundra Oilseeds, which undertakes cold pressing GMO free oilseeds, using clean, renewable energy while pressing the old fashioned way, with no chemicals or preservatives. It is 100% Australian owned and now employs 14 people.
- Molycop, the largest and most experienced supplier of mining consumables and associated services worldwide, has just purchased JLW Services, a local company that specialises in waste management and resource recovery services for problematic waste streams, including end-of-life tyres, mattresses, conveyor belts and IBCs. Following the installation of polymer injection technology at its EAF facility, Molycop will also start substituting steelmaking carbon derived from fossil fuels with crumbed tyre rubber. Molycop employs 20 people.
- Sutherlands Transport Pty Ltd is a rapidly growing logistics company offering road transport services to and from the Riverina.
- The abattoir, which closed in February 2017, has been bought by the Australian Meat Group and is due to open later this year, ie 2021.

- A solar farm has also received approval and should be developed in due course.

There are also a number of smaller companies and sole traders.

Cootamundra is considered to be too close to Wagga or Young, with too small a catchment to attract large retailers. However, there are several 'boutique' retailers, including antique stores, which attract shoppers.

Last year, Cootamundra-Gundagai Regional Council launched a new tourism strategy. The tagline for Cootamundra is 'Let your rural spirit play'. The majority of visitors to the town are visiting family and friends. However, there are other drawcards to the town: it is the birthplace of Sir Donald Bradman and holds a collection of Bradman memorabilia in the Bradman Birthplace Museum; a series of sculptured busts make up the Cricket Captains' Walk in Jubilee Park; and there are several annual events, eg The Beach Volleyball Carnival, the Wattle Time Fair and Parade, the Fathers' Day Swap Meet and the Cootamundra Show. A new agritourism strategy has just been launched to showcase local farms and farm produce.

Although the population consists of a greater percentage of middle aged and elderly people than other regions (Cootamundra has the largest percentage of those over 65 in the Riverina), a study undertaken by the Cootamundra-Gundagai Regional Council (Coota 2050, 2019) indicated a real thirst for change and a vision of a friendly, well-serviced, vibrant and sustainable community into the future.

## SWOT Analysis

This table highlights the strengths, weaknesses, opportunities and threats for setting up a co-op to operate a community owned store.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Potential access to old Target store and associated infrastructure</li> <li>• The co-op business model</li> <li>• Passionate and committed steering group</li> <li>• Have found a buying group</li> <li>• Current 'buy local' trend</li> <li>• Local support and meeting local needs</li> <li>• Lack of public transport</li> <li>• Current focus of governments on consumer spending</li> <li>• Local jobs and profit invested back into the community</li> </ul>	<ul style="list-style-type: none"> <li>• Gap between Target closing and Co-op store opening</li> <li>• Community negativity</li> <li>• Start-up capital required</li> <li>• Unknown if community will invest</li> <li>• Need for quality employees</li> <li>• Reliance on quality stock</li> <li>• Co-op business model is not well understood</li> <li>• Reliance on steering group for success of co-op</li> <li>• Uncertainty around accessing a building</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• To provide Cootamundra with a quality, medium price ranged shopping experience</li> <li>• Making new things available in Cootamundra</li> <li>• There is good will in the community</li> <li>• Using the co-op to support local groups &amp; projects</li> <li>• To diversify into other business opportunities</li> <li>• For member investors to get value for money</li> <li>• Local employment / training / education</li> <li>• Bringing vibrancy to the main shopping precinct</li> <li>• Community unity</li> <li>• The relative isolation from similar stores</li> <li>• A currently empty shop</li> <li>• To bring people into Cootamundra</li> </ul>	<ul style="list-style-type: none"> <li>• Financial viability of business model</li> <li>• Ability to raise sufficient start-up capital</li> <li>• Local negative gossip</li> <li>• Reputational risk of being seen to be overpriced</li> <li>• Burnout of steering committee &amp; board</li> <li>• No customers / low community support</li> <li>• Poor quality customer service / incompetent staff</li> <li>• Lack of supplier backing / supply chain disruption</li> <li>• War / COVID lock down / global recession</li> <li>• Membership - low take up / high turnover</li> <li>• Potential for another store to open locally or close by</li> <li>• Government policy impacting on consumer confidence and spending</li> </ul>

## **Risk Matrix**

The following risk matrix provides an overview of the risks associated with the start-up phase of the co-op. These risks have also informed the 4 strategic areas that will form the focus for the next 12 months, as the board works towards the 5 year goals.

A risk mitigation strategy will be developed to address and minimise these risks as part of the next steps.



# IMPACT

## LIKELIHOOD

	Unlikely	Likely	Very Likely
<b>Minor</b>			
<b>Moderate</b>	<ul style="list-style-type: none"> <li>Major shareholders leaving the co-op (ability to repay their capital)</li> <li>Stock / building damage requiring insurance claim</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet financial targets</li> <li>Workplace safety breach / litigation</li> </ul>	<ul style="list-style-type: none"> <li>COVID outbreak</li> </ul>
<b>Major</b>	<ul style="list-style-type: none"> <li>Securing a building</li> <li>Building too big for start up</li> <li>Financial mismanagement leading to insolvent trading</li> <li>Founders lose their nerve</li> </ul>	<ul style="list-style-type: none"> <li>Lack of supply stock</li> <li>Poor governance</li> <li>Poor management</li> <li>Lack of quality staff</li> <li>Delayed store opening</li> <li>Lack of knowledge</li> <li>Lack of working capital</li> </ul>	<ul style="list-style-type: none"> <li>Low customer numbers and spending</li> <li>Low community engagement &amp; support</li> <li>Community hostility and backlash</li> <li>Low understanding of Co-ops</li> </ul>

# The Business Model

## What is a Co-op?

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly-owned and democratically controlled enterprise.

### Principles

As a member owned and operated business it will be built around these seven international co-operative principles.

#### **1st Principle: 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.

#### **2nd Principle: 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.

#### **3rd Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative.

#### **4th Principle: 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 sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

## 5th Principle: 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.

## 6th Principle: Co-operation among 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.

## 7th Principle: Concern for Community

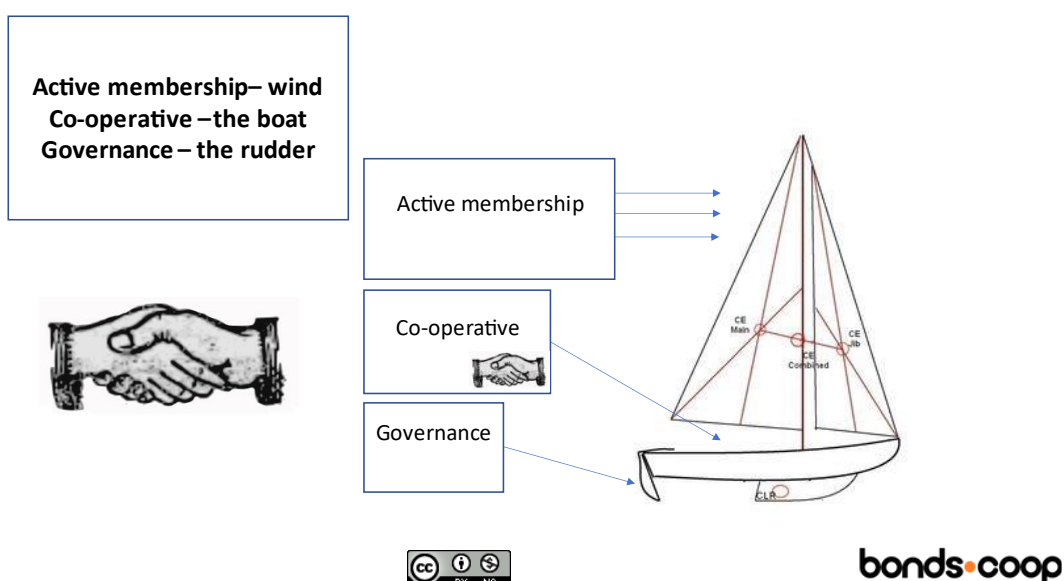
Co-operatives work for the sustainable development of their communities through policies approved by their members.

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## The Mutual Relationship

The following diagram shows the 'mutual' relationship between members and a co-op. The member activities support the success of the co-op, which is steered through the effective governance of its board of directors, which must have a majority of elected member-directors.

### The Mutual Relationship in Co-op



## **Type of Co-operative**

The Coota District Co-op Ltd is a distributing co-operative. A distributing co-operative can distribute any and all of its annual profits to active members.

## **Ownership**

The co-op will be a member owned and operated business.

Under a co-operative structure, each member has one vote. Voting is a right of membership and is not attached to shareholdings.

Under the Co-operatives National Law, a co-op must outline the following information in its rules (additionally, the Co-op has decided to enshrine Objectives in its rules):

## **Co-op Objectives**

The objectives of the co-operative are to:

1. Provide quality, affordable goods, including clothing, footwear, toys, books, Manchester and homewares
2. Encourage the building of wealth and sustainability for our members and shareholders within our community
3. Actively engage, integrate and support community projects
4. Operate with a demonstrated loyalty, integrity and co-operation with our community

## **The Co-op's Primary Activity**

Providing quality affordable clothing, footwear, books, toys, Manchester and homewares for sale to the local community.

## **Who can be a member of the co-op?**

A member can be either a natural person or any corporate entity.

They qualify to be admitted to membership of the co-operative if they are able to use or contribute to the services of the co-operative, are a legal resident of Australia and have completed a membership application form and paid any fees.

Members under 18 years old are not permitted to vote or stand for office.

## **Membership Fees and Entitlements**

The following fees are being proposed, with more detail outlined in the Disclosure Statement.

- Co-op Membership will cost \$20 (entry fee)
- The cost of membership shares are \$10 each, with a compulsory minimum shareholding of one (\$10) share per member.
- Membership will entitle members to a 5% discount on purchases.
- An annual fee of \$20 is payable by all members (annual fee)

## **Active membership**

In order to establish and maintain active membership of the co-operative, a member must purchase goods or services to the value of \$100 from the co-operative each financial year. Failure to maintain active membership may lead to cancellation of membership.

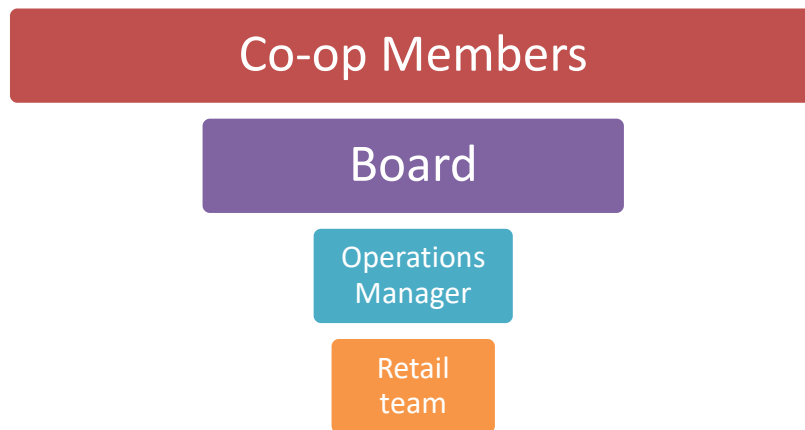
## **Additional Shares**

Members will be able to purchase additional shares at \$10 each. In line with Co-operatives National Law, this is capped at a maximum of 20% of the total allocated shares per member.

## Governance and Management structure

The governance of the co-op (including board structure) will be determined by the rules of the co-operative.

The structure looks like this, with the members at the very top being the owners of the business.



In terms of reporting and accountability, the same applies – the co-op members select a board. The board appoints and oversees a Manager. The Manager recruits and oversees the store team.

## Key Roles and Responsibilities

### The Board

The board is accountable to the co-op members and its responsibilities include:

- Strategic plan creation and implementation
- Governance
- Compliance
- Financial performance and management
- Risk identification and mitigation

- Solvency
- Member value and engagement
- Determine, set and monitor the culture of the organisation

Discussions have been had around where the responsibilities will fall, both during the start-up phase and once the store opens. The following is a place to start the conversation about what roles are required. This will be refined once investment is secured and the budget is finalised.

In line with the co-op's rules, the board will be a majority of member directors (the board must have 7 directors, including up to 2 non-member directors). Non-member directors can bring experience and expertise onto the board.

Founding board members will be volunteers.

## **Board Working Groups**

Under a co-operative structure, the board can form advisory and/or decision-making working groups or sub committees. These committees can include members of the co-operative. It is recommended that, where working groups are formed, each group has a board member represented on it and that there are clear terms of reference created, with timelines and target outcomes. There might also be a budget attached to a working group.

## **Operations Manager**

Responsible for operational business planning and management according to the direction provided by the board, which may include the following responsibilities:

- Budget and financial performance management
- Recruitment and performance management of the retail team
- Compliance across the co-op
- Sales and marketing planning and implementation
- Quality
- Stakeholder communication and engagement

- Risk management
- Member engagement and retention planning and implementation

This paid role might be part-time until there are resources for a full-time role.

Initial modelling is based on all operational staff being paid, with volunteers sitting on the board and its relevant sub committees.



## Strategic Areas

Key to the success of the co-op will be the connection between its members, its board and the operations team. The following 4 Strategic Areas, created by the Steering Committee in April 2021, create a framework that can be used both at the strategic and operational levels.

### Governance

At the board / strategic level the area of governance covers:

- Creating strategy
- Governance policy development
- Strategic planning, including budgets and financial performance
- Effective governance
- Compliance
- Risk
- Setting and managing governance objectives and performance

At the operational level the area of governance covers:

- Business planning, including budgets
- Compliance
- Risk / WHS planning and management
- Performance management of governance objectives

### Operations

Key features of the Coota District Co-op store will be:

1. A focus on Australian made products
2. Providing a range of affordable quality options
3. Stock that reflects current trends
4. Customer focussed service
5. Valuing customer feedback
6. A product range that reflects an understanding of the needs of our customers

At the board / strategic level the area of operations covers:

- Creating strategy and policy

- Setting and monitoring the culture of the Co-op
- Performance management

At the operational level the area of operations covers:

- Business planning, including budgets
- Administration / IT
- Quality / customer service
- Setting and management of operational objectives and targets
- Human resources
- Store and stock management
- Store marketing / communications
- Member value and engagement

## **Community**

Where community means:

- The Cootamundra Community
- Co-op members
- Co-op customers
- Co-op stakeholders

At the board / strategic level the area of community covers:

- Creating strategy and policy
- High level stakeholder engagement strategy and planning

At the operational level the area of community covers:

- Marketing and Communications planning
- Engagement planning
- Stakeholder engagement
- Member engagement

## **Finance**

At the board / strategic level the area of finance covers:

- Creating strategy and policy
- Budget setting and monitoring
- Risk and audit planning and monitoring
- Business viability / solvency
- Revenue and costs structures in the business model
- Investment management and performance

At the operational level the area of finance covers:

- Budget setting, monitoring and management
- Compliance
- Risk and audit monitoring and implementation
- Financial performance and reporting

# The Financial Model

Thomas, Noble and Russell, Accountants, Auditors and Business Advisers to co-operatives, have prepared a Financial Analysis and Viability Study, a summary of which appears in Appendix 1.

## Start up Capital

Financial modelling shows that start-up capital of \$750,000 will be required for the business to be established and financially viable for the first 12 months.

## Revenue Streams

As the main activity of the Co-op is retail, store sales will make up the bulk of the operational revenue. Sales in the first year have been forecast at \$1.3 million.

Co-op membership will also generate a modest annual revenue stream, based on receiving an annual fee from each member.

## Expenses

Stock will make up the majority of expenses, budgeted initially at \$400,000. Other expenses may include:

- Wages
- Rent
- Marketing / advertising / communications
- Insurance
- Member engagement, etc

## Surplus

The co-op is forecast to make a surplus in year 1. At this point, the Steering Committee has recommended that, in line with co-operative regulations, there be a 3% dividend paid per annum on share capital as soon as possible. The ability to do this will be based on the financial performance of the co-operative with the final decision always being made by the board at the time.

The maximum dividend is capped in regulation at just above a term deposit rate. However, surpluses above this can be distributed as bonus shares, or if not required to be reinvested in the business, paid out as patronage rebates.

## Next Steps

The Steering Committee has drafted the Rules and a draft Disclosure Statement for the proposed co-operative, and lodged these documents for pre-approval with the NSW Registrar of Co-operatives. This Business Plan, with the supporting financial documentation, will be used to promote the proposed co-op and collect expressions of interest for potential members and investors.

This process can be described as market testing, with the role of the Steering Committee to listen to what the community has to say about what is on offer and to refine the offer as required.

If expressions of interest are sufficient to indicate that the required share capital can be raised, the Steering Committee will proceed with formation and registration of the co-operative, raise capital by way of member shares, secure premises and prepare to open the store.

The following have been identified as being the top 3 priorities by the Steering Committee for each strategic area:

### **Finance**

- Financial viability modelling and market testing to establish investment interest by the local community
- Budget / cashflow planning, including allocation for Operations Manager remuneration / stock acquisition / systems, etc
- Capital raising

Once there is a demonstrated commitment to investment by the community, the following will be managed:

### **Operations**

- Secure premises
- Employ manager
- Stock management planning
- Training
- IT / processes set up, etc

## **Governance**

- Finalisation of Rules and Disclosure Statement for approval by Registrar
- Co-op formation and inaugural board registration
- Governance and policy framework in place
- Risk mitigation strategy developed
- Compliance
- Set up subcommittees with clear terms of reference / reporting

## **Community**

- Initial communications and engagement around commitment to investment
- Membership strategy
- Community engagement / education planning
- Stakeholder management
- Communications planning and management

The number one priority that sits across these 4 areas is to build community through listening, understanding, education and engagement.

Understanding, communicating, reviewing and revising member values before, during and after setting up the co-op will be essential to the success of the co-operative.

# Addendum

7 June 2021

The Steering Committee began working on the Co-operative Rules and Disclosure Statement in October 2020. These were submitted to the Department of Fair Trading for approval 3 times between February and April, 2021, as the Department requested clarification and amendments.

On Tuesday, 25 May, 2021, the Steering Committee received notification that the Rules and Disclosure Statement had been approved.

The Formation Meeting was held on Monday, 31 May, 2021, at the Cootamundra Ex-Servicemen's and Citizens' Memorial Club, with 24 people signing up as members on the night. A Formation Board was elected that evening. The Coota District Co-op Ltd Board members are:

## **Leigh Bowden, Chair**

Leigh has a BA Dip Ed, MA, Advanced Diploma in Applied Aboriginal Studies and an Executive Certificate for Elected Representatives. She has a background in education, academia and community development and has run her own small business. She is currently a board member of the Cootamundra Development Corporation, a committee member of the Cootamundra Tourism Action Group, The Arts Centre Cootamundra and the Cootamundra Country Education Foundation. She is also an elected representative on Cootamundra-Gundagai Regional Council. She brings to the Board an understanding of the need for community engagement and inclusion.

## **Richard Turnbull, Secretary**

Richard has tertiary qualifications from UWS and his background is in education as a school teacher for 40 years. Richard has held the positions of director of a family business, Yotala Gymnastics, and public officer for a community sports club. He has worked in a state level sports organisation focussing on compliance, policy and child protection. He is concerned for work-place safety having served on a WHS committee for 20 years. He has lectured for the NSW Office of Sport in Child Protection and is a qualified process auditor. Richard is currently the Chair of the Cootamundra Development Corporation



**Gwen Norman, Treasurer**

Gwen has tertiary qualifications in Adult Education and Vocational qualifications in Work Health and Safety, Stock and Station and Real Estate. Gwen's Adult Education qualifications have been utilised in the Mining and Agricultural sectors as well as in Business Development in Human Resources and Adult Training throughout many sectors. Gwen has been involved with event management including The Royal Agricultural Society's Sydney Royal Easter Show, local shows and business conference events. She has also worked in government lobbying in Tasmania, representing the dairy industry. As Chair/Director of the Cootamundra Country Club and Committee Member of The Arts Centre Cootamundra, Gwen is committed to Cootamundra and sees opportunities for its continued growth and sustainability through local employment and a vibrant commercial centre.

**Todd Basham**

Todd is a lifelong resident of Cootamundra. He is the principal of Todd Basham Electrical which has been in operation for 25 years and employs 5 staff servicing Cootamundra as well as providing electrical professionals to his solar business clients. Todd and his wife, Angie, successfully conducted a successful motel business gaining further experience in management of staff, customer service and business financial management. He is President of the Cootamundra Australian Rules Football & Touch Football Clubs. Todd is committed to the business growth and sustainability of Cootamundra and believes that The Coota District Co-op will contribute to this.

**Donna Streher**

Donna has qualifications in Small Business, Work, Health and Safety and First Aid. For the past 40 years Donna has worked primarily in retail, specialising in newsagencies, women's fashion and footwear. She has expertise in visual merchandising and specialises in customer service and staff training. Starting as a retail assistant Donna's career progressed to include a number of management positions responsible for stock purchasing and inventory, finance, salaries and invoicing, recruitment, training and the development of staff.

**Robert Patterson**

Robert is a Fellow and Chartered Member of Ag Institute Australia (FAIA CAg), a Member of Institute of Management Consultants (MIMC), plus Graduate Member of Australian Institute of Company Directors (GAICD). He is Co-Principal/Director of Rural Management Strategies Pty Limited, Agricultural Consultants, Cootamundra and Wagga Wagga, a professional service firm he commenced in 1987. Robert chairs client management boards and has held various executive positions with professional bodies and other NFP organisations, including Director, Treasurer, plus Chair of Finance, Audit & Risk Committees.

## Appendices

The following documents are attached:

1. Business Viability Calculator prepared by Thomas, Noble and Russell
2. Garage Sale Publicity
3. Co-operative Rules
4. Disclosure Statement
5. Membership Application Form

## **APPENDIX 1**

Financial Analysis and Viability Study Summary

Prepared by Thomas, Noble and Russell, Accountants, Auditors and Business Advisers

# Business Viability Calculator

## Profit and Loss Statement

### The Coota District Co-Operative

All figures are GST exclusive

	Year 1	Year 2	Year 3
<b>Sales Revenue</b>			
Sales of Product	1,300,000	1,339,000	1,379,170
<b>TOTAL \$</b>	<b>1,300,000</b>	<b>1,339,000</b>	<b>1,379,170</b>
<b>Cost of Goods Sold</b>			
Opening Stock	-	400,000	400,000
Cost of Goods Sold	1,167,000	790,010	813,710
Closing Stock	(400,000)	(400,000)	(400,000)
<b>TOTAL \$</b>	<b>767,000</b>	<b>790,010</b>	<b>813,710</b>
<b>Gross Profit</b>			
<b>TOTAL \$</b>	<b>533,000</b>	<b>548,990</b>	<b>565,460</b>
<b>TOTAL %</b>	<b>41%</b>	<b>41%</b>	<b>41%</b>
<b>Other Income</b>			
Membership Entry Fee	20,000	20,000	20,000
<b>TOTAL INCOME</b>	<b>553,000</b>	<b>568,990</b>	<b>585,460</b>
<b>Overheads</b>			
Advertising, Promotion & incl Franchise/Group Fees	24,830	25,575	26,342
Professional Fees - Accounting, Audit, Legal, Secretarial	9,100	24,373	24,654
All Insurance	9,230	9,507	9,792
Bank Charges, Interest (including Merchant Fees)	25,350	26,111	26,894
Printing, Postage, Stationery, Packaging & Wrapping	7,150	7,365	7,585
Rent of Premises	65,000	66,950	68,959
Other Occupancy Costs	15,080	15,532	15,998
Repairs and Maintenance	5,850	6,026	6,206
Telephone and Fax	9,490	9,775	10,068
Employees Wages & Salaries	215,800	222,274	228,942
Staff On Costs	26,000	26,780	27,583
Vehicle Operating Costs	12,220	12,587	12,964
All Other Expenses	31,590	32,538	33,514
<b>TOTAL \$</b>	<b>456,690</b>	<b>485,391</b>	<b>499,502</b>
<b>TOTAL NET PROFIT BEFORE NON-CASH EXPENSES</b>	<b>76,310</b>	<b>63,599</b>	<b>65,957</b>
Other Depreciation, Lease and HP	14,820	15,265	15,723
Income Tax Payable	15,373	12,084	12,559
<b>TOTAL NET PROFIT \$</b>	<b>46,117</b>	<b>36,251</b>	<b>37,676</b>
ROI per Member - 250 members	184	145	151
ROI on Investment - \$3000 per member	6%	5%	5%

# Business Viability Calculator

## Balance Sheet

### The Coota District Co-Operative

	Year 1	Year 2	Year 3
<b>Assets</b>			
Cash at Bank	258,442	282,333	311,890
Stock on Hand	400,000	400,000	400,000
Shop Fittings - at Written Down Value	185,180	194,915	204,193
<b>TOTAL ASSETS</b>	<b>843,622</b>	<b>877,248</b>	<b>916,083</b>
<b>Liabilities</b>			
ATO Payable / Refundable	(17,380)	(17,901)	(18,438)
Income Tax Liability	(15,373)	(12,084)	(12,559)
Superannuation Payable	(4,753)	(4,895)	(5,042)
Members Shares	(10,000)	(10,000)	(10,000)
Investor Shares	(750,000)	(750,000)	(750,000)
<b>TOTAL LIABILITIES</b>	<b>(797,505)</b>	<b>(794,880)</b>	<b>(796,039)</b>
<b>NET ASSETS</b>	<b>46,118</b>	<b>82,369</b>	<b>120,045</b>
<b>Equity</b>			
Retained Profits	46,117	82,369	120,045

# Business Viability Calculator

## Cash Flow Statement

### The Coota District Co-Operative

	Year 1	Year 2	Year 3
<b>Operating Profit</b>	<b>46,117</b>	<b>36,251</b>	<b>37,676</b>
<b>Add:</b>			
Non-Cash Expenses Depreciation	14,820	15,265	15,723
Income Tax	15,373	12,084	12,559
Investor Shares (\$3,000 x 250 shareholders)	750,000	-	-
Member Shares (\$10 x 1,000 members)	10,000	-	-
<b>Taxes and Other Commitments:</b>			
Add GST Collected on Sales	130,000	133,900	137,917
Less GST Paid on Purchases	(158,189)	(102,635)	(105,669)
PAYG Taxes Withheld Staff	43,160	44,455	45,788
Superannuation Payable	20,501	21,116	21,750
Payment / Refund ATO	2,409	(75,199)	(77,500)
Payment Superannuation	(15,748)	(20,973)	(21,603)
Income Tax Payment		(15,373)	(12,084)
<b>TOTAL CASH INFLOWS</b>	<b>858,442</b>	<b>48,891</b>	<b>54,557</b>
<b>Less:</b>			
Purchase of Initial Stock	(400,000)	-	-
Fitout of Shop	(200,000)	-	-
Capital Expenditure / Shop Improvements	-	(25,000)	(25,000)
<b>TOTAL CASH OUTFLOWS</b>	<b>(600,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>
Net Cash Inflow / (Outflow)	258,442	23,891	29,557
Opening Cash at Bank	-	258,442	282,333
<b>Closing Cash at Bank</b>	<b>258,442</b>	<b>282,333</b>	<b>311,890</b>

## **APPENDIX 2**

Garage Sale Publicity





# MONSTER GARAGE SALE

The Monster Garage Sale is being held to cover the initial costs of the set-up of The Coota Co-op, eg the fee for registration with the Department of Fair Trading. We need these monies now. Only after we have become a legal entity can we receive memberships and share purchases from the community.

You can help The Coota Co-op Steering Group raise these funds by donating any quality items that you would like to move on and by attending on the day to shop. Our local member, Steph Cooke is supporting by both donating goods and also volunteering on the day.

If you have items to donate and for further information please contact Leigh on 0405 381 038.

*Dusty Road Coffee Cart and CanAssist BBQ will be there!*

**WHEN: SATURDAY 6TH MARCH 2021**  
**TIME: 8.00AM - 1.00PM**  
**WHERE: NED STEIGER PAVILLION**  
**COOTAMUNDRA SHOWGROUND**  
**47 PINKERTON ROAD**  
**COOTAMUNDRA**



### **APPENDIX 3**

Co-operative Rules Approved 17 May 2021

# Rules for The Coota District Co-op Ltd

## Part 1 Preliminary

### 1 Application of these rules

These rules are the rules of The Coota District Co-Op Ltd

### 2 Definitions

(1) In these rules:

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

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

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

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

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

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

**member director** and **non-member director**—see section 174 of the Law and rule 45.

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

**the co-operative** means The Coota District Co-Op Ltd

**the Law** means the Co-operatives National Law as applying in this jurisdiction.

**the National Regulations** means the Co-operatives National Regulations as applying in this jurisdiction.

(2) Except so far as the contrary intention appears in these rules, words and expressions used in these rules have the same meanings as they have, from time to time, in the Law or relevant provisions of the Law.

### 3 Name of the co-operative (CNL ss220-222 & 224)

The name of the co-operative is **The Coota District Co-op Ltd**

### Purpose of the co-operative

The objects of the co-operative are to:

1. To provide quality, affordable goods including clothing, footwear, toys, books, Manchester and homewares
2. Encourage the building of wealth and sustainability for our members and shareholders within our community.
3. Actively engage, integrate and support community projects.
4. Operate with a demonstrated loyalty, integrity and co-operation with our community.

17 May 2021

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## **Part 2 Membership**

### **Division 1 Membership generally**

#### **4 Active membership provisions (CNL ss112(2), 144, 148 & 156–166)**

##### **(1) Primary activity**

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

Provide quality affordable clothing, footwear, books, toys and homewares for sale to the local community

##### **(2) Active membership requirements**

In order to establish and maintain active membership of the co-operative a member must purchase goods or services to the value of \$100 from the co-operative each financial year. Failure to maintain active membership may lead to cancellation of membership (see rule 21).

#### **5 Qualifications for membership (CNL s112)**

A person qualifies for membership of the co-operative if:

- (1) The person is able to use or contribute to the services of the co-operative.
- (2) The person must be a natural person or any corporate entity
- (3) The person has completed a membership form and paid any fees.

#### **6 Entry fees and regular subscriptions (CNL s124)**

- (1) The entry fee for an application for membership is \$20.

- (2) The Annual Subscription will be \$20.

#### **7 Membership applications**

- (1) Applications for membership must be lodged at the registered office or on the website of the co-operative on the application form approved by the board, and should be accompanied by:

- (a) payment of \$20 entry fee set under rule 6; and

- (b) payment of \$10 for allotment of the minimum number of shares in the co-operative as specified in rule 16.

- (2) Every application must be considered by the board.

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

- (4) The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.

- (5) The board may, at its discretion, refuse an application for membership.

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- (6) The board need not assign reasons for the refusal. On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

## **8 Cessation of membership (CNL s117)**

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

- (a) if the membership ceases in any circumstances specified in section 117 of the Law;
- (b) if the member's total shareholding is transferred to another person and the transferee is registered as the holder of the shareholding;
- (c) if the member's total shareholding is forfeited under the Law or these rules;
- (d) if the member's total shareholding is purchased by the co-operative under the Law or these rules;
- (e) if the member's total shareholding is sold by the co-operative under any power in the Law or these rules and the purchaser is registered as shareholder in the member's place.

## **9 Expulsion of members (CNL s117)**

A member may be expelled from the co-operative by special resolution to the effect

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

- (c) once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
  - (d) the co-operative must not make a decision on the alleged conduct or on expulsion, except by vote by secret ballot of the members present, in person and entitled to vote;
  - (e) a motion for the decision is not taken to be passed unless two-thirds of the members present, in person vote in favour of the motion.
- (4) An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution.
  - (5) A member re-admitted must not have restored to him or her any shares that were cancelled on his or her expulsion.

## **10 Resignation of members (CNL s117)**

A member may resign from a co-operative by giving 7 days' notice in writing in the form approved by the board.

## **11 Monetary consequences of expulsion or resignation (CNL s128)**

- (1) In this rule:

**deficiency** means the amount of accumulated loss, deficiency or significant change disclosed in the last balance sheet of the co-operative, or later reported before expulsion.

- (2) If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.
- (3) The shares of an expelled or resigning member must be cancelled as at the day of expulsion or resignation, and the cancellation must be noted in the register of shares.
- (4) Subject to subrule (5) and the written terms of a class of share issued, the cooperative must, however, pay to the expelled or resigning member the amount of capital paid up on the former member's shares at the time of expulsion or resignation (less any amount owing by the former member to the co-operative).
- (5) If a deficiency exists, an appropriate proportion of the loss, deficiency or significant change may be deducted from the amount of capital paid up on the shares of the expelled or resigning member. This is done having regard to the number of shares held by the expelled or resigning member immediately before expulsion or resignation in relation to the number of shares in the co-operative.
- (6) Subject to section 128 of the Law, payment to the expelled or resigning member of any amount owing by the co-operative to the former member:
  - (a) must be made at the time decided by the board but within one year from the date of expulsion or resignation; or
  - (b) may be applied at the time decided by the board, but within one year from the date of expulsion or resignation, in the manner set out in section 128 of the Law, if there is agreement by the board and former member or if the board considers that repayment would adversely affect the financial position of the co-operative.

## **12 Suspension of members**

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

## **Division 2 Dispute resolution**

### **13 Disputes and mediation (CNL s129)**

- (1) The grievance procedure set out in this rule applies to disputes under these rules between:
  - (a) a member and another member; or
  - (b) a member (including a former member) and the co-operative.
- (2) If a dispute arises, a party cannot commence any court or arbitration proceeding relating to the dispute unless it has complied with the provisions of this rule, except where person seeks urgent interlocutory relief.
- (3) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
  - (a) the dispute coming to the attention of each party; or
  - (b) a party giving notice, to each of the other parties involved, of the dispute or grievance.
- (3) If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- (4) The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:

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- (a) for a dispute between a member and another member, a person appointed by the board; or
  - (b) for a dispute between a member (including a former member) and the cooperative, a person appointed by the Australian Mediation Association.
- (5) The mediator may (but need not) be a member of the co-operative, unless the member is a party to the dispute.
- (6) The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- (7) The mediator, in conducting the mediation, must:
- (a) give the parties to the mediation process every opportunity to be heard; and
  - (b) allow due consideration by all parties of any written statement submitted by any party; and
  - (c) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- (9) The mediator cannot determine the dispute.
- (10) The mediation must be confidential and without prejudice.
- (11) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
- (12) Nothing in this rule applies to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.
- (13) Nothing in this rule applies to any dispute involving the expulsion or suspension of a member or the imposition of a fine.
- (14) If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Law or otherwise at law.
- (15) Section 130 of the Law applies if mediation does not resolve the dispute.

### **Division 3    Members' liability**

#### **14    Fines payable by members (CNL ss56 & 126)**

- (1) The board may impose on a member a maximum fine of \$500 for a contravention of these rules.
- (2) A fine must not be imposed on a member under subrule (1) unless:
  - (a) written notice of intention to impose the fine and the reason for it has been given to the member; and
  - (b) the member has been given a reasonable opportunity to appear before the

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board in person (with or without witnesses), or to send to the board a written statement, to show cause why the fine should not be imposed.

## **15 Liability of members to co-operatives (CNL ss117(2) & 121)**

(1) A member is liable to the co-operative for the amount, if any, unpaid on the shares held by the member, together with any charges, including entry fees and regular subscriptions, payable by the member to the co-operative under these rules.

## **Division 4 Shares**

## **16 Capital and shares (CNL ss76–82)**

(1) The capital of the co-operative must be raised by the issue of shares of nominal value of \$10 each.

(2) A member must hold a minimum of one share in the co-operative and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative unless permitted to do so under section 363 of the Law.

(3) No share is to be allotted unless 100% of the nominal value of the share has been paid.

(4) A share in the co-operative does not carry a vote.

(5) The right to vote in the co-operative is attached to membership and governed by section 228 of the Law.

(6) Under section 82 of the Law, the co-operative is authorised to require members of a distributing co-operative to take up or subscribe for additional shares under a proposal approved by special resolution.

## **17 Calls on shares**

(1) The board may from time to time make calls on the members for any amounts unpaid on the shares of the members (whether on the nominal value of the shares or by way of premium), regardless of the share subscription amount (if any) specified in the terms of issue of the shares.

(2) Each member must, on receiving at least 14 days' notice of the time and place of payment, pay to the co-operative, at the time and place specified, the amount called on the shares.

(3) The directors may revoke or postpone a call.

(4) A call is taken to have been made when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.

(5) If an amount called for a share is not paid before or on the day fixed for payment of the amount, the person from whom the amount is due must pay interest on the amount from the day fixed for the payment of the amount to the time of actual payment at the rate, not more than 16% per annum, the directors decide, but the directors may waive payment of all or part of the interest.

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(6) An amount that, under the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share or by way of premium, is for these rules taken to be a call made and payable on the day that, under the terms of issue, the amount becomes payable. If the amount is not paid, all relevant provisions of these rules about payment of interest and expenses, forfeiture or otherwise apply as if the amount had become payable under a call properly made and notified.

(7) The board may, in relation to the issue of shares, differentiate between the holders in the amount of calls to be paid and the times of payment.

(8) The board may accept from a member all or part of the money uncalled and unpaid on shares held by the member.

(9) The board may authorise payment by the co-operative of interest on all or part of an amount accepted under subrule (9) until the amount becomes payable, at a rate agreed between the board and the member paying the amount, of not more than 8% per annum or another rate fixed by the co-operative by special resolution.

## **18 Repurchase of members' shares (CNL ss99, 107, 109 & 118)**

(1) Members' shares may be repurchased by the co-operative in accordance with the Law.

(2) A member who wishes the co-operative to repurchase any shares must do so by submitting a request to the board in the following form:

I/We ..... being members of the Coota District Co-op Ltd (co-operative name) and the holders

of .....(number of shares) in the co-operative that are fully paid, request

that the co-operative repurchase .....(number of shares). I/We are aware of the conditions of repayment under the Co-operatives National Law or relevant Act.

Signed.....

Dated.....

Witness (name and signature).....

(6) The board of the co-operative must consider each request for repurchase in accordance with the Law and cancel any shares that have been repurchased.

## **19 Transfer of shares (CNL ss100 & 101)**

(1) The instrument of transfer of a share must be signed by or for the transferor and the transferee.

(2) The transferor is taken to remain the holder of the share until the name of the transferee is entered in the register of members.

(3) Shares must be transferred in the following form or another form approved by the board:

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I, A.B. (the transferor) of ..... in the State/Territory of  
..... in consideration of the sum of \$ ..... paid to me by C.D.  
(the transferee), of ..... in the State/Territory of  
..... transfer to the transferee the share (or shares) numbered  
..... in the..... (name of co-operative) to hold for the  
transferee, the transferee's executors, administrators, and assigns, subject to the  
several conditions on which I hold the same at the time of the execution.

And I, the transferee, agree to take the said share (or shares) subject to the conditions  
previously mentioned in this document.

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

Signed by ..... transferor.

In the presence of ..... witness.

Signed by ..... transferee.

In the presence of ..... witness.

(4) A share may not be sold or transferred except:

(a) with the consent of the board, and to a person who is qualified to be admitted  
to membership of the co-operative under rules 4 and 5; or

(b) as otherwise provided by these rules or the Law.

(5) The board may decline to register a transfer of shares to a person not qualified to be a  
member or of whom they do not approve. The board may also decline to register a  
transfer of shares on which the co-operative has a lien or charge. If the board refuses  
to register a transfer of shares it must send notice of the refusal to the transferee  
within 28 days after the day the board declined to register the transfer.

(6) The board of the co-operative must not consent to the sale or transfer of shares that  
would result in more than the nominal value of shares permitted under section 363 of  
the Law.

(7) The board may decline to recognise an instrument of transfer unless:

(a) a fee of \$ 20 (or a smaller amount decided by the board from time to time) is paid to  
the co-operative for the transfer; and

(b) the instrument of transfer is accompanied by any evidence the board may require to  
show the right of the transferor to make the transfer.

(8) The board must maintain a record of all transfers made in the proper books of the co-  
operative.

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(9) The board may suspend the registration of transfers during the 45 days immediately before the annual general meeting in each year.

## **20 Effect of sale, transfer or disposal of shares (CNL ss232 & 233)**

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

## **Division 5 Member cancellations**

### **21 Forfeiture and cancellations—inactive members (CNL ss156–163)**

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

- (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least three years; or
- (b) the member is not presently active and has not been active within the meaning of rule 4 in the past three years.

### **22 Forfeiture of shares (CNL s109)**

- (1) If a member fails to pay a call or instalment of a call by the day appointed for payment, the board may, at any time that any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest that may have accrued.
- (2) The notice must name a further day (not earlier than 14 days after the date of the notice) on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the shares for which the call was made will be liable to be forfeited.
- (3) If the requirements of the notice served under this rule are not complied with, any share in respect of which the notice has been given may at any time (but before the payment required by the notice has been made) be forfeited by a resolution of the board.
- (4) Forfeiture of shares includes forfeiture of all dividends declared for the forfeited shares and not actually paid before forfeiture.
- (5) Forfeited shares must be cancelled.

### **23 Forfeited shares—liability of members**

- (1) A person whose shares have been forfeited under these rules stops being a member if membership is conditional on the holding of the shares or membership has otherwise been cancelled under the Law. The person nevertheless remains liable to pay to the co-operative all amounts that are (as at the date of forfeiture) payable by him or her to the co-operative for the shares.

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- (2) A statutory declaration in writing by a director, the chief executive officer or secretary of the co-operative stating that a share in the co-operative has been forfeited and cancelled on a date stated in the declaration, is proof of that fact as against all persons claiming to be entitled to the share.
- (3) The co-operative has set-off rights against share capital as specified in section 127 of the Law.

## **Division 6 Deceased or incapacitated members**

### **24 Death of member (CNL ss93 & 102–106)**

The legal personal representative of a deceased member may apply to the board for a transfer of the deceased member's shares in the following form:

I, ....., am the legal personal representative of .....(a member of the co-operative) who died on .....

Copies of my appointment as executor/administrator of the estate are attached.

I request that the board transfer all shares attaching to the membership of .....being shares numbered .... in the co-operative, to me.

A. I intend to hold the shares subject to the deceased member's last will and testament / letters of administration and will notify the board of any proposal to transfer the shares to any beneficiary/ies *OR*

B. I am also the beneficiary of the estate of the deceased member and I am aware of the requirements for active membership under the rules of the co-operative.

*(Include any additional information to enable the board to consider whether the transferee is likely to be an active member of the co-operative.)*

Dated .....

Signed by .....

Legal personal representative

In the presence of ..... witness.

### **25 Rights and liabilities of members under bankruptcy or mental incapacity (CNL ss95, 96 & 117)**

- (1) A person's membership ceases upon bankruptcy and that person's shares may be transferred to the Official Trustee in Bankruptcy and dealt with under the provisions of section 95 of the Law.
- (2) A person appointed under a law of a State or Territory to administer the estate of a member who, through mental or physical infirmity, is incapable of managing his or her affairs, may be registered as the holder of the member's shares and the rights and

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liabilities of membership vest in that person during the period of the appointment.

- (3) The liabilities attaching to the shares of a person under bankruptcy or mental incapacity continue in accordance with section 96 of the Law.
- (4) Upon application by a person appointed to manage the affairs of a member referred to in subrule (2), the board may decide to suspend some or all active membership obligations if there are grounds to believe that the member's physical or mental infirmity is temporary.

## **26 Entitlements and liabilities of person registered as trustee, administrator.**

- (1) A person becoming entitled to be a shareholder because of the death, bankruptcy or incapacity of the holder is entitled to the dividends and other advantages to which the person would be entitled if he or she were the registered holder of the share or shares. However, before being registered as a member, the person is not entitled to exercise any right conferred by membership in relation to meetings of the co-operative.
- (2) A person registered as holder of the shares of a member who has died, or is bankrupt or incapable of managing his or her affairs, has the same liabilities in relation to the share or shares as those to which the deceased, bankrupt or incapable person would have been liable if he or she had remained a member with full legal capacity.
- (3) The board has the same right to decline or to suspend registration of a share as it would have had for a transfer of a share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

## **Division 7 Transfer of securities other than shares**

### **27 Transfer and transmission of debentures**

- (1) On the written request of the transferor (the giver) of a debenture, the co-operative must enter in the appropriate register the name of the transferee (the receiver) in the same way and on the same conditions as if the application for entry were made by the transferee.
- (2) If the co-operative refuses to register a transfer of debentures, it must, within 28 days after the date on which the transfer was lodged with it, send to the transferee notice of the refusal.
- (3) An instrument of transfer of a debenture must be executed by or on behalf of the transferor and the transferee. The transferor is taken to remain the holder of the debenture until the debenture in the name of the transferee is entered in the register of debentures.
- (4) The board may decline to recognise an instrument of debenture and may decline to register a debenture unless:
  - (a) a fee of \$ 20 (or a lesser amount decided by the board) is paid to the cooperative for the transfer of registration; and
  - (b) the instrument of transfer is accompanied by the relevant debenture(s) and any other evidence the board reasonably requires (in particular, evidence showing the right of the transferor to make the transfer); and

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(c) any government stamp duty payable is paid.

- (5) Debentures must be transferred in the following form or in a form approved by the board:

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

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

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

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

numbered .....

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

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

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

Signed by ..... transferor.

In the presence of .....witness.

Signed by..... transferee.

In the presence of .....witness.

## **28 Issue of CCUs (CNL ss345–354)**

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

**Note.** Debenture holders receive notice of meetings of debenture holders, not general meetings of the co-operative.

## **29 Transfer and transmission of CCUs**

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- (1) Subject to subrule (2), the transfer and transmission of a CCU is to follow the same process as for a debenture under rule 27.
- (2) If the terms of issue of a CCU differ from rule 27 in respect of the manner of transfer or transmission, the terms of its issue prevail.

### **Part 3 General meetings, resolutions and voting**

#### **30 Annual general meeting (CNL s252)**

An annual general meeting must be held each year, at a place and on a date and a time decided by the board, within 5 months after the close of the financial year of the co-operative or within the further time allowed by the Registrar.

#### **31 Members' power to requisition a general meeting (CNL s257)**

- (1) The board may, whenever it considers appropriate, call a special general meeting of the co-operative.
- (2) The board must call a general meeting of the co-operative on the requisition in writing by members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative.
- (3) The provisions of section 257 of the Law apply to a meeting requisitioned by members.

#### **32 Notice of general meetings (CNL ss239, 254 & 611)**

- (1) At least 14 days' notice of a general meeting (not including the day on which the notice is served or taken to be served, but including the day for which notice is given) must be given.
- (2) Notice must be given to each member of the co-operative and any other persons who are, under these rules or the Law, entitled to receive notices from the co-operative.
- (3) The notice must state the place, day and hour of the meeting and include ordinary business as specified in rule 33 and, for special business, the general nature of any special business.
- (4) The notice must also include any business members have notified their intention to move at the meeting under subrule (6) (but only if the members' notification has been made under these rules and within time).
- (5) The notice must be served in the manner provided in the Law or rule 62.
- (6) Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the co-operative and who have a resolution to submit to a general meeting must give written notice of it to the co-operative at least 32 days before the day of the meeting.
- (7) A minimum of 20 members can propose a resolution to the general meeting before the matter can be considered. This does not prevent an individual member from requesting that the board propose a particular resolution at the next meeting.



### **33 Business of general meetings**

- (1) The ordinary business of the annual general meeting must be:
  - (a) to confirm minutes of the last preceding general meeting (whether annual or special); and
  - (b) to receive from the board, auditors or officers of the co-operative:
    - (i) the financial reports of the co-operative for the financial year;
    - (ii) a report on the state of affairs of the co-operative; and
  - (c) to approve any payments of fees to directors.
- (2) The annual general meeting may also transact special business of which notice has been given to members under these rules.
- (3) All business of a general meeting, other than business of the annual general meeting that is ordinary business, is special business.

### **34 Quorum at general meetings**

- (1) An item of business cannot be transacted at a general meeting unless a quorum of 10% of members is present when the meeting is considering the item.
- (2) Unless these rules state otherwise, 27 members present in person, each being entitled to exercise a vote, constitute a quorum.
- (3) If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
- (4) If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the members present constitute a quorum.
- (5) A general meeting may be held with one or more members participating by using a form of communication that allows contemporaneous (simultaneous) and continuous communication between the members taking part at the meeting. Members participating in this way will be deemed to be attending or present.

### **35 Chairperson at general meetings**

- (1) The chairperson, if any, of the board may preside as chairperson at every general meeting of the co-operative.
- (2) If there is no chairperson, or if at a meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).
- (3) The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting from time to time and from place to place. However, the only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. When a

meeting is adjourned for 14 days or more, notice of the adjourned meeting must be given just as for the original meeting. Apart from this it is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

### **36 Attendance and voting at general meetings (CNL ss228 & 256)**

- (1) The right to vote attaches to membership and not shareholding.
- (2) A resolution, other than a special resolution, must be decided by simple majority.
- (3) Subject to subrules (4) and (5), a question for decision at any general meeting must be decided on a show of hands of members present at the meeting.
- (4) A poll may be demanded on any question for decision.
- (5) If before a vote is taken or before or immediately after the declaration of the result on a show of hands:
  - a. the chairperson directs that the question is to be determined by a poll; or
  - b. at least 5 members present in person demand a poll,
  - c. the question for decision must be determined by a poll.
- (6) The poll must be taken when and in the manner that the chairperson directs.
- (7) A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
- (8) Once the votes on a show of hands or on a poll have been counted then, subject to subrule (8), a declaration by the chairperson that a resolution has been carried (unanimously or by a particular majority) or lost is evidence of that fact.
- (9) The result of the vote must be entered in the minute book

### **37 Voting on a show of hands (CNL ss234 & 256)**

On a show of hands at a general meeting, each member:

- (a) present; or
- (b) represented by a non-member acting under a power of attorney; or
- (c) represented by a non-member appointed under the provisions of the Law; may exercise only one vote.

### **38 Voting on a poll**

On a poll called at a general meeting, each member:

- (a) present; or
- (c) represented by a person acting under a power of attorney; or represented by a person appointed under the provisions of the Law; or has one vote.

### **39 Determining the outcome where equality of votes (s228)**

**APPROVED**

(1) This rule applies where the votes in favour and against a resolution are equal.

(2) If the chairperson of the meeting is a member of the co-operative, he or she may exercise a second or casting vote.

(3) If the chairperson is not a member of the co-operative or decides not to exercise a second or casting vote, the outcome of an equality of votes is taken to have been decided in the negative.

#### **40 Proxy votes (s229)**

Voting by proxy is not permitted

#### **41 Postal ballots (other than special postal ballots) (CNL ss247 & 250)**

(1) A postal ballot must be held in respect of a special resolution where members who together are able to cast at least 20% of the total number of votes able to be cast at meeting of the co-operative may requisition the board to conduct the special resolution by postal ballot. Requisitioning members may be liable for the cost of a postal ballot if the special resolution is not passed. See section 250 of the Law.

(2) If a postal ballot is requisitioned by members under subrule (1), the requisition should specify whether the postal ballot is to be a secret ballot.

(3) A postal ballot requisitioned under subrule (1) is to be conducted in accordance with the National Regulations and in the form and manner determined by board.

(4) The board may determine in a particular case whether the special resolution by postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.

(5) If the board decides to conduct a secret postal ballot, it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.

(6) The board is to appoint a returning officer to conduct the postal ballot. In default of such an appointment, the secretary is the returning officer.

(7) Ballot papers (in such form and with such content as the board may approve) must be sent to all voting members giving:

(a) particulars of the business in relation to which the postal ballot is being conducted; and an explanation of how to lodge a valid vote and the majority required to pass the vote; and

(b) an explanation of how to lodge a valid vote and the majority required to pass the vote; and

(c) notice of the closing date and closing time of the postal ballot; and must be sent to members so that they arrive (assuming standard postal times) at least 21 days before the closing date of the postal ballot.

(8) This rule does not apply in relation to special postal ballots.

#### **42 Special postal ballots (CNL ss248 & 249)**

(1) This rule applies where a special postal ballot is required. The majority required to pass a special postal ballot is 75%.

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- (2) Ballot papers (in such form and with such content as the board may approve) must be sent to all voting members so that they arrive (assuming standard postal times) at least 28 days before the closing date of the special postal ballot.
- (3) The board may determine in a particular case whether the special resolution by postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.
- (4) If the board decides to conduct a secret postal ballot, it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.

#### **43 Special resolutions (CNL ss238–241)**

- (1) A special resolution is a resolution that is passed:
  - (a) by a two-thirds majority at a general meeting; or
  - (b) by a two-thirds majority in a postal ballot (other than a special postal ballot) of members; or
  - (c) by a three-quarters majority in a special postal ballot of members.
- (2) A notice of special resolution is required to be given to members at least 21 days before the vote or ballot time (or 28 days notice in the case of a special postal ballot).
- (3) The notice of special resolution must state:
  - (a) the intention to propose the special resolution; and
  - (b) the reasons for proposing the special resolution; and
  - (c) the effect of the special resolution being passed.

### **Part 4 Board of directors**

#### **44 Board (CNL s172)**

- (1) The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting.
- (2) The board must have 7 directors, including up to 2 non-member directors.

#### **45 Qualifications of directors (CNL s174)**

- (1) A person is not qualified to be a director of the co-operative unless the person is an individual over the age of 18 years and is either:
  - (a) an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
  - (b) not an active member but who possesses special skills in management or other

technical areas of benefit to the co-operative as specified by the board from time to time.

(2) A person qualified to be a director under subrule (1)(a) is known as a “member director”. A person qualified under subrule (1)(b) is known as a “non-member director”.

(3) The board of directors must have a majority of member directors.

#### **46 Chief executive Officer (CNL ss172 & 178)**

(1) The board may, if it considers appropriate, appoint a person to be responsible for the day to day management of the co-operative. The person may be a director or the secretary or a member of the co-operative or some other person.

(2) The appointed person is the chief executive officer of the co-operative, and may be called the chief executive officer or (if a director of the board) the managing director.

(3) The conditions and the period of appointment including termination must be decided by the board.

(4) The chief executive officer is not entitled to be present or to vote at a meeting of directors on a motion concerning the conditions of his or her own appointment, conditions of service or termination of service.

(5) The chief executive officer cannot be required to be an active member of the cooperative.

(5) In the event of any conflict between the terms of the appointment of a person as the chief executive officer and that person's obligations or privileges under the Law, the terms of the Law prevail over the terms of appointment.

#### **47 First directors and election of directors (CNL ss173 & 179)**

(1) The first directors are elected by poll at the formation meeting of the co-operative (except as provided by section 173(2)(b) of the Law).

To enable rotational retirement, 3 first directors will serve for one year until the first annual general meeting after the formation meeting and 4 first directors will serve for two years until the second annual general meeting after the formation meeting. The first director terms shall be determined by lot.

(3) The term of office of directors elected thereafter, is to commence from the annual general meeting at which they are elected and ends on the day of the second annual general meeting thereafter.

(4) The members of the board are to be elected in the manner specified in this rule.

(5) At an annual general meeting at which a director retires, the vacated office may be filled in the following manner:

(a) At least 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:

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- (A) their eligibility to nominate as a director; and
- (B) the duties and responsibilities of a director; and
- (C) the anticipated remuneration (if any); and
- (D) the nomination and election procedures.

(b) A notice must also be displayed at the place of business of the co-operative inviting nominations of nominees to serve as directors.

(c) A nomination must:

- (i) be signed by 2 or more members; and
- (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.

(d) 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.

(e) The secretary, or an officer nominated by the board, must 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:

- (i) the nominee's name; and
- (ii) the nominee's qualifications and experience; and
- (iii) the nominee's length of any previous service as a director of the cooperative or with any other co-operative.

(6) If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting.

(7) If there are insufficient nominees to fill all vacancies, the nominees to be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies are to be called from the floor and a ballot held if required.

(8) If the number of nominees exceeds the number of vacancies, the election of directors must be conducted at the meeting by ballot as follows:

- (a) A returning officer is elected at the meeting. The directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.
- (b) All nominees are to be listed on the ballot form in alphabetical order.
- (c) The returning officer is responsible for determining the validity of and counting of the votes.
- (d) If there is an equality of votes, the outcome must be determined by lot.

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(e) The returning officer is to declare the election results.

- (9) If any vacancies remain at the end of the meeting, the vacancies are to be casual vacancies and must be filled in accordance with rule 50.

#### **48 Removal from office of director (CNL s180)**

The co-operative may by resolution under section 180 of the Law, with special notice of 21 days, as required by that section, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the removed director. The person appointed must retire when the removed director would otherwise have retired

#### **49 Vacation of office of director (CNL s179)**

In addition to the circumstances set out in the Law, a director vacates office if the director dies.

#### **50 Casual vacancies and alternate directors (CNL ss173 & 177)**

- (1) The board may appoint a qualified person to fill a casual vacancy in the office of director until the next annual general meeting.
- (2) The board may appoint a person to act as a director (an **alternate director**) in the place of an absent director.
- (3) A person is not qualified to be appointed as an alternate director for:
- (a) a member director—unless the person is qualified for appointment as a member director; or
  - (b) a non-member director—unless the person is qualified for appointment as a non-member director.
- (4) An alternate director holds office until the next annual general meeting or until the next general meeting held to elect directors to fill any vacancies (whichever is earlier).
- (5) An alternate director for a director (the **principal director**) vacates office:
- (a) in similar circumstances or cases to those in which the principal director would vacate office (and for that purpose the provisions of these rules and Division 1 of Part 3.1 of the Law accordingly apply in relation to the alternate director);  
or
  - (b) if the alternate director is removed from office by the board as alternate director for failure, without its leave, to attend a meeting of the board at which the principal director is absent (and for that purpose the provisions of section 179(2)(b) of the Law do not apply in relation to the alternate director).

#### **51 Remuneration of directors (CNL s203)**

Directors' remuneration must comply with the provisions of the Law.

#### **52 Proceedings of the board (CNL ss175 & 176)**

**APPROVED**

- (1) Meetings of the board (including meetings conducted outside board meetings pursuant to section 176 of the Law) are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.
- (2) A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.
- (3) Questions arising at a meeting must be decided by a majority of votes.
- (4) If votes are equal, the chairperson, if a member director, has a second or casting vote.
- (5) Other than in special circumstances decided by the chairperson, at least 48 hours notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.

### **53 Quorum for board meetings (CNL s175)**

- (1) The quorum for a meeting of the board is greater than 50% of the number of directors (or if that percentage of the number of directors is not a whole number, the whole number next higher than one half).
- (2) For a quorum, the number of member directors must outnumber the non-member directors by at least one.

### **54 Chairperson of board**

- (1) The chairperson of the board is to be elected by the board.
- (2) If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.
- (3) The chairperson may be removed, and a new chairperson elected, by:
  - (a) an ordinary resolution of the board, unless paragraph (b) applies; or
  - (b) ordinary resolution at a general meeting, if these rules provide that the chairperson is elected at a general meeting of the co-operative.

### **55 Delegation and board committees (CNL s178)**

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



- (d) a committee of directors and other persons; the exercise of the board's powers (other than this power of delegation) specified in the resolution. The co-operative or the board may by resolution revoke all or part of the delegation.
- (2) A power delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.
- (3) A delegation under this rule may be given on conditions limiting the exercise of the power delegated, or time or circumstances.
- (4) Despite any delegation under this rule, the board may continue to exercise the power delegated.
- (5) If a power is exercised by a director (alone or with another director) and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in his or her own name on behalf of the board, the power is taken to have been exercised by the board. This is so whether or not a resolution delegating the exercise of the power to the director was in force when the power was exercised, and whether or not any conditions mentioned in subrule (3) were observed by the director exercising the powers.
- (6) A committee may elect a chairperson of their meetings. If no chairperson is elected, or, if at a meeting the chairperson is not present within 15 minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairperson of the meeting.
- (7) A committee may meet and adjourn as it thinks appropriate. Questions arising at a meeting must be decided by a majority of votes of the members present and voting and if the votes are equal, the chairperson has a second or casting vote.

## **56 Other committees**

- (1) The board may by resolution appoint committees of members or other persons or both, to act in an advisory role to the board and to committees of directors.
- (2) Rule 55 (6) and (7) apply to committees appointed under this rule, with the changes approved by the board.
- (3) The quorum for a meeting of the committee is half the number of committee members (or if half is not a whole number the whole number next higher than one half).

## **57 Minutes**

- (1) The board must keep minutes of meetings and, in particular, of:
  - (a) all appointments of officers and employees made by the directors; and
  - (b) the names of the directors present at each meeting of the board and of a committee of the board; and
  - (c) all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors.
- (d) Section 209 of the Law also requires any declarations of interest by directors

**APPROVED**

to be recorded in the minutes.

- (2) Minutes must be entered in the appropriate records within 28 days of the meeting to which they relate was held.
- (3) The minutes are to be signed within a reasonable time after the meeting to which they relate by either the chairperson of that meeting or the chairperson of the next meeting.

## **Part 5 Rules**

### **58 Amendments and copies of rules (CNL ss57 & 60–63)**

- (1) Any amendment of the rules must be approved by special resolution. However, if model rules are adopted in the manner specified under section 65(a) of the Law, any amendments to the model rules as notified by the Registrar are included in the co-operative's rules without the need for a special resolution.
- (2) A proposal to amend the rules of the co-operative must be made in a form approved by the board which clearly shows the existing rule or rules concerned and any proposed amendment to the rules.
- (3) A member is entitled to a hard copy of the rules upon payment of the amount of \$5 to the co-operative. A member is entitled to an electronic copy of the rules at no charge.

## **Part 6 Administrative matters**

### **59 Seal (CNL ss49 & 223)**

- (1) This rule applies if the co-operative chooses to authenticate a document under the common seal of the co-operative.
- (2) The co-operative's name and registration number must appear on its common seal and any official seal. The common seal must be kept at the registered office in the custody that the board directs.
- (3) The co-operative may have one or more official seals for use outside the State or Territory in place of its common seal. Each of the additional seals must be a facsimile of the common seal with the addition on its face of the name of the place where it is to be used.
- (4) The seal of the co-operative must not be affixed to an instrument other than under a resolution of the board. Two directors, or one director and the secretary, must be present and must sign all instruments sealed while they are present.

### **60 Inspection of records and registers (CNL ss214 & 215)**

- (1) Members of the co-operative have access to the records and registers referred to in section 214 of the Law and they may make a copy of any entry in the registers for a fee of \$20.
- (2) Members do not have access to the minutes of board or committee meetings, but may request access to any such minutes in writing addressed to the board.

### **61 Safe keeping of securities**

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

## **62 Notices to members (CNL s611)**

(1) This rule applies in addition to section 611 of the Law regarding how a notice or other document may be given to a member of the co-operative.

(2) A notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has given consent and notified the co-operative of the relevant contact details.

(3) If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.

(4) A notice forwarded by some other form of technology is taken to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.

(5) 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, and:

(a) the address should be that supplied for the purpose by the person claiming to be entitled; or

(b) if no such address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.

## **Part 7 Accounting and financial matters**

### **63 Financial year**

The financial year of the co-operative ends on 30 June.

### **64 Accounts**

(1) The board must have at least one financial institution account, electronic or otherwise, in the name of the co-operative, into which all amounts received by the co-operative must be paid as soon as possible after receipt.

(2) All cheques drawn on the accounts, and all drafts, bills of exchange, promissory notes and other negotiable instruments, of the co-operative must be signed by 2 authorised persons.

(3) The operation of any electronic accounts must be restricted so that there is a requirement for authorisation by 2 authorised persons.

(4) For the purposes of this rule, an **authorised person** is:

- (a) a director; or
- (c) a person approved by the board.

**65 Appointing an auditor or reviewer for small co-operative (CNL s298)**

- (1) The co-operative must appoint an auditor in respect of its financial statements.
- (2) An auditor appointed under this rule is to conduct an audit of the cooperative's financial statements as presented to members.
- (3) The appointment of an auditor under this rule is to be made at an annual general meeting.
- (4) The co-operative may appoint another auditor at a subsequent annual general meeting if there is a vacancy in the office of the auditor.
- (5) The provisions of section 300(2) of the Law apply to an auditor appointed under this rule in the same way (but with any necessary adaptations) as they apply to an auditor appointed for a large cooperative.

**66 Appointing an auditor or reviewer for a small co-operative if there is a direction under the Law (CNL ss271 & 272)**

- (1) If a small co-operative is directed to prepare a financial report under section 271 or 272 of the Law and the direction requires that the financial report be audited or reviewed, the board must appoint an auditor or reviewer (as the case may be) within one month of the direction.
- (2) An auditor or reviewer appointed under this rule holds office until the financial report prepared as a result of the direction has been audited or reviewed and sent to members.

**67 Disposal of surplus funds during a financial year (CNL ss355–358)**

- (1) The co-operative may dispose of any surplus arising in a financial year arising from the business of the co-operative in the manner authorised under the Law as determined by the board.
- (2) A part of the surplus, but not more than 25%, arising in any year from the business of the co-operative may be applied for:
  - (a) charitable purposes; or
  - (d) supporting any activity approved by the co-operative.

**68 Provision for loss**

The board must make appropriate provision for losses in the co-operative's accounts and when reporting to members is to indicate whether the loss is expected to continue and whether there is any real prejudice to the co-operative's solvency.

## **69 Financial reports to members (CNL Part 3.3)**

The co-operative must prepare financial reports and statements in accordance with the Law, the National Regulations and these rules.

## **Part 8 Winding up**

### **70 Winding up (CNL Part 4.5)**

- (1) The winding up of the co-operative must be in accordance with Part 4.5 of the Law.
- (2) If on the winding up or dissolution there remains any property after the satisfaction of all the co-operative's debts and liabilities (including the refund of the amounts paid up on the shares), this must be paid to, or distributed among, the members of the co-operative (in proportion to the member's shareholdings).
- (3) If on the winding up or dissolution there is a deficiency, members are liable to contribute towards the 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.

## **APPENDIX 4**

Disclosure Statement Approved 17 May 2021

# Co-operatives National Law (NSW)

## CO-OPERATIVE FORMATION

# DISCLOSURE STATEMENT

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FOR THE FORMATION OF A DISTRIBUTING  
CO-OPERATIVE

NAME OF PROPOSED CO-OPERATIVE: The Coota District Co-op Ltd

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DATE OF APPROVAL:



17	/	05	/	2021
DD		MM		YYYY

**THIS DISCLOSURE STATEMENT IS VALID FOR A PERIOD  
OF 6 MONTHS FROM DATE OF APPROVAL  
FOR ISSUE WITHIN THE STATE OF NEW SOUTH WALES**

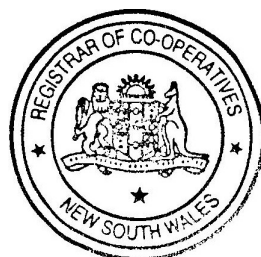
## DISCLOSURE STATEMENT



# **CONTENTS**

- 1. INTRODUCTION**
- 2. BACKGROUND AND DEMAND FOR SERVICES**
- 3. MEMBERSHIP**
- 4. PRIMARY ACTIVITY AND ACTIVE MEMBERSHIP**
- 5. OPERATION OF THE CO-OPERATIVE**
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## **DISCLOSURE STATEMENT**





# 1. Introduction

## Explanation of this statement

The Co-operatives National Law (NSW) (the CNL) requires that a disclosure statement for a proposed distributing co-operative is to be presented to the formation meeting. The disclosure statement sets out information necessary to ensure eligible members are informed of the nature and extent of their financial involvement or liability as a member of the proposed co-operative.

### 1.1 Name

The Coota District Co-op Ltd

### 1.2 Registered office

169a Parker Street Cootamundra NSW 2590

## 2. Background and demand for services

### 2.1 Background to forming the co-operative

The development of The Coota District Co-op Ltd was in response to the May 2020 announcement that the local Target store would be closing (in April 2021). A public meeting was held on August 27, 2020 after which a group of interested people met to discuss the way forward. From this group, ten people committed themselves to what is called The Cootamundra Co-operative Steering Group. The role of the Steering Group was to commence investigations, survey the local community and to make application for registration of a cooperative. The community has responded very positively to the prospect of retaining the opportunity to shop locally for quality affordable products.

### 2.2 Objects

The Coota District Co-op Ltd has as its objectives the following:

1. To provide quality, affordable goods including clothing, footwear, toys, books, Manchester, and homewares
2. Encourage the building of wealth and sustainability for our members and shareholders within our community.
3. Actively engage, integrate and support community projects.
4. Operate with a demonstrated loyalty, integrity and co-operation with our community

### 2.3 Preconditions

Preconditions for the successful formation of the co-operative are: -

- a) The receipt of more than 5 applications for membership; and
- b) The creation of a formation board.

Preconditions for the successful commencement of the co-operative's activities are:

- a) Raising at least \$1 500,000 by way of member shares or other means; The Co-operative will require at least 1,500 members to have taken up 100 shares each (\$1,500,000) and
- b) Option of signing a lease on the retail premises at 193-197 Parker Street, Cootamundra,



If any of these preconditions are not met then the co-operative cannot proceed with its intended activities.

If the co-operative is formed but does not raise the minimum amount required or secure the lease on 193-197 Parker Street, the board will consult with members.

If the Co-operative is formed but does not raise the minimum amount required that due to costs involved, members may not receive a refund of all of their share capital provided, entrance fee and annual subscription.

## **2.4 Demand for services/business plan/feasibility study**

After the May 2020 announcement by Wesfarmers that the local Target store would close as part of the corporate restructuring, the Cootamundra community was deeply concerned about the impact that the loss of Target would have on the retail sector in town. It was considered probable that people would leave town to shop for target-like items and consequently do the majority of their shopping out of town. A large proportion of Cootamundra's population is elderly or families with young children. Having to leave town to shop is both difficult and expensive.

On August 27, 2020 a packed (under COVID restrictions) public meeting was held to gauge the community interest in forming a retail co-operative to fill the void of losing this store. A representative of the Business Council of Co-operatives and Mutuals addressed the meeting. The overwhelming sentiment of that meeting was that we had to replace the lost Target business.

A Steering Group was formed within a week of the meeting to progress the cooperative. The Group undertook a community survey which indicated not only support for a cooperative but that the community wanted the same type of goods that were stocked by Target.

The survey also resulted in the name of the cooperative, The Coota District Co-op, favoured by 90% of respondents.

The community members indicated that they would be keen to be both cooperative members and investors.

The Steering Group continues to meet weekly.

## **3. Membership**

### **3.1 Who can be a member?**

A member can be either a natural person or any corporate entity.

They qualify to be admitted to membership of the co-operative if they are able to use or contribute to the services of the co-operative, are a legal resident of Australia and have completed a membership application form and paid any fees.

Members under 18 years old are not permitted to vote or stand for office.

### **3.2 Application for membership and shares**

Any individual, company, community group or other entity may apply for membership of The Coota District Co-op Ltd by completing the application form approved by the board.



The application form will be available at the registered office of The Coota District Co-op Ltd, 169A Parker St, Cootamundra.

A \$20 entry fee will be payable for membership and the minimum shareholding of one (1) member share \$10, a total of \$30.

An Annual Subscription of \$20 is also payable.

The nominal value of shares in the co-operative is \$10. The required minimum shareholding for members is one (1) share. Members may apply for additional shares.

Every application for membership will be considered by the Board and, if approved, the member's details will be entered into the Member Register of The Coota District Co-op Ltd.

The applicant will be notified in writing.

The Board may, in its discretion, refuse an application for membership on any grounds and need not assign reasons for refusal (Rule 7(2) and 7(6)).

### **3.3 Rights and liabilities attaching to membership and shareholders.**

Members have the right to nominate another member to be a director of the co-operative if the nominee is at least 18 years of age.

Members are entitled to be given notice of and to attend all general meetings.

The minimum number of shares a member must hold is one (1) share worth \$10 . No share is to be allotted unless 100% of the nominal value of the share has been paid.

Members may hold more than the required minimum number of shares, but no one member can hold more than 20% of the total issued share capital of the co-operative.

There is a fee of up to \$20 (or a lesser amount decided by the board from time to time) for the transfer of shares or debentures. On winding up of the co-operative a member of the co-operative is liable to the co-operative for any charges payable by the member to the co-operative as required by the rules of the co-operative.

### **Resignation**

A member may resign from membership of the co-operative by giving 7 days notice in writing. Once resignation is effective, the member's shares must be cancelled and forfeited. Subject to the terms of issue of those shares, the share capital is repayable by the co-operative to the member, less any amounts owed by the member to the co-operative (see rule 11).

### **Expulsion**

A member may be expelled from the co-operative if the member:

- fails to discharge their obligations under the rules or any agreement or contract entered into with the co-operative
- prevents or hinders the co-operative from carrying out any of its primary activities
- brings the co-operative into disrepute
- acts contrary to one or more of the co-operative principles.

The procedure for expulsion is governed by the rules (see rule 9). Once expelled, the member's share capital is



cancelled and forfeited. The share capital is repayable by the co-operative to the member, less any amounts owed by the member to the co-operative (see rule 11).

Cancelled due to inactivity Membership must be cancelled if the member does not comply with the active membership rule for 3 calendar years (see rules 4 and 21). The shares of a member whose membership is cancelled due to inactivity must also be cancelled and repaid subject to any terms of issue of those shares and less any amounts owing by the member to the co-operative.

The Co-operatives National Law (CNL) provides rules for the repayment of shares of cancelled members as well as resigning or expelled members, including the substitution of securities for those shares.

### **Liability**

The co-operative is a separate legal entity and has limited liability. Members are not liable for any debts of the co-operative. If the co-operative is wound up and there are insufficient assets to satisfy the co-operative's debts then members bear no personal liability for those debts. If the co-operative is wound up in insolvency:

- members may lose their share capital
- members will be liable for any fines imposed on them by the co-operative, or any charges payable by them to the co-operative as required by the rules of the co-operative
- members who owe money to the co-operative under a contract will be liable to pay those amounts to the co-operative.

### **3.4 Voting rights of members**

Voting rights are described in the Rules of The Coota District Co-op Ltd:

1. Each active member that is eighteen or older has one vote at general meetings of the co-operative.
2. Voting rights attach to membership and are not impacted by the number of shares a member holds.
3. One vote per membership

### **3.5 Ceasing Membership and forfeiture of shares**

Membership of The Coota District Co-op Ltd will cease and shares be forfeited if:

- active membership provisions in the rules are not met.
- the member is expelled or resigns in accordance with the rules.
- the member becomes bankrupt, or an administrator has control over the member's property.
- the member dies
- membership was granted on the grounds of misrepresentation or mistake
- the member is a corporation that has become deregistered or insolvent (unless the rules state otherwise).

Membership may, at the discretion of the board, may cease if the member's total shareholding is:

- transferred to another member according to the rules
- forfeited according to the law or rules
- sold by the co-operative to another member under the rules
- purchased by the co-operative as permitted under the law
- or if the amount paid up on the member's shares is repaid to the member according to the rules.

A member of a co-operative who has sold, transferred or disposed of the beneficial interest in all their shares, or agreed to do so, is not entitled to vote.



## **4. Primary activity and active membership**

### **4.1 Primary activities**

The primary activity of The Coota District Co-op Ltd is to provide quality affordable clothing, footwear, books, toys and homewares for sale to the local community.

### **4.2 Active Membership**

In order to establish and maintain active membership of the co-operative a member must purchase goods or services to the value of \$100 from the co-operative each financial year.

Members who have not been active for three years under this test must have their membership cancelled by the Board under Rules 4 and 21.

## **5. Operation of the co-operative**

### **5.1 Carrying on primary and other activities**

The Coota District Co-op Ltd will retail quality and affordable products including, clothing, footwear, manchester, homewares, toys and books.

To commence these activities the co-operative will seek to raise at least \$1 500,000 from members. Prospective members must take up 150 000 shares or a mix of other types of investment for the Co-operative to be viable.

The proposed Directors believe this goal is achievable. Initially, 80 people from the community have pledged over \$65 000.

It is the intention of The Coota District Co-op Ltd to employ local residents in its retail operations and to fulfill the co-operative principle of education and training by demonstrating a commitment to vocational training and co-operative education for staff.

In relation to the co-operative principle of concern for community, The Coota District Co-op Ltd will actively engage with the community and collaborate in worthy community projects.

### **5.2 Details of any pre-registration contracts that have been or will be entered into before registration of the co-operative.**

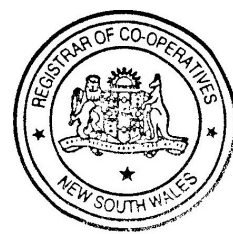
There are no pre-registration contracts required to be entered into before registration of The Coota District Co-op Ltd.

### **5.3 Detail any contracts members will have to enter into with the co-operative.**

There are no contracts that the members will have to enter into with The Coota District Co-op Ltd except that described on the Membership Application Form.

### **Membership and Share Purchase Conditions of The Coota District Co-op Ltd**

1. Membership cost \$30.00 (\$20.00 membership & One \$10.00 share)
2. Your application must be approved by The Coota District Co-op Ltd board. This is a co-operative rule.
3. The Annual Subscription will be \$20
4. You will be given a membership card on payment of your Membership Fee.
5. Always shop at The Coot Co-op Ltd shop, with your membership card to receive the 5% discount to register your purchase against your membership.



## **Voting Rights**

1. Membership enables you to one vote (if over the age of 18).
2. You can vote for nominated board members, and any other motions for resolution put to the members by the board.

## **Share Purchase Pledge**

1. **Only members are eligible to purchase shares in The Coota District Co-op Ltd.**
2. Members don't need to be a resident of Cootamundra.
3. Members will be required to abide by the Rules of The Coota District Co-op Ltd

The Coota District Co-op Ltd will advise you as to when and how to pay your Membership Fee and when Shares can be purchased.

## **5.4 Contracts with promoters or other parties**

There are no pre-registration contractual obligations, guarantees and indemnities, contingent liabilities, unresolved or pending lawsuits which the co-operative will assume once formed.

## **5.5 Details of any interest of proposed directors or members in any contract or proposed contract**

There are no interests of any proposed directors to declare.

## **6. Management of the co-operative**

### **6.1 Board of Directors**

The business of The Coota District Co-op Ltd will be under the direction of the board of directors (the board) and for that purpose the board has and may exercise all the powers of the co-operative not exercised in general meeting.

The board shall consist of 7 directors, including up to two non-member (independent) directors.

A person is not qualified to be a director of the co-operative unless the person is an individual over the age of 18 years and is either:

- (a) an active member of the co-operative or a representative of a body (e.g. a company or a co-operative) that is an active member of the co-operative (member director); or
- (b) not an active member but who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time (non-member director).

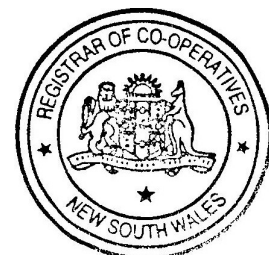
Director positions are proposed to be honorary, non-remunerated positions.

### **6.2 Election of directors**

The first directors will be elected by poll at the formation meeting of The Coota District Co-op Ltd.

The term of office of the first directors will be staggered. 3 directors will serve for one year, until the first annual general meeting of the co-operative and 4 directors will serve for two years, until the second annual general meeting of the co-operative. This will be determined by lot at the formation meeting.

Thereafter, directors will be elected for two-year terms.



The Rules of the co-operative set out the process of nomination and election of directors.

### **6.3 First directors and officers**

**The names and experience of those who have consented to being nominated for election as directors at the formation meeting are:**

Richard Turnbull – Business Owner - Member Director

Leigh Bowden – Adult Educator - Member Director

Gwen Norman – Business Developer - Member Director

Todd Basham – Business Owner - Member Director

Biographies of the formation directors are annexed.

### **6.4 Day to day management**

The Coota District Co-op Ltd management will be regarded as a team consisting of four elements — Members (owners), Board of Directors (elected), the Manager (employed/paid – award rates as a minimum.) and other Employees (paid).

Each role of the team will have its own distinctive duties and responsibilities for the day to day running of the operation. The Board will operate strategically while the Manager and Staff members will conduct the day-to-day functions of the store.

The first member of staff to be appointed will be the store manager. The process will include the recruitment steps of advertising, short listing, interviewing, reference checking, creation of a letter of offer and letter of appointment.

The essential criteria for the Manager position will include retail management experience, team leading and building, retail professional customer service background. It is envisaged that members of the board who have skills and experience in those areas will undertake this initial recruitment function. Subsequent staff will be ideally recruited by the Manager in concert with members of the board (short listing and interviewing).

The Coota District Co-operative aims to provide opportunities for local members of the community. It is not planned to have voluntary sales or back office staff.

It is predicted that the Manager and Staff will all be members of the Coota District Co-op Ltd and as such display their professionalism and enthusiasm towards a busy business in which they are shareholders.

It is not the intention of the Board to actively be “working” in the store but rather working collaboratively with management and staff towards successful outcomes for all members.

## **7. Financial information**

### **7.1 Start-up funds**

The co-operative requires \$400 at formation. At a minimum, 6 people have committed to become members of the co-operative at formation. This would mean a minimum start-up capital of \$180 by way of entry fees and member share subscriptions.

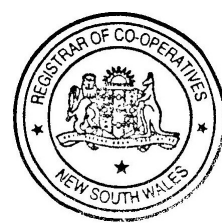
I.E. 6 x \$30 (being 6x \$20 Entry fee plus 6 x \$10 – 1 share = \$10).

Fundraising by the Steering group has sufficient money to cover this cost.

The Co-operative will require at least 1,500 members to have taken up 100 shares each (\$1000)

To commence its activities as planned, the co-operative will require start-up funding as follows:

- a minimum investment of \$1,000,000, including membership fees and member share purchases at \$10 per unit
- Proforma Balance Sheet provided as an attachment “Balance Sheet”
- No grants or loans are obtained or required to fund initial operations/set-up costs.
- The annual subscription fee will be due after the first 12 months of membership.



## **Formation expenses**

### **Estimated Costs of Formation**

- The estimated cost of formation is \$364.00 comprising of “Submission of draft rules - \$77.00” and “Submission of draft formation disclosure Statement - \$278.00”.

Other potential formation expenses have been donated or otherwise paid for:

- Legal and accounting services have been provided pro bono.
- The costs of the initial public meeting including BCCM fees were met by the donations from local business and community members.
- Time and resources of The Coota District Co-op Ltd Steering Group are donated voluntarily

## **Returns to members**

All members will receive a 5% rebate on all purchases made using their membership card.

There are no guaranteed returns.

Returns of surpluses to members will be made at the discretion of the Board in accordance with the rules of the co-operative. Returns can be made by way of dividends on shares, patronage rebates or issues of bonus shares.

Returns to members by way of dividends on shares are limited under the Co-operatives National Regulations to being not more than 10% more than the maximum rate of the nominal value of interest payable on a Commonwealth Bank 5-year term deposit of \$100,000 offered during the relevant financial year.

## **7.2 Accounting and auditing**

Accounting and bookkeeping for The Coota District Co-op Ltd will be done by the employed staff who have bookkeeping and accounting experience, under the management services agreement and be overseen by the appointed treasurer and engaged accounting firm.

The software to be used will be Xero Accounting software and records.

Reporting to The Coota District Co-op Ltd board will be required on a monthly basis.

The co-operative must appoint an auditor (rule 65). The board will appoint an auditor after the registration of the co-operative. This appointment is until the first annual general meeting of the co-operative.

## **8. Risks**

### **General**

- If the co-operative is unable to secure the lease or full capital required for activities to commence, the board will consult with members. Negotiations have been undertaken to date with the owner of the Target store premises regarding a proposed lease and the possibility of future purchase of the building. There is a reasonable leasing arrangement available.
- If the Co-operative is unable to secure the lease or raise the full capital required, the proposed board may need to refund remaining cash funds back to members. Members may not receive all of their share capital back if there have been necessary expenses incurred.
- All financial projections included in this document have been prepared with expert guidance and based on information about retail trade in Cootamundra. While they are rigorous, these figures include estimates and judgement and as such there is a risk they will not be met.
- Start up and operational costs may change

### **Retail operations**

- The co-operative's ability to operate its store or source stock may be impacted by local or international government regulations made in respect of the COVID-19 pandemic





- Retail trade may be subdued due to general economic conditions during and following the COVID-19 pandemic.
- Unable to secure experienced employees.
- As an independent retailer, the co-operative is unable to secure access to affordable wholesale supply of the goods it retails

#### Contracts and arrangements

- The co-operative could fail to enter a lease for or purchase its intended premises

#### Management

- The co-operative is a new venture and does not have experience managing a retail business of this type
- The success of the co-operative will depend largely on the competence of the board. Board membership will change over time pursuant to the rules.

A comprehensive risk management framework will be developed for the co-operative to guide the mitigation of the risks of the enterprise. Appropriate insurance cover will be obtained and a work, health and safety management system developed.

### 9. List of annexures

Annexures to this disclosure statement: -

- Form C1 – Application to Approve Co-operative Rules and Formation Disclosure Statement
- Projected Financial statement
- Membership and Pledge Form
- Information sheet for prospective members
- Media coverage
- First director biographies

### 10. Further investigation

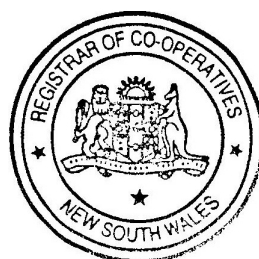
It is not possible for a disclosure statement to include all material relevant to the proposed co- operative's circumstances and to the circumstances of each prospective member and advising members to make further enquiries and to obtain professional advice if they consider this is necessary.

### DISCLAIMER OF LIABILITY

This disclosure statement has been approved by the Registrar of Co-operatives for the purpose of section 25(4) of the Co-operatives National Law (NSW) (the CNL). This approval is not to be taken in any way as an indication that the disclosure statement sets out all information that may be relevant to the proposal.

Approval does not relate in any way to the merits or otherwise of the co-operative's proposed activities. No responsibility as to the contents of the disclosure statement and attachments and annexures that form part of this document and the associated Rules which collectively make up the formation documentation, is to be taken by the Registrar, NSW Fair Trading or by any of its servants or agents.

The responsibility for ensuring that the CNL has been complied with in the preparation of the disclosure statement lies with those issuing the statement. Persons making false or misleading statements in a disclosure statement may be liable for criminal penalties and expose themselves to civil liability to anyone who suffers loss as a consequence.



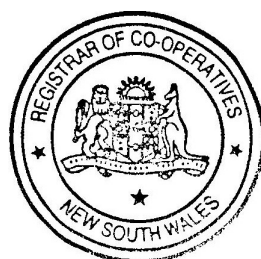
## Proposed first directors

**Leigh Bowden Co-Chair of the Coota District Co-op Ltd Steering Group**, moved from Sydney to Cootamundra 10 years ago, with her husband, Richard White. They wanted to live in a “community” and found it in Cootamundra. Leigh has tertiary qualifications from Macquarie University and UNSW and her background is in Education having been a high school teacher, a TAFE teacher, teaching Business Studies, a casual academic in the Indigenous Tutorial Assistance Scheme of four universities, working with students of Community Development and an adult community educator, focussing on structural analysis and racism awareness. Leigh has held the positions of CEO and Community Relations Manager for two Sydney not-for-profit organisations and has also run two successful small businesses. Leigh has been a member of three co-operatives and has worked in one. She has also held the position of director for 10 years of a recreation business/club. She has high level communication and networking skills.

Margaret Mead’s words, *“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.”* have become part of her philosophy. The Coota District Co-op Ltd embodies that philosophy by bringing together a group of committed citizens to deliver much-needed goods and services to our town.

**Gwen Norman, Co- Chair of the Coota District Co-op Ltd Steering Group**, moved from the Southern Highlands to Cootamundra 5 years ago. Cootamundra appeals to Gwen as it is a thriving, agriculturally focussed regional centre. Gwen gained her tertiary qualification in Adult Education from Massey University and Vocational qualifications in Work Health and Safety, Stock and Station and Real Estate from TAFE colleges. Gwen’s Adult Education qualifications have been utilised in the Mining and Agricultural sectors as well as in Business Development in Human Resources and Adult Training throughout many sectors. Gwen has been involved with event management including The Royal Agricultural Society’s Sydney Royal, local shows and business conference events. Growing up in a family dairy business and in an earthmoving and sand mining business employing 30 staff Gwen has seen commercial realities. Gwen is passionate about Rural and Regional Australia and the agriculture industry. Gwen has also worked in government lobbying in Tasmania representing the dairy industry. As Chair/Director of the Cootamundra Country Club and Committee Member of The Arts Centre Cootamundra 355 Committee, Gwen is committed to Cootamundra and sees opportunity for its people and its continued growth and sustainability through local employment and a vibrant commercial centre.

**Richard Turnbull Secretary Coota District Co-op Ltd Steering Group** moved from Sydney to Cootamundra one year ago, with his wife, Helen. Richard has tertiary qualifications from UWS and his background is in Education having been a school teacher for 40 years. Richard has held the positions of Director of the family business, Yotala Gymnastics and Public Officer for a community sports club. Richard has worked in a state level sports organisation focussing on Compliance, policy and child protection. He is concerned for work place safety having served on WHS committee for 20 years. He has lectured for NSW Office of Sport in Child Protection and is a qualified process auditor. He has high level communication skills and ability for governance with a passion for supporting the community through the formation of the co-op. John F Kennedy said “Ask not what your county can do for you but what can you do for your country”. He believes it is time . . . time for the community to step up together to keep business in Cootamundra. The Coota District Co-op Ltd embodies that philosophy by bringing together a group of committed citizens to deliver much-needed goods and services to our town with a vision of supporting local groups and possibly expanding into other business ventures in the future.

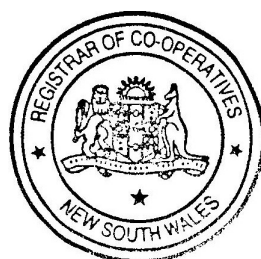


**Todd Basham, Steering Group Member,** lifelong resident of Cootamundra. Todd is committed to the business growth and sustainability of Cootamundra. Todd and his wife Angie have conducted a number of businesses in Cootamundra. Todd is the principal of Todd Basham Electrical which has been in operation for 25 Years and employs 5 staff servicing Cootamundra as well as providing electrical professionals to his solar business clients

Todd and Angie successfully conducted a motel business as well gaining further experience in management of staff, customer service and business financial management

Through sporting interests in Australian Rules Football & Touch Football Todd and his family contribute to local Sporting Groups and their progress. Todd currently holds the position of President. Todd's interests include Australian Rules Football, Touch Football & Camping

Todd believes in the formation of the Co-operative to ensure Cootamundra money stays in Cootamundra leading to a strong Local Economy for future years. He believes once residents shop outside of Cootamundra the business centre will suffer and further services will be lost to the people of Cootamundra.



## CERTIFICATION

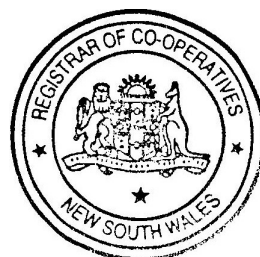
We the undersigned, certify that this is a copy of the disclosure statement which was presented to the formation meeting on ...../...../..... for the purpose of forming a co-operative to be known as:

\_\_\_\_\_ Name of co-operative

\_\_\_\_\_ Chairperson of formation  
Meeting signature

\_\_\_\_\_ Secretary of formation  
Meeting signature

*Note: this certification is signed at the Formation meeting which is held after the draft formation documentation which includes the Rules and Disclosure Statement that have been approved by Registry Service and returned to the sponsors of the proposed co-operative.*



### What is a Cooperative?

A cooperative business, also known as a co-op, is a type of business organization that is both owned and managed by its members. Members use the services and products of the cooperative; members are on the board and members are employed by the Co-op. A cooperative is different from other types of organisations because it is formed and operated for the benefit of its members.

### What will The Coota District Co-op be like?

The Coota District Co-op will be very much like Target. It will be located in the Target building; it will stock similar merchandise and it will employ a manager and staff. The Coota District Co-op will not stock goods currently available in Cootamundra businesses. It will be governed by a board of directors.

### It is your Co-op!

The Coota District Co-op has been setup with the local community in mind. Our community consists of a wide range of ages, income groups and special interest groups. The Steering Group wants to ensure that everyone can be a member and investment options will be available to all.

**Initial Membership - \$30.00** will make you a member (\$20 membership and one \$10 membership share) Anyone can be a member. You don't have to live in Cootamundra to be a member. Membership will entitle you to a 5% discount on all your purchases. As a member you are expected to spend a minimum of \$100.00 in The Co-op store each year and your annual membership renewal to be \$20. In addition, if you are 18 years of age or over you will have one vote towards the election of board members and one vote towards any other issue that the board will put to the members for resolution.

**Shares** – If you are a member, you will be able to invest in the “The Coota District Co-op Ltd”. The cost of a share unit is **\$100.00**. You don't have to buy shares if you become a member.

### Why do we need to sell shares?

A co-operative must have capital to commence operation. The start-up costs of any business are significant. The stock alone will cost around \$500,000. There are other costs that need to be covered ranging from incorporation through to back office equipment such as Point of Sale (POS), computers, stock handling pallet jacks, cardboard binding unit, etc.

The minimum initial amount “The Coota District Co-op Ltd” needs to raise is \$750,000 but the more that is raised the more viable the business will be. If the money is not raised The Coota District Co-op Ltd will not go ahead.

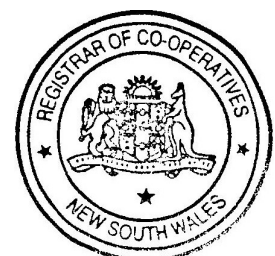
### How many shares can I buy?

Under the International Rules of Co-operatives, the maximum number of shares any one member can own is 20% of the total allocated shares (ie 20,000 shares. 20% is 4000 shares).

### Can I buy shares for my children?

Yes, but to own shares children must be members.

If you have any questions, please email [cooperative@cootamundra.com](mailto:cooperative@cootamundra.com).



Member No

Office USE		
First Name:		
Family Name:		
Date of Birth Required for voting eligibility	dd/mm/yy	
Residential Address:		
Phone Number:		
Email Address:		

### Membership and Share Purchase Conditions of The Coota District Co-op Ltd

1. Entry cost \$30.00 (\$20.00 Membership & One \$10.00 share)
2. Your application must be approved by The Coota District Co-op Ltd board. This is a co-operative rule.
3. The annual membership renewal is \$20.
4. You will be given a membership card on payment of your Membership Fee.
5. Always shop at The Coota District Co-op Ltd shop, with your membership card to receive the 5% discount to register your purchase against your membership.

### Voting Rights

1. Membership enables you to one vote (if over the age of 18).
2. You can vote for nominated board members, and any other motions for resolution put to the members by the board.

### Share Purchase Pledge

1. **Only members are eligible to purchase shares in The Coota District Co-op Ltd.**
2. Members don't need to be a resident of Cootamundra.
3. Members will be required to abide by the Rules of The Coota District Co-op Ltd

The Coota District Co-op Ltd will advise you as to when and how to pay your Membership Fee and when Shares can be purchased.

We will advise details of payment methods as soon as The Coota District Co-op is registered. Your membership will then be active until the first anniversary of opening your Co-op!

Number (or value) of Shares Nominated (\$10.00 per share – Maximum of 40000)

Signature

Date

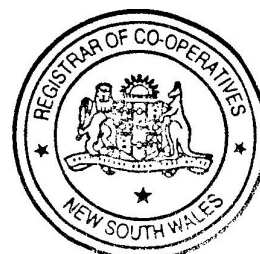
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RETURN TO THE COOTAMUNDRA DEVELOPMENT CORPORATION

169 PARKER STREET COOTAMUNDRA

PH: 69421400

Email: [cooperative@cootamundra.com](mailto:cooperative@cootamundra.com) OFFICE HOURS: 9.30 am – 2.30 pm





## **APPENDIX 5**

Membership Application Form





169a Parker Street  
Cootamundra NSW 2590

### The Coota District Co-op Ltd MEMBERSHIP APPLICATION FORM

First Name:		
Family Name:		
Date of Birth Required for voting eligibility	dd/mm/yy	
Residential Address:		
Phone Number:		
Email Address:		

--

Member No  
Office USE

#### Membership and Share Purchase Conditions of The Coota District Co-op Ltd

1. Entry cost \$30.00 (\$20.00 Membership & One \$10.00 share)
2. Your application must be approved by The Coota District Co-op Ltd board. This is a co-operative rule.
3. The Annual Membership Renewal is \$20
4. Your membership entitles you to 5% discount on your Purchases.

#### Voting Rights

1. Membership enables you to one vote (if over the age of 18).
2. You can vote for nominated board members, and any other motions for resolution put to the members by the board.

#### Share Purchase

1. Only members are eligible to purchase shares in The Coota District Co-op Ltd.
2. Members don't need to be a resident of Cootamundra.
3. Members agree to abide by the Rules of The Coota District Co-op Ltd

The Coota District Co-op Ltd will advise you when additional Shares can be purchased. You can become a member now .

Your membership is active until the first anniversary of opening your Co-op!

--

Number (or value) of Shares Nominated (\$10.00 per share – Maximum of 40000)

Signature

Date

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RETURN WITH YOUR PAYMENT TO THE COOTAMUNDRA DEVELOPMENT CORPORATION  
169 PARKER STREET COOTAMUNDRA PH: 0405 381 038  
HOURS: 11:00 am – 2:00 pm

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72 Parker Street, Cootamundra NSW 2590