

Summary of Rule Changes Hastings Co-operative Limited

The Hastings Co-operative is required to update their rules to meet the requirements of the Co-operatives (National Laws) Act 2012. This summary sets out the major changes between the current rules and the proposed rules. The proposed rule will indicate whether it is in accordance with the new model rules provided by the Department of Fair Trade.

1. Active Member Test Provision

The active member test will remain at **\$1,000.00** per financial year, however it is acknowledged that many of our long standing members, due to their current circumstances may not necessary spend the required amount to remain active. These members remain passionate supporters of the Co-op and it is considered inequitable that they loose their membership. Accordingly we are seeking to acknowledge these member by maintaining their active member status if they have spent at least \$10.00 during the financial year with the Co-op and / or ;

- a. Have lodged on term deposit with us the amount of **\$1,000** or more. And/or
- b. Have been an active member for 40 years or more.

We feel this is an equitable way of acknowledging those members.

2. Quorum at a general meeting

Attendance at general meeting, regardless of what organisation is involved is always a challenge. Today's busy lifestyles give people limited time to put extra activities into their schedules and attendance at our general meetings is no different.

The current rule requires **1% of active members or eight active members whichever is greater** to attend a meeting to achieve a quorum. With 10,000 members on the register and in excess 5,000 active members the ability to attract the minimum number required for a quorum is becoming increasingly difficult. The current rule also states that if the number required is not met the general meeting would be required to be postponed for one week and at that subsequent meeting the quorum is whoever attends be that 1 person or two hundred. Whilst we would like to see as many members attend and be part of the Co-op's general meeting, in reality we know that numbers are dwindling. We also envisage the active member numbers will substantially grow as the Co-op returns to profitability and our members start to appreciate the value of being part of the Co-operative.

To facilitate a quorum at the AGM it is proposed to have a minimum of **20 active members** attend the meeting to constitute a quorum. Whilst this may seem like a small number we will also facilitate proxy voting on the resolutions at the general meeting so that members who may not be able to attend can still have their voices heard.

In addition we have looked at other Co-operatives and member based organisations and each has a similar number to constitute a quorum.

3. Election of Directors

The Co-operative is a multi-million dollar business and our regulators both the Department of Fair Trade and ASIC expect that the Board will have sufficient skills to guide and lead the organisation. The Co-op also has the objective of putting in place good governance practices. The Co-operative has therefore included several important steps that a nominee must meet before being eligible for election to the Board.

The first step is for the nominee to meet the skills the Co-op is seeking in the election cycle. These skills can be identified as gaps in the current Board or the current skills of the retiring directors. The second part of the process is for the nominee to be interviewed by an independent panel to determine their suitability to be a Board member. Much of the information that this panel will review is contained in the forms completed by the nominee, however overwhelming the panel will make a determination as to the good character of the nominee and the likelihood that the nominee will uphold the values of the Co-operative. This two step process is known as the Co-operative “Fit and Proper” policy. It is vitally important for the future of the Co-op that we get the best possible Board and this two step process is essential in order to achieve our goal.

As a result of this change we are proposing to discontinue the rule where by any unfilled Board position at the AGM can be filled by an election from the floor of that meeting. The Board would then have the ability to fill the casual vacancy at the next regular Board meeting; however, any nominee would be required to meet the Fit and Proper requirements set out above.

There are a number of smaller changes as set out in the enclosed table and would welcome consultation from our members.

Should you require any further information please do not hesitate to contact the Co-operative Secretary, Allan Gordon on 02 65 888 999.