

Dated 18 April 2008

Rules of New Zealand Co-operatives Association Inc.

Companies Office registration – WN233013

(incorporating changes approved up to and including the 18 April 2008 Special General Meeting)

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RULES OF NEW ZEALAND CO-OPERATIVES ASSOCIATION INC.

1. NAME

The name of the society is **New Zealand Co-operatives Association (Inc.)** (hereinafter called “the Association”).

2. DEFINITIONS

2.1 For the purposes of these Rules the following definitions apply:

- (a) “**Co-operative**” means a company, organisation, or other entity whose principal purpose is supplying or being supplied by persons who are members or shareholders of that entity with goods or services or both in order to allow those persons with common interests to join together to derive benefits from their transactions with that entity during the course of their membership or while a shareholder.
- (b) “**Group**” means the groups set out in Rule 16.3(a) to (i) respectively.
- (c) “**Councillor**” means a person appointed to the Council of the Association in accordance with Rules 16 and 19.
- (d) “**Member**” means any full member, associate member, provisional member, or honorary member of the Association, and membership has the corresponding meaning.

3. OBJECTS

3.1 The objects for which the Association is established are:

- (a) To encourage, promote and advance New Zealand Co-operatives;
- (b) To act as a representative Association for those engaged as Co-operatives;
- (c) To promote discussion and co-operation with decision-makers at all levels of Government designed to further the interests of the Co-operative movement;
- (d) To provide services and expertise to those engaged in the Co-operative movement and to carry out research into all aspects of the movement;
- (e) To collect, verify, and publish information relating to the Co-operative movement;

4. POWERS AND AFFILIATION

- (a) To employ staff and provide services and expertise to those engaged in the Co-operative industry;

- (b) To purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property and any rights or privileges which the Association shall think necessary or expedient for the purpose of attaining the objects of the Association or any of them or promoting the interest of the Association or its members and to sell, exchange, let on bail or lease with or without option of purchase or in any manner dispose of such property rights and privileges aforesaid;
- (c) To collect subscriptions and other payments for the general purposes of the Association and to invest the moneys of the Association not immediately required upon such securities as may from time to time be determined;
- (d) To make any such regulations or by-laws for the government of the Association and generally to do all such other acts, deeds and things as may be incidental to the above objects or any of them and may be calculated to protect and further the interests of the Association and its members.
- (e) To promote schemes for financing the activities of the Association that are of benefit to the movement;
- (f) The Association shall have power to affiliate with, or otherwise support, whether by means of financial contribution or otherwise, any person, society organisation or other body whose objects are consistent with or similar to those of the Association for the purpose of better attaining or otherwise furthering the objects and interests of those engaged in the Co-operative movement.

5. MEMBERSHIP

- 5.1 The Association shall be open for full membership to all Co-operatives and other organisations whose constitutions or governing documents provide that the Co-operative principle is paramount.
- 5.2 The Association shall be open for associate membership to all individuals and organisations which the Council from time to time considers have an understanding of and an appreciation for the activities of the Association.
- 5.3 The Association shall be open for provisional membership to all organisations that the Council considers are in the process of being formed or that already exist, which the Council from time to time considers intend to become a Co-operative.
- 5.4 The Association shall be open for honorary membership to all individuals and organisations as determined by the Council for such duration as the Council may determine, from time to time.
- 5.5 Associate membership, provisional membership and honorary membership shall enjoy the following rights:
 - (a) To attend meetings of the Association;
 - (b) To speak at meetings of the Association;
 - (c) To participate in activities of the Association;

(d) To receive information from the Association,
and only those rights.

5.6 On being elected to full membership a member shall determine to which group that member belongs. If the member fails to select a group the Council may make that decision.

5.7 Organisations and individuals seeking to become a member of the Association may become a member upon application, in writing on a form of enrolment, approved by the Council and on satisfying the following requirements:

(a) Agreement to abide by the rules of the Association;

(b) Payment of the prescribed joining fee, if any;

(c) Payment of the prescribed subscriptions, if any;

(d) Membership in terms of this clause is to be at the discretion of the Council.

6. JOINING FEE AND SUBSCRIPTION

6.1 The joining fee payable shall be fixed by the Council, from time to time.

6.2 The subscription amount and form payable shall be fixed from time to time by resolution of the Association at its Annual General Meeting.

6.3 The initial annual subscription shall be based upon:

(a) the business turnover of active members of each Association member over the previous two years; or

(b) an assessment, by the Association of the business turnover of the Association member, if there is no appropriate turnover history.

6.4 Upper and lower subscription limits for any one member may be set from time to time by the Association at its Annual General Meeting.

6.5 The annual subscription is due within two months of the Annual General Meeting.

7. MEMBERSHIP REGISTER

A register of members, in which the names and current addresses of the registered office, if any, of every member shall be recorded, shall be kept by the Council in the office of the Association.

8. RESIGNATION OF MEMBERSHIP

A member may resign its membership by giving to the Council notice in writing to that effect and every such notice shall, unless otherwise expressed, take effect as from the end of the financial year then current.

9. CESSATION OF MEMBERSHIP

- 9.1 Any member whose subscription is in arrears for a period of six months after due date shall forthwith cease to be a member PROVIDED the member has received notice in writing from the Association's Executive Director of the outstanding subscription and further PROVIDED THAT such member may be reinstated on payment of the current year's subscription.
- 9.2 Any member who refuses to abide by the rules of the Association or whose actions are prejudicial to the objects of the Association may be suspended by resolution of the Council passed by a majority of two-thirds of those present. Fourteen days notice of the proposed suspension resolution shall be given to all members of the Council and to the member affected. Any member whose suspension is proposed shall have the right to appear before Council and to be heard prior to the resolution being put. The suspension imposed shall be confirmed within 60 days by a resolution passed by a two-thirds majority of those present at a general meeting. The suspended member shall have the right to be heard by the general meeting, held in the suspended member's region. Confirmation of the suspension at a general meeting shall result in expulsion. An expelled member may re-apply to the Council for membership two years after the date of expulsion and the Council shall have the sole discretion to determine whether that person shall be re-admitted to membership.

10. NO PRIVATE PECUNIARY PROFIT

- 10.1 No private pecuniary profit may be made by any person from the Association. Notwithstanding the preceding sentence:
- (a) a Councillor may receive full reimbursement for expenses properly incurred by him or her in connection with his or her position as a Councillor; and
 - (b) the Association may pay reasonable remuneration to any person, including a Councillor, in return for services actually rendered to the Association,

provided that any such amount paid shall be reasonable and relative to that which would be paid in an arm's-length transaction, and the restrictions in Rule 11 must be strictly observed."

11. INABILITY TO MATERIALLY INFLUENCE BENEFIT OR ADVANTAGE

Notwithstanding anything contained or implied in these Rules, no person shall directly or indirectly be able to direct or divert, to their own benefit or advantage, an amount derived from a business carried on by, or for, or for the benefit of the Association in any manner that would result in section CW 35 of the Income Tax Act 2004 (or any equivalent provision contained in any replacement legislation) not applying to income derived from that business.

12. PROFESSIONAL ACCOUNT AND INFLUENCE

A person who in the course of, and as part of the carrying on of, his or her business of a professional public practice shall not, by reason only of his or her rendering professional services to the Association, or to any company by which any business of the Association is carried on, be in breach of the terms of Rules 10 to 11.

13. CONFLICTS OF INTEREST

- 13.1 A Councillor who is any way, whether directly or indirectly, interested or concerned, directly or indirectly in any property or undertaking in which the Association is or may be in any way concerned or involved shall declare the nature and extent of his or her interest to the other Councillors.
- 13.2 No Councillor shall be entitled to act or to exercise any of the powers conferred under the Rules and any case where his or her interest or duty in any other capacity whatsoever conflicts with his or her duty as a Councillor of this Association.

14. ALTERATION OF RULES

These Rules may be altered, revised or otherwise amended by a resolution passed by a simple majority of full members voting in person or by proxy, at a general meeting of the Association, notice of such alteration, revision or other amendment having been given not less than 14 days prior to the date of such meeting, providing that no addition to or alteration or recession of the rules shall be approved if it in any way would detract from the charitable nature of the purposes of the Association or in any way affects the ability of the Association to rely on the income tax or gift duty exemptions for charitable organisations contained in the Income Tax Act 2004 and the Estate and Gift Duties Act 1968 (or in any replacement legislation).

15. ORGANISATION

The Association shall be controlled by a Council.

16. COUNCIL

- 16.1 The membership of the Council shall be 10 persons and those persons shall be called "Councillors".
- 16.2 The Chairperson of the Council shall be appointed at each Annual General Meeting by all full members with each having one vote.
- 16.3 Nine further Councillors shall be appointed by each of the following groups comprising full members electing or appointing one full member to the Council:
- (a) Dairy;
 - (b) Meat and Fibre;
 - (c) Fertiliser and Top Dressing;
 - (d) Trading Societies;
 - (e) Arable and Horticulture;
 - (f) Financial Services;
 - (g) Trades and Retail Services;

- (h) Grocery Wholesalers;
- (i) Other Members not classified under other groups.

17. ELIGIBILITY

To be an office bearer, a person must be a director, shareholder, officer, or employee of such full member in the grouping that he or she represents.

18. NOMINATIONS

Nominations for positions on the Council may be made in writing or in person at the Annual General Meeting by authorised representatives of full members.

19. VOTING

19.1 The Councillors shall be appointed as set out hereunder:

- (a) The Chairperson shall be appointed as set out in Rule 16.2.
- (b) The Councillors appointed under Rule 16.3 shall be appointed by each of the groups set out in that Rule having a separate election and the full members within that group determining by vote which person shall be appointed. Each full member shall have one vote for such purpose.

20. DEPUTY CHAIRPERSON

The incoming Council shall elect from their number a Deputy Chairperson.

21. TERM OF OFFICE

All elected officers shall hold office for the period commencing upon the termination of the Annual General Meeting and shall remain in office until the completing of the succeeding Annual General Meeting unless they sooner resign.

22. CASUAL VACANCIES

In the event of any vacancy occurring on Council, the Council shall determine whether the vacancy should be filled by election or appointment, or decide that the vacancy will not be filled.

23. POWERS AND DUTIES OF COUNCIL

The Council shall have the following duties and powers:

- (a) The promotion of the objects of the Association;
- (b) Subject to these Rules, and to such directions or recommendations as may from time to time be given by the Association in General Meeting, the management of the business and the control of the Association's finances and affairs shall be vested in the Council which may exercise all such powers and do all such things as may be exercised or done by the

Association and as are not in these Rules or by statute directed or required to be exercised or done by the Association in General Meeting;

- (c) The appointment of the Executive Director;
- (d) The delegation of any of its functions and powers to such person or sub-committee as the Council thinks fit. Any person or sub-committee so appointed shall, in the exercise of the functions and powers so delegated, conform to any instructions that may from time to time be conveyed to it by the Council. Any such delegation shall not prevent the Council generally from acting in regard to the matter delegated;
- (e) The Council shall have power to make by-laws for the benefit and management of the Association and to make such alterations to by-laws as from time to time may be necessary provided no by-laws made hereunder shall be at variance with these Rules.

24. MEETINGS OF COUNCIL

- 24.1 The Council shall meet together to dispatch the business of the Association at such times as they think fit and shall regulate their meetings as they see fit. Questions arising at any meeting shall be determined by majority vote and in the case of equality of votes, the Chairperson shall have a casting vote.
- 24.2 A quorum for the transaction of the business of the Council shall be six.
- 24.3 Any Council member who has a vested interest may participate in all actions and discussions of the Council, except that where that interest could provide a conflict of interest on any matter, the member shall declare that interest and absent himself or herself from any voting by the Council relating to that matter.

25. EXECUTIVE DIRECTOR

- 25.1 The Executive Director appointed by the Council shall have the following responsibilities:
 - (a) To attend and keep records of all minutes of the General and Council Meetings and shall be responsible for all correspondence in connection with those meetings;
 - (b) To maintain an efficient accounting system that provides a full record of the financial affairs of the Association;
 - (c) To keep a proper record of all the office-holders of the Council;
 - (d) To act as the returning officer for any ballot for office-holders and to be responsible for the conduct of Council elections and for the notification of the outcome of such elections;
 - (e) To maintain an up-to-date record of the rules of the Association and of any Council by-laws;
 - (f) To do all things necessary for the efficient management of the Association's business.

26. ANNUAL GENERAL MEETINGS

26.1 The Annual General Meeting shall be held in every year at a time (not being more than 15 months after the holding of the last Annual General Meeting) and place to be fixed by the Council for the following purposes:

- (a) To receive and consider the Annual Report of the Council;
- (b) To receive the audited income and expenditure account and balance sheet for the previous year;
- (c) To appoint an Auditor who shall be a member of the N.Z. Society of Accountants for the ensuing year;
- (d) To complete the election of officers for the ensuing year;
- (e) To consider any motion which may have been duly submitted for decision of the meeting together with any proposed amendments thereto;
- (f) To consider any other matter that concerns the Association.

27. SPECIAL GENERAL MEETING

A Special General Meeting may be convened at any time on resolution of the Council, or, shall be convened by Council within 14 days of the written request of any five full members, stating the purpose for which such meeting is required.

28. NOTICE OF BUSINESS

28.1 Not less than 14 clear days before a General Meeting:

- (a) notice thereof, and of the business to be transacted shall be given to every member; and
- (b) a form of proxy shall be given to every full member.

28.2 No business shall be transacted at any meeting unless a quorum is present. The quorum shall be five full members whether personally present or represented by proxy.

29. PROCEDURE AT MEETINGS

29.1 At all General Meetings the Chairperson of the Council, or in that person's absence, the Deputy Chairperson, shall take the chair.

29.2 Every full member shall have one vote and no more except that any person having been duly appointed to vote as a proxy may record a vote for each full member by whom he or she has been so appointed. Except where otherwise provided in these rules, the majority of all votes cast shall decide all questions.

29.3 The mode of voting at all meetings shall be by voice or, where required, by a show of hands PROVIDED THAT any full member may demand a secret ballot which shall be taken immediately.

29.4 Any full member who desires to exercise a vote by proxy shall not less than one working day (including, Monday to Friday excluding statutory holidays) prior to the meeting at which such a member proposes to vote, lodge with the Executive Director a notice in writing (facsimile or electronic mail will suffice) of that person's intention so to do, signed by the member and certifying the person to whom the proxy is given and, if the member wishes, matters on which the proxy is to be exercised.

30. BORROWING POWERS

The Association shall, in addition to the other powers vested in it, have power to borrow or raise money from time to time by the issue of debentures, bonds, mortgages or other security founded or based on all or any of the properties and/or rights of the Association or without any such security and upon such terms as to priority and otherwise as the Association shall think fit but the powers of so borrowing or raising money shall not be exercised except pursuant to a resolution of the Council.

31. ACQUISITION OF SHARES IN CERTAIN COMPANIES

31.1 The Association may acquire or subscribe for shares or stock in any company incorporated or carrying on business in New Zealand and having among its objects the business of borrowing lending and depositing monies.

31.2 The Association may exercise all rights and powers as the holder of shares and stock so acquired or subscribed for by it and may advance to or deposit with a company in which shares or stock have been acquired or subscribed for by the Association as aforesaid, money required by the company for carrying on its business.

32. PROPERTY

32.1 The Association shall have the following powers to deal with property, both real or personal:

- (a) To acquire by purchase, take on lease or otherwise, lands and buildings and all other property real and personal which the Council considers necessary or convenient for the Association's objects and to sell or dispose of any such property or any part thereof and to erect on any such land any building and to alter, add to and maintain any building erected on such land;
- (b) To sell, improve, maintain, manage, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property, assets or rights of the Association.

33. FINANCING

33.1 The finance of the Association shall be under the control of the Council.

33.2 The Association shall operate such bank accounts to be fixed from time to time by the Council.

33.3 All moneys received on behalf of the Association shall forthwith be paid to the credit of the Association in any such accounts as the Council may establish.

33.4 The signatories to any bank account shall be any two of the following:

- (a) the Chairperson;
- (b) any Council member;
- (c) the Executive Director;
- (d) or any other persons who may from time to time be appointed by the Council.

33.5 The income of the Association from whatever source derived shall be applied solely towards the promotion of the objects of the Association and no portion of the Funds shall be paid or transferred directly or indirectly to members of the Association unless in return for any service actually rendered to the Association or in reimbursement of expenses or payments made on the Association's behalf.

33.6 The Council is entitled to invest such money of the Association that is from time to time available for investment.

34. FINANCIAL YEAR

The financial year of the Association shall run from 1 October to 30 September.

35. COMMON SEAL

35.1 The Council shall provide a common seal of the Association which shall be kept at the registered office for the time being of the Association.

35.2 Whenever the common seal of the Association is required to be impressed upon any instrument, the same shall be affixed pursuant to resolution of the Council and in the presence of any two of the Chairperson, and Deputy Chairperson, the Executive Director, or any other persons who may be appointed by the Council and who shall both sign the documents to which the seal is so affixed.

36. REGISTERED OFFICE

The registered office of the Association shall be at Level 3, 75 Ghuznee Street, Te Aro, Wellington, or such other location as the Council shall from time to time determine.

37. LIQUIDATION

37.1 The Association may be put into liquidation voluntarily if the Association at a general meeting of its members passes a resolution requiring the Association so to be put into liquidation and the resolution is confirmed at a subsequent general meeting called together for that purpose and held not earlier than 30 days after the date on which the resolution to be confirmed was passed.

37.2 If upon the liquidation or dissolution of the Association there remains after the satisfaction of all costs and its debts and liabilities any property or assets whatsoever the same shall not be paid to or distributed among the members, but shall be given or transferred to some other institution or institutions having objects similar to the objects of the Association and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as

great as is imposed on this Association, such institution or institutions to be determined by the members of the Association at or before the time of dissolution or in default thereof by a Judge of the High Court of New Zealand or in the absence of any institution then to such public charity or public charities as the said Judge may determine. Notwithstanding the preceding sentence of this Rule 37.2, the property and assets of the Association can only be transferred (upon the liquidation or dissolution of the Association) to a recipient that is established exclusively for charitable purposes that are carried out in New Zealand.