



DAIRY FARMERS MILK CO-OPERATIVE LIMITED

(ARBN 108 690 384)

NOTICE OF 2011 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Dairy Farmers Milk Co-operative Limited will be held at McCracken Country Club, McCracken Drive, Victor Harbor SA 5211 on Wednesday 23 November 2011 at 1.00pm to consider the following:

BUSINESS:

1. Minutes of 2010 AGM

To approve the minutes of the Annual General Meeting held on 24 November 2010.

2. Directors Report, Annual Financial Report and Audit Report

To receive the Director's Report, Annual Financial Report and Audit Report for the year ended 30 June 2011.

3. Dividend

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

"That the Co-operative declare a final unfranked dividend of \$0.08 per share for the year ended 30 June 2011. The dividend is to be paid forthwith to holders of shares on the Register of Members as at 23 November 2011."

4. Share Acquisition Program

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That the Co-operative:

- (a) approves the 2011 Share Acquisition Program set out in Section B of the Disclosure Statement which accompanied the Notice of Meeting, a copy of which was tabled at the meeting and initialled by the Chairman for identification purposes; and
- (b) terminates the 2004 Share Acquisition Program which took effect on or about 29 June 2004."

5. Minimum Shareholding

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That Rule 23 of the Co-operative's Rules be altered in the terms set out in section 3.2 of the Explanatory Memorandum forming part of the Notice of Meeting, a copy of which was tabled at the meeting and initialled by the Chairman for identification purposes."

6. Directors Rules

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That Rules 64, 67, 67A and 68 of the Co-operative's Rules be altered in the terms set out in section 3.3 of the Explanatory Memorandum forming part of the Notice of Meeting, a copy of which was tabled at the meeting and initialled by the Chairman for identification purposes."

7. Active Membership Rule *

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That Rule 13 of the Co-operative's Rules be altered in the terms set out in section 3.4 of the Explanatory Memorandum forming part of the Notice of Meeting, a copy of which was tabled at the meeting and initialled by the Chairman for identification purposes."

8. Election of Directors

To announce the results of the election of:

- (a) two (2) Farmer Directors for Region One (South East Queensland and Northern NSW);
- (b) one (1) Farmer Director for Region Three (Far North Queensland);
- (c) one (1) Farmer Director for Region Five (Riverina/Victoria);
- (d) one (1) Farmer Director for Region Six (Western Victoria and South East South Australia); and
- (e) two (2) Independent Directors.

SYDNEY 15 October 2011

By order of the Board

G. R. Griffith
Secretary

An Annual Financial Report is forwarded with this Notice of Annual General Meeting. For active members a blue Proxy Form is enclosed for use at the Annual General Meeting. The attention of members is drawn to the Notes on Voting which appear on the next page of this Notice.

*** In accordance with section 124 of the *Co-operatives Act 1992 (NSW) (Act)*, the Registrar of Co-operatives (Registrar) has approved in writing of the terms of the proposed resolution. In accordance with section 126 of the Act, a Member who is not eligible to vote on the resolution may (if the matter cannot be settled with the Co-operative) apply to the Registrar for a determination as to the Member's eligibility. Please refer to the Notes on Voting which appear on the next page of this Notice to determine Members' eligibility to vote on the resolution.**

As required under section 126 of the Act, the Explanatory Memorandum which forms part of this Notice of Annual General Meeting contains a copy of section 127 of the Act (Cancellation of membership of inactive member).

**NOTES ON VOTING AT THE ANNUAL GENERAL MEETING OF MEMBERS
OF DAIRY FARMERS MILK CO-OPERATIVE LIMITED TO BE HELD
ON WEDNESDAY 23 NOVEMBER 2011**

A. ONLY ACTIVE MEMBERS VOTE

Only Members who are Active Members (within the meaning of Rule 13) as at the date of the Meeting, will be entitled to vote either in person or by proxy (Rule 54). The letter to Members which accompanies and forms part of this Notice advises each Member in respect of their eligibility or ineligibility (as the case may be) to vote on resolutions at the Meeting. A Member whose shares are (at the date of the Meeting) required to be forfeited because the Member has not been active for one (1) year is not entitled to be present at the Meeting.

Notwithstanding that a Member may be eligible to vote, he or she may, in certain circumstances, be precluded from voting by reason of the provisions of the *Co-operatives Act, 1992* (NSW) in which event, any vote cast by the Member or on the Member's behalf will be disregarded.

A person is not entitled to exercise, under a Power of Attorney, the power of a Member to vote, if the person has that power in respect of another Member under another Power of Attorney.

B. VOTING BY PROXY

A Member entitled to attend and vote at the Meeting may appoint a proxy holder to attend and (on a poll) vote on the Member's behalf. A proxy holder must be an Active Member or a duly appointed Corporate Representative of an Active Member.

A Proxy Form must be in writing under the hand of the Appointer or of his or her Attorney duly authorised in writing. The Proxy must be in the form of Form B of the Co-operative's Rules or such other form as the Board approves. It is suggested that Members use the enclosed form of Proxy which has been approved by the Board.

If a member requires details of other active members who may be attending the meeting and who a member may wish to appoint as a proxy, please contact your Ward Representative, any Director or the Co-operative's Secretary on (02) 8732-5206.

C. LODGEMENT OF PROXY FORMS, POWERS OF ATTORNEY OR OTHER INSTRUMENTS

An instrument appointing a proxy shall not be treated as valid unless the instrument and the Power of Attorney or other Authority (if any) under which the instrument is signed (or a notarially certified copy

thereof) is or are deposited with Computershare Investor Services Pty Limited by mail to GPO Box 4195, Sydney NSW 2001 or in person to Level 3, 60 Carrington Street, Sydney, NSW 2000, not less than twenty-four (24) hours before the Meeting or such lesser period as the Chairperson may permit.

D. CORPORATE REPRESENTATIVES FORMS AND POWERS OF ATTORNEY

Any Corporate Power of Attorney or other instrument in writing by a Member which evidences a Corporation appointing a person to represent it, must be executed under seal or otherwise on behalf of the Corporation as required by its constitution. All Corporate Members (other than those who have previously lodged with the Secretary a duly executed Corporate Representative Form that covers all Meetings of Members of Dairy Farmers Milk Co-operative Limited) are asked to complete the Corporate Representative Form which is enclosed for Corporate Members and send it to Computershare Investor Services Pty Limited by mail to GPO Box 4195, Sydney NSW 2001 or in person to Level 3, 60 Carrington Street, Sydney, NSW 2000 so that it arrives not later than twenty-four (24) hours before the time of the Meeting or such lesser period as the Chairperson may permit. If you are unable to lodge the Corporate Representative Form not later than twenty four (24) hours before the time of the Meeting, it should be duly executed by the appropriate person or persons and the named representative should arrive at the meeting early, with the completed Corporate Representative Form.

The enclosed Corporate Representative Form, if completed and lodged on this occasion (regardless of whether the person appointed attends), will continue to apply so that the person appointed may continue to represent the Corporate Member at future meetings of Members of Dairy Farmers Milk Co-operative Limited until revoked or replaced by a Corporate Representative Form appointing another Representative.

EXPLANATORY MEMORANDUM

For the purposes of certain resolutions to be put to Members at the Seventh Annual General Meeting of Dairy Farmers Milk Co-operative Limited to be held at McCracken Country Club, McCracken Drive, Victor Harbor on Wednesday 23 November 2011 at 1.00pm

This Explanatory Memorandum forms part of the Notice of 2011 Annual General Meeting.

Section 1 – Dividend

The Board unanimously recommends the declaration of a final unfranked dividend of \$0.08 per share for the year ended 30 June 2011. The dividend is to be paid forthwith to holders of shares on the Register of Members as at 23 November 2011.

Section 2 – Share Acquisition Program

The Board unanimously recommends the termination of the 2004 Share Acquisition Program (currently suspended by the Board) and the adoption of the 2011 Share Acquisition Program, details of which are contained in the Disclosure Statement which accompanies the Notice of Meeting (**2011 Share Acquisition Program**).

The 2004 Share Acquisition Program was suspended by the Board in late 2008 in connection with National Foods' acquisition of Australian Co-operative Foods Limited. The 2011 Share Acquisition Program must be approved by Special Resolution of Members pursuant to section 155(1) of the *Co-operatives Act 1992* (NSW) (**Act**).

Pursuant to section 155(3)(c) of the Act, a member may inform the Board by notice on or before Tuesday 22 November 2011 that the member resigns on the passing of the Special Resolution approving the 2011 Share Acquisition Program.

Section 3 – Rule Alterations

3.1 Introduction

The Board unanimously recommends the Rule alterations.

The Rule alterations must be approved by Special Resolution of Members pursuant to section 111 of Act. The Rule alterations do not take effect until they are registered by the Registrar of Co-operatives.

The text of each Rule alteration is set out in mark-up. The explanation for each Rule alteration precedes each Rule alteration.

Any member requiring a copy of the existing Rules, should telephone the Secretary on (02) 8732 5206.

3.2 Explanation for proposed Rule alteration – Rule 23

The current minimum shareholding per farm is 2,000 shares. The alterations to Rule 23 will require new members to hold at least 5,000 shares per farm instead of 2,000 shares.

The alteration to Rule 23 does not operate to require existing members to subscribe for additional shares. All members (new and existing) will, however, need to comply with the Co-operative's Share Acquisition Program.

Sub-Rules 23 (7), (7A) and (7B) are now redundant. All current members of the Co-operative comply with sub-Rules 23(4) and 23(5).

Text of proposed altered Rule

23. Minimum Shareholding

- (1) The *secretary shall allocate to and maintain for each member (other than a member who is a *milk processor), and record in the register of members, a registration number, identifying the farm or receival depot by reason of the member's association with which the member is qualified to be an *active member.
- (2) The *secretary of the Co-operative shall give to different members the same registration number where in the opinion of the *secretary those members are qualified to be *active members by reason of their association with the same farm or receival depot as the case may be.
- (3) The applicant's name together with the number of *shares allotted, the date of allotment and any other information required by or under the Act shall be entered in the register of members. The applicant shall be notified in *writing of the allotment and of the entry in the register.
- (4) Subject to the following provisions of this rule:
 - (a) each member who is a member of the Co-operative as at 16 December 2011 shall hold at least 2,000 *shares before such member may exercise his or her rights of membership;
 - (b) each member who becomes a member of the Co-operative after 16 December 2011 shall hold at least 5,000 *shares before such member may exercise his or her rights of membership.
- (5) Where the number of members having the same registration number is greater than 1, no member having that registration number may hold less than 100 *shares.
- (6) Where the applicant for new membership is allocated the same registration number as an existing member or existing members, such applicant and those members with the same registration number shall collectively comply with sub-rule (4) and individually comply with sub-rule (5).
- ~~(7) Subject to sub-rule (6) the provisions of sub-rules (4) and (5) shall not apply to members of the Co-operative to whom equivalent sub-rules of *ACF in force immediately before the *Implementation Date did not apply.~~
- ~~(7A) The provisions of sub-rules (4), (5) and (6) shall not apply prior to the Implementation Date until when each member shall hold at least 10 *shares before such member may exercise his or her rights of membership.~~

~~(7B) The provisions of sub rules (4), (5) and (6) shall not apply after the Implementation Date to members who were members of ACF immediately prior to the Implementation Date and in respect of such members the minimum number of shares to be held shall be one (1).~~

(78) No rights of membership shall be exercisable unless or until the member has made such payment to the Co-operative in respect of membership or acquired such minimum number of *shares as is provided by these rules, but thereafter the member shall be entitled to the privileges and subject to the obligations attaching to membership of the Co-operative as *prescribed or as provided for under these rules.

3.3 Explanation for proposed Rule alterations – Rule 64, 67, 67A and 68

The Co-operative's Rules contain a number of provisions relating to the appointment of directors up to and including the 2011 Annual General Meeting. Following the 2011 Annual General Meeting, these provisions will be redundant.

In addition, it is proposed to renumber some of the Regions. Region Three (FNQ) will become Region One. Region One (SEQ & NNSW) will become Region Two. Region Two (CNSW) will become Region Three.

The Co-operative's Board currently consists of nine (9) regional or farmer directors and one (1) independent director. At the time of despatch of the Notice of 2011 Annual General Meeting, the Board has nominated an additional independent director for appointment to the Board. Subject to the members voting for the additional director, the Board will consist of nine (9) regional or farmer directors and two (2) independent directors.

Text of proposed altered Rules

64. Board of Directors

~~Subject to Rules 68(1) and 67(3),~~ The Board will be constituted by:

- (a) ~~11-9~~ *regional Directors (or such other number of *regional Directors between eight (8) and fourteen (14) as the Board may determine under rule 67(~~45~~));
- (b) ~~1-2~~ independent directors (or such other number of independent Directors ~~not exceeding- between one (1) and~~ three (3) as may be permitted by the Act and are elected to hold office under these rules).

67. Classification of Members and *Regional Directors

(1) For the purposes of electing *regional Directors the members of the Co-operative are classified as members of one of the following regions:

- ~~(a) Region One - Far North Queensland (FNQ);~~
- ~~(ba)~~ Region ~~One-Two~~ - South-East Queensland and Northern NSW (SEQ & NNSW);
- ~~(cb)~~ Region ~~Threewo~~ - Central New South Wales (CNSW);
- ~~(c) Region Three - Far North Queensland (FNQ);~~
- (d) Region Four - Central South Australia (CSA);
- (e) Region Five - Riverina / Victoria (R/V).

- (f) Region Six – Western Victoria and South East South Australia (WV & SESA)
- (2) The Regions are defined geographically as follows:
- ~~(a) Region One (Far North Queensland) is that part of Queensland which is north of the Tropic of Capricorn;~~
- ~~(ba) Region ~~TwoOne~~ (SEQ & NSW) is that part of Queensland which is south of the Tropic of Capricorn, the whole of the Northern Territory, that part of Western Australia which is north of the Tropic of Capricorn, and that part of New South Wales which is north of an imaginary line which runs from Red Rock on the coast west to Walgett and thence west to the New South Wales / South Australia border;~~
- ~~(cb) Region ~~Threewe~~ (Central New South Wales) is that part of Australia which is not in Regions One, ~~ThreeTwo~~, Four, Five or Six;~~
- ~~(c) Region Three (Far North Queensland) is that part of Queensland which is north of the Tropic of Capricorn;~~
- (d) Region Four (Central South Australia) is that part of South Australia that is not in Region Six;
- (e) Region Five (Riverina / Victoria) is that part of Victoria which is not in Region Six and that part of New South Wales as lies to the south of an imaginary line running due north from the New South Wales / Victorian border to Tumbarumba, thence west to Holbrook, thence north-west to Griffith, and then due west to the New South Wales / Victorian border; and
- (f) Region Six (Western Victoria and South East South Australia) is that part of Victoria which is west of the City of Melbourne and south of the Western Highway joining the towns of Ballarat, Ararat, Horsham, Nhill and Bordertown and that part of South Australia that is south and east of an imaginary line joining the towns of Bordertown and Kingston.

~~Note: Rule 67(3) is now obsolete. See Rule 67A.~~

~~(3) From the 2004 annual general meeting, the Board shall consist of eleven (11) regional Directors representing each of the five (5) regions in the following numbers:~~

~~(a) Region One (SEQ & NSW) — 3~~

~~(b) Region Two (CNSW) — 4~~

~~(c) Region Three (FNQ) — 1~~

~~(d) Region Four (SA) — 2~~

~~(e) Region Five (R/V) — 1~~

~~— Total *regional Directors — 11~~

~~(34)~~ The classification of members which is made for the purposes of this rule shall be made by the Board by reference to the location of the most relevant farm or receipt depot and for the purposes of this rule relevance shall be determined by reference to volume of *milk. The basis of classification shall be as approved by a resolution passed by a three-quarters majority of the Board and shall be published by notice to all members or by an advertisement in a newspaper circulating

generally throughout each of those states and territories of Australia where any member's farm or receipt depot is located. If the Board does not pass such a resolution as to the basis of classification then

- (a) the basis of classification in force for the immediately preceding election shall apply to that and any other subsequent election unless and until the Board alters the basis of classification by a resolution passed by a three-quarters majority of the Board as provided by this rule, and
 - (b) if no relevant classification has been previously made by the Board in respect of a member, such member shall be deemed to be a member of the region in which is located the member's address for service of notices as it appears in the register of members (and, if more than one, as it so first appears).
- (45) The boundaries of any region or the number of Directors representing any region or the name of any region may be altered by a resolution passed by a three-quarters majority of the Board provided that:
- (a) notice of such alteration is given to members not less than eight weeks before the annual general meeting at which an election of Directors shall occur; and
 - (b) the Board must be satisfied that the regions so altered shall give fair regional representation of members in terms of the number of farms located in each region and the number of Directors representing each region.
- (56) In altering the boundaries of any region, the Board may by a resolution passed by a three-quarters majority create a new region.
- (67) In altering the number of Directors representing any region the Board may by a resolution passed by a three-quarters majority of the Directors increase the total number of *regional Directors by three (3) taking the maximum to fourteen (14) Directors or decrease the total number of *regional Directors by up to three (3) Directors taking the maximum number to eight (8) Directors.
- (78) The Board shall at intervals not exceeding five (5) years review the boundaries of all regions and the number of Directors representing all regions.

67A. Directors

- ~~(1) The Directors of the Co-operative on and from the 2007 Annual General Meeting shall consist of ten persons being:~~
- ~~(a) Two Region One (SEQ & NNSW) Directors — 2~~
 - ~~(b) Three Region Two (CNSW) Directors — 3~~
 - ~~(c) One Region Three (FNQ) Director — 1~~
 - ~~(d) One Region Four (CSA) Director — 1~~
 - ~~(e) One Region Five (R/V) Director — 1~~
 - ~~(f) One Region Six (WV & SESA) Director — 1~~
 - ~~(g) One Independent Director — 1~~
- ~~————— Total Directors ————— 10~~

~~Note: Rules 68(1)(2)(3) and Rules 68(5)(a)(b) are now obsolete. See Rules 67A, 68(3A) and 68(3B).~~

68. Appointment, Retirement and Rotation of *Regional Directors

~~(1) The Directors of the Co-operative on and from the incorporation of the Co-operative shall consist of nine (9) persons being the eight (8) persons who hold the following offices as Directors of *ACF on such date:~~

- ~~(a) — Two Region One Directors~~
- ~~(b) — All four Region Two Directors~~
- ~~(c) — The sole Region Three Director~~
- ~~(d) — The sole Region Four Director~~

~~In addition ACF shall nominate one (1) person to be an independent Director of the Supply Co-operative to take office as soon as practicable after the incorporation of the Co-operative.~~

~~The person who holds the office of the Managing Director of *ACF from time to time, and the persons who hold office as independent directors or employee directors of *ACF shall not be qualified at any time to be a Director of the Co-operative.~~

~~(2) The independent Director shall hold office until an election for a replacement independent Director, or such shorter period as the Board may determine. The election for a replacement independent Director shall be held as soon as practicable after the *Implementation Date.~~

~~(3) An election shall be held as soon as practicable after the *Implementation Date to fill the following *regional Director vacancies on the Board of Directors:~~

- ~~(a) — One Director for Region One (SEQ & NNSW);~~
- ~~(b) — One Director for Region Four (SA); and~~
- ~~(c) — One Director for Region Five (R/V).~~

~~(3A) Following the resignation effective on 12 December 2006 of one of the existing Region Two (CNSW) Directors, the term of office of the remaining three (3) existing Region Two Directors shall continue for the balance of their term namely, until the 2009 annual general meeting and despite any other rule to the contrary, no person shall be elected or appointed to fill the casual vacancy caused by the resignation referred to in this sub-rule.~~

~~(3B) Following the resignation effective on 11 December 2006 of one of the existing Region Four (South Australia) Directors the term of office of the one remaining Region Four Director shall continue for the balance of his term namely until the 2009 Annual General Meeting representing Central South Australia from the conclusion of the 2007 Annual General Meeting and despite any other rule to the contrary, no person shall be elected to fill the casual vacancy caused by the resignation referred to in this sub-rule.~~

~~(4) Subject to retirement by rotation in accordance with the requirements set out hereunder, a All *regional Directors must retire at the annual general meeting held 4 years after their last election.~~

~~(5) *Regional Directors are to retire in accordance with the following rotation:~~

- ~~(a) — In 2005 — All four Region Two (CNSW) Directors will retire at the 2005 annual general meeting and an election will be held to elect four Region Two Directors.~~

- ~~— The two Region Four (SA) Directors will retire at the 2005 annual general meeting and an election will be held to elect two Region Four Directors.~~
- ~~(b) — In 2006 — There will be no elections.~~
- ~~(c) — In 2007 — The three Region One (SEQ & NNSW) Directors will retire at the 2007 annual general meeting and an election will be held to elect two Region One Directors.~~
- ~~The one Region Three (FNQ) Director will retire at the 2007 annual general meeting and an election will be held to elect one Region Three Director.~~
- ~~The one Region Five (R/V) Director will retire at the 2007 annual general meeting and an election will be held to elect one (1) Region Five Director.~~
- ~~An election will be held at the 2007 annual general meeting to elect one (1) Region Six Director.~~
- ~~The independent Director will retire at the 2007 annual general meeting and an election will be held to elect one independent Director.~~
- ~~(d) — In 2008 — There will be no elections.~~
- ~~(e) — In 2009 — The three Region Two (CNSW) Directors will retire at the 2009 Annual General Meeting and an election will be held to elect three (3) Region Two Directors.~~
- ~~— The one Region Four (CSA) Director will retire at the 2009 Annual General Meeting and an election will be held to elect one (1) Region Four Director.~~
- ~~(f) — In 2010 — There will be no elections.~~
- ~~(g) — In 2011 — The two Region One (SEQ and NNSW) Directors will retire at the 2011 annual general meeting and an election will be held to elect two Region One Directors.~~
- ~~— The one Region Three (FNQ) Director will retire at the 2011 annual general meeting and an election will be held to elect one Region Three Director.~~
- ~~— The one Region Five (R/V) Director will retire at the 2011 annual general meeting and an election will be held to elect one Region Five Director.~~
- ~~— The one Region Six (WV & SESA) Director will retire at the 2011 annual general meeting and an election will be held to elect one Region Six Director.~~
- ~~— The Independent Director will retire at the 2011 annual general meeting and an election will be held to elect one Independent Director.~~
- ~~(h) — Thereafter all of the Directors elected for each Region shall retire at four-yearly intervals following the respective dates of their election.~~

3.4 Explanation for proposed Rule alteration – Rule 13

The alterations to the Co-operative's active membership provision will:

- (a) broaden the Co-operative's primary activity to include the holding of shares in a body corporate whose principal activity is the aggregation of milk supply for onsale or to collectively bargain on behalf of dairy farmers (a **milk supply entity**); and

- (b) broaden the concept of “supply” so that it captures not only the purchase of the milk by the Co-operative or a milk supply entity but also milk supplied pursuant to collectively bargained arrangements negotiated by the Co-operative or a milk supply entity.

The current active membership provisions require members to directly or indirectly supply milk to the Co-operative. This requires the Co-operative to purchase the member’s milk which is then onsold to the milk processor (the **direct acquisition model**).

Most collective bargaining groups do not purchase the milk from the farmer. They usually act as the agent of the farmer to collectively bargain the terms and conditions of supply with the milk processor (the **collective bargaining model**). The farmer usually enters into the milk supply contract directly with the milk processor.

The changes to the active membership provision will allow the Board to adopt the collective bargaining model and for affected members to remain members of the Co-operative should the Board decide that this is in the best interest of the members.

The changes will also allow the Co-operative to have an interest in other milk supply entities which are similar to the Co-operative and for suppliers to those entities to remain members of the Co-operative.

Text of proposed altered Rule

13. Primary Activity Rule and Active Membership Provisions

13.1 Primary Activity

The primary activities of the Co-operative are:

13.1.1 to dispose of *milk acquired from members (Primary Activity A);

13.1.2 to supply *milk to a member for processing (Primary Activity B);

13.1.3 to acquire, hold or deal with shares in a milk supply entity (Primary Activity C).

13.2 Active Membership Rules

A member of the Co-operative will be an *active member of the Co-operative on a particular day (the “test day”):

13.2.1 in connection with the carrying on of Primary Activity A, if the member complies with at least one of the following paragraphs:

(a) **The Direct Supply Rule:**

the member has supplied at least 2,400 litres of *milk (not acquired from a third party) to the Co-operative in any period of 7 consecutive days during the *relevant period;

(b) The Indirect Supply Rule:

- (i) the member has supplied at least 2,400 litres of the *milk (not acquired from a third party) to a *milk receival depot in any period of 7 consecutive days during the *relevant period, and
- (ii) such *milk receival depot has supplied at least 10,000 litres of *milk to the Co-operative in the same period of 7 consecutive days;

(c) The *Milk Receival Depot Rule:

- (i) the member carries on business as a *milk receival depot; and
- (ii) such *milk receival depot has supplied at least 40,000 litres of *milk to the Co-operative in any period of 7 consecutive days during the *relevant period;

(d) The *Sharefarmer Rule:

- (i) the member is a *sharefarmer who during a *relevant period has worked on a dairy farm; and
- (ii) such dairy farm complies with the tests set out in either the Direct Supply Rule, the Indirect Supply Rule, or the *Merging Co-operative Rule (paragraphs (ii) and (iii)) on the basis that 'dairy farm' is substituted for 'member';

(e) The *Merging Co-operative Rule:

- (i) the member was a member of a *merging Co-operative; and
- (ii) the member supplied at least 2,400 litres of the *milk (not acquired from a third party) to the *merging Co-operative in any period of 7 consecutive days during the 6 *months before the *merger date, and
- (iii) the *merger date is not more than 8 weeks before the *test date.

13.2.2 in connection with the carrying on of Primary Activity B, if the member

- (a) carries on the business of a *milk processor;
- (b) has entered into a contract with the Co-operative to acquire from the Co-operative *milk for a fixed term; and
- (c) has acquired from the Co-operative at least 5,000,000 litres of *milk in any period of 7 consecutive days during the *relevant period.

13.2.3 in connection with the carrying on of Primary Activity C, if the member complies with at least one of the following paragraphs:

(a) The Direct Supply Rule:

the member has supplied at least 2,400 litres of *milk (not acquired from a third party) to the milk supply entity in any period of 7 consecutive days during the *relevant period;

(b) The *Sharefarmer Rule:

(i) the member is a *sharefarmer who during a *relevant period has worked on a dairy farm; and

(ii) such dairy farm complies with the test set out in the Direct Supply Rule on the basis that 'dairy farm' is substituted for 'member'.

13.3 Active Membership at General Meetings or Postal Ballots

13.3.1 where the *test day is a day on which a meeting (including any adjourned meeting) of members of the Co-operative is held for the purpose of considering and, if thought fit, passing any *special resolution to amend the rules of the Co-operative by the adoption of active membership provisions (within the meaning of the Act), the day being the date of the original notice of such meeting shall be substituted for the *test day for the purposes of identifying the relevant periods of 8 weeks or 6 *months referred to in rule 13.2.

13.3.2 where the *test day is a day on which any other general meeting (or the recommencement of an adjourned general meeting) is held or is a date relating to a postal ballot, the date of the original notice of such meeting or the date of issue of the postal ballot shall be substituted for the *test day for the purposes of identifying the relevant periods of 8 weeks or 6 *months referred to in rule 13.2.

13.4 Change in basis of active membership

If the basis on which a member qualifies as an *active member changes by reason of the member ceasing to qualify under any one of the paragraphs ~~(a) to (c) inclusive~~ in Rule 13.2.† (the original paragraph) and instead commences to qualify as a member under any one of the said paragraphs (not being the original paragraph) notice of that fact must be given to the Co-operative by the member within 14 days of the change occurring.

13.5 Interpretation of Active Membership Rules

13.5.1 In Rule 13.2.1 (a) a reference to ~~a~~*milk supplied to the Co-operative is deemed to include:

~~(a) *milk purchased by the Co-operative from the member; or~~

(b) *milk supplied to a *milk processor, wholesaler or retailer in respect of which the Co-operative has collectively bargained some or all of the terms or conditions of that supply.

13.5.2 In Rule 13.2.3(a) a reference to *milk supplied to the milk supply entity is deemed to include:

(a) *milk purchased by the milk supply entity from the member; or

(b) *milk supplied to a *milk processor, wholesaler or retailer in respect of which the milk supply entity has collectively bargained some or all of the terms or conditions of that supply.

13.5.3 In Rules 13.2.1 (b)(ii) and 13.2.1 (c)(ii) a reference to *milk supplied to the Co-operative is deemed to include *milk purchased by the Co-operative from the *milk receipt depot.

13.5.43 In these rules:

(a) “relevant period” means:

- (i) where the *test day occurs during the 8 weeks commencing on the *Implementation Date, the period commencing on the *Implementation Date and ending on the day 1 day before the *test day, and
- (ii) where the *test day occurs after 8 weeks from the *Implementation Date, the period commencing on the day 8 weeks prior to and ending on the day 1 week prior to the day before the *test day.

(b) “milk supply entity” means a body corporate whose principal activity is:

- (i) the consolidation or aggregation of *milk supply for onsale to a *milk processor, wholesaler or retailer; or
- (ii) to collectively bargain on behalf of dairy farmers the terms or conditions for the supply of *milk to a *milk processor, wholesaler or retailer.

13.5.54 Joint supply by two or more members will constitute supply by each of such members in equal proportions of the total milk supplied unless written notice signed by each joint supplier (informing the Co-operative of the proportions in which the milk is supplied) is received by the Co-operative.

In accordance with section 124 of the Act, the Registrar of Co-operatives (**Registrar**) has approved in writing of the terms of the proposed resolution. In accordance with section 126 of the Act, a Member who is not eligible to vote on the resolution may (if the matter cannot be settled with the Co-operative) apply to the Registrar for a determination as to the Member’s eligibility. Please refer to the Notice of Meeting in respect of Members’ eligibility to vote.

As required under section 126 of the Act, a copy of section 127 of the Act (Cancellation of membership of inactive member) is set out below.

Section 127 of the Act - Cancellation of membership of inactive member

- (1) *The board of a co-operative 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 at least the required period before that time, or*
 - (b) *the member is not presently an active member of the co-operative and has not been an active member of the co-operative at any time during the required period immediately before that time.*
- (2) *This section applies to a member only if he or she was a member of the co-operative throughout the required period.*
- (3) *The question of whether a member was an active member at a particular time in the past is to be determined as if the active membership provisions concerned had been in force at that time.*
- (4) *The board's declaration under this section has the effect of cancelling the membership concerned.*
- (5) *A person may apply to the Council for an order under section 129 in respect of the cancellation of the person's membership under this section.*
- (6) *In this section the required period in relation to a co-operative, means:*
 - (a) *3 years, or*
 - (b) *if a shorter period is provided for in the rules of the co-operative, that shorter period.*

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