

## ATTACHMENT B

### AUTHORISATION TO UNDERTAKE INDEPENDENT VIABILITY ASSESSMENT

I, William Jaboor of Hobsons Bay City Council, 115 Civic Parade, Altona VIC 3018 being a person authorised to provide information, including financial information, on behalf of my/our organisation, authorise the Department of Infrastructure, Transport, Regional Development and Local Government to undertake the necessary steps to assess the viability of HBCC the Regional Kitchen Project.

I authorise the Department of Infrastructure, Transport, Regional Development and Local Government to engage an external consultant to conduct an independent viability assessment of HBCC the Regional Kitchen Project. The consultant will be required to secure and treat the information and documentation provided as commercial-in-confidence.

I acknowledge that the Department of Infrastructure, Transport, Regional Development and Local Government may check information provided in the Regional and Local Community Infrastructure Program – Strategic Projects form and supporting documentation for funding from the Regional and Local Community Infrastructure Program – Strategic Projects for the Regional Kitchen Project and at its discretion obtain additional information from:

- Department of Infrastructure, Transport, Regional Development and Local Government databases
- Other Commonwealth agencies such as the Australian Taxation Office and the Australian Securities and Investments Commission
- State or Territory agencies
- Law enforcement agencies
- Credit reference agencies
- Courts or Tribunals
- Any other appropriate organisation or person reasonably required as part of these checks.

47F

..... Signed

... William Shilton Jaboor ..... Print full name

... CEO, Hobsons Bay City Council ..... Position

..2../3../09..... Date

**COPY**

146  
**ATTACHMENT C**  
**DHS FUNDING CONFIRMATION**



## Department of Human Services

Incorporating: Health, Community Services, Mental Health, Senior Victorians and Housing

50 Lonsdale St  
GPO Box 4057  
Melbourne Victoria 3001  
DX210081  
www.dhs.vic.gov.au  
Telephone: 1300 650 172  
Facsimile: 1300 785 859



OUR REF: ADF/07/9840

YOUR REF:

47F

Chief Executive Officer  
Regional Kitchen Group  
123 Queen Street  
ALTONA 3018

Dear 47F

I am pleased to inform you that the Funding Agreement between the State of Victoria and Regional Kitchen Pty Ltd has been executed by the Hon Lisa Neville, Minister for Senior Victorians. I enclose a copy of the agreement for your records.

As a result of the execution of the agreement, a payment has been made to Regional Kitchen Pty Ltd for: \$6.6million (inclusive of GST).

As noted in the agreement, I am as Director Aged Care the supervising officer for the Department of Human Services. The Agreement will be managed within DHS by the Manager HACC Service Development, currently Mr Calvin Graham.

I look forward to the development of the regional kitchen, as an important producer of meals for the HACC delivered meals service

Yours sincerely

47F

47F

Director Aged Care

47F

47F





04-MAY-1996 07:39 FROM

**nab**government business

Specialised Industry Group - Government  
800 Bourke Street  
Docklands Vic 3000  
Phone: 03 8634 1454  
Fax: 1300 665 923

**nab**

20 February 2009

47F

Regional Kitchen Group  
Level 1 104 Ferguson Street  
Williamstown Vic 3016

Ref: wg

Dear 47F

We refer to our discussion and thank you for your time on the 12<sup>th</sup> February 2009 in relation to funding proposal for construction and fitout of the new Regional Kitchen Pty Ltd development.

From the initial information provided to the Bank we consider there is the foundation of a proposal we can support moving forward. We will favourably consider approval of facilities for Regional Kitchen Pty Ltd based on provision of the final business plan, cashflows and final financing requirement when available.

We would be pleased to discuss this proposal with you further at any time and please do not hesitate to contact me at anytime.

Yours faithfully

47F

Partner











# Regional Kitchen Group

## **2009 Business Plan**



**Community Chef**

ABN: 34 128 654 312

# Table of Contents

<b>1. BACKGROUND AND INTRODUCTION</b>	<b>3</b>
<b>2. SPOPE OF THE 2009 DRAFT BUSINESS PLAN</b>	<b>7</b>
<b>3. GOVERNANCE</b>	<b>8</b>
<b>4. RISK MANAGEMENT</b>	<b>9</b>
<b>5. TIMELINES &amp; MILESTONES</b>	<b>10</b>
<b>6. KEY PROJECT DESIGN CRITERIA</b>	<b>11</b>
<b>7. BUILDING DESIGN, FIT OUT &amp; CONSTRUCTION</b>	<b>12</b>
<b>8. FINANCIAL MODELLING</b>	<b>14</b>

## APPENDICES

Appendix A	Financial Assumption
Appendix B	Financial Spreadsheets
Appendix C	Production Layout



# 1. BACKGROUND AND INTRODUCTION

## PREAMBLE:

This business plan for RFK Pty Ltd (Community Chef) sits alongside the business plan for Regional Kitchen Pty Ltd.

**Regional Kitchen** will purchase the land, build, maintain and upgrade the facility.

**RFK** trading as **Community Chef** will lease the facility and produce meals for delivered meals programs.

The objectives of both companies are contained in clause 3 of the respective Shareholder Agreements.

This draft 2009 business plan updates the April 2007 combined business plan that was adopted at the inaugural meeting of shareholders for Community Chef on 7 December 2007 and Regional Kitchen on 4 April 2008. The Regional Kitchen meeting also adopted a supplementary business plan that focussed on 2008/09.

This draft 2009 business plan also incorporates the Preliminary Design Due Diligence Study, June 2008; Order of Magnitude Costing For 3bornes ARCHITECTES Concept Design September, 2008; and the 2008 Draft Business Plan.

Some milestones and estimates contained in the 2007 business plan and 2008 draft business plan have been achieved or confirmed. These are:

Milestone or estimate	2007 Business Plan	Outcome as at 30/6/08
Community Chef incorporation	July-September 2007	7/12/07
Number of shareholders	15	14
Regional Kitchen incorporation	July 2008	4/4/08
Number of shareholders	5	11
State Government Grant	\$1m 2008/09 \$5m 2009/10	\$6m 2007/08
Local Government Share Equity: Regional Kitchen	\$1m 2008/09	\$ 600,000 2007/08 \$1,625,000 2008/09
Site Selection	July 2008	June 2008

### **DEVELOPMENT 2005 – 2007:**

This is the fourth edition of the business plan. The first, based on a 2005 feasibility study, was completed in January 2006 and was supplemented by;

- An independent quantity surveyor review of costings;
- An independent risk assessment report;
- A communications plan;
- A human resources strategy; and
- Manufacturing and performance standards.

The April 2007 plan, adopted by shareholders, was supplemented in 2008 by;

- A review of overseas developments;
- A due diligence report with updated costings;
- Refinement of the production method, staffing requirements and equipment list & layout; and
- An in depth/small sample user survey;

These draft supplementary reports built on the two previous business plans and formed the basis of the 2008 draft business plan.

Development of the April 2007 business plan for incorporation of the two companies was based on an agreed rationale (pp 1 & 17), assumptions (pp 1 & 12-13), objectives (pp 48-50) and structure (p3). Agreement on these foundations was forged out of early discussions, a decision in 2004 to commission a feasibility study, consideration of that study in 2005 and the formation of both an Advisory Group and Executive Group. The early process built consensus and considered increasing levels of detail that formed the basis of both the 2006 and 2007 business plans.

### **DEVELOPMENT OF THE DRAFT 2008 BUSINESS PLAN:**

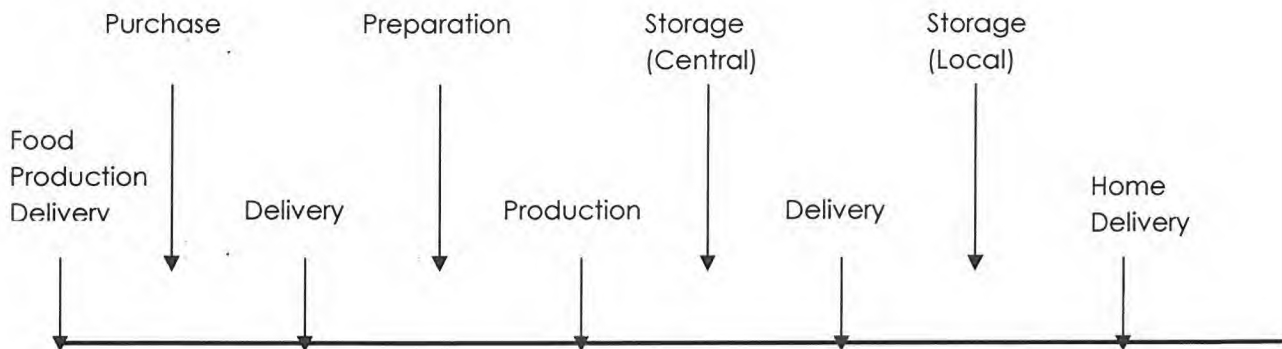
The 2008 draft business plan was respectful of this early consensus and the early foundations laid. As the project evolved however, estimates became actuals, adjustments needed to be made to assumptions and the business model needed to adjust to changing circumstances and technology. Food, fuel, land and building prices had all risen faster than predicted, but income also exceeded expectations. Global warming, energy costs and food waste have become more prominent and pressing issues. Carbon trading, lifecycle environmental and food security impacts were matters to be addressed then as well as in the future as basic cost structures shifted and new standards and regulations were introduced.

Based on the early foundations the 2008 draft business plan looked out as far as could be reasonably estimated. For the building, that was 40 years; for the funding agreement with the State Government and budget estimates, it was 20 years; for the meal contracts and production method, it was 10 years; for the establishment of the facility and start up it was 2 years (with another 6 months for slippage and delays). The shorter the time the greater the detail, and hopefully, the certainty.

Whilst history and a changing wider environment were factors to be considered in the update of the business plan, two other considerations help shape the framework of the plan and the decisions that flow from it. They were;

- (a) The continuum that extends from food production at one end to meal consumption at the other; and
- (b) The sequence that begins with menu choice and ends with production and storage

#### THE CONTINUUM:



On this continuum the business plan must address where Community Chef's responsibility starts and ends and what the relationships and points of connection are that ensure an integrated system.

#### THE SEQUENCE:

1. Menu, range of choice and seasonal variation
2. Production method and packaging
3. Equipment
4. Facility design
5. Land purchase
6. Approvals
7. Construction



8. Fit-out/commissioning

9. Compliance, policies, training and preparation for operation

10. Operation

It was noted that many of these steps would be implemented concurrently but they each represented significant bodies of work and planning that required increasing levels of detail.

Consistent with the early consensus, the facility and meal production were developed from the bottom up. The menu was the starting point. Based on discussions by the Advisory Group and a survey of priorities undertaken with member councils it was agreed that six daily menu choices (Anglo-Australian, Mediterranean, Asian, Vegetarian, Roast and Salad) should be offered with seasonal rotation. It also was agreed that the facility would contain a specialist kitchen that could produce small quantities of meals to meet special dietary and other requirements. These decisions impacted on the production method, equipment, staffing, cost and design of the facility.

Because production methods impacted on building design, a single integrated business plan was maintained with separation of income and expenditure statements. The two companies were also to be managed by a single administration with costs apportioned 60% to Regional Kitchen and 40% to Community Chef in 2008/09 and 50% to both in 2009/10.

#### **DEVELOPMENT OF THE DRAFT 2009 BUSINESS PLAN:**

The draft 2008 business plan remained a draft and was not taken to a shareholder meeting for endorsement. Presented with more complete information about design options the Board decided at its August 2008 meeting to undertake further design work and costings based on the innovative design of French architect Francois Tesniere from 3bornes ARCHITECTES. An Australian based design team was assembled under the leadership of 47F

47F Other members of the team included, 47F

47F

47F together with OH&S, logistics, food safety, chefs and building surveyors, as required.

47F made three visits to Australia over two months, during which time the design team worked intensely to refine and cost the design of the facility, the equipment and the production process.

This period of concentrated effort (October – November 2008) enabled the design to be taken to a new level of detail and for the innovative 47F design to be fully costed.

## 2. SCOPE OF THE 2009 DRAFT BUSINESS PLAN

The draft 2009 business plan encompasses;

- Menu design (six meal varieties with seasonal changes)
- Specialist meal requirements and preparation
- Raw material receipt, inspection, decant and storage
- Preparation, fragilisation and batch holding
- Low risk processing; transformation
- High risk processing, packaging, chilling, pasteurising; transformation
- Validation of meals (menu and pasteurisation)
- Storage, holding
- Dispatch
- Equipment hired from Regional Kitchen Pty Ltd
- Development of policies and procedures
- Documentation and audit of quality control
- Training and staffing
- Transition plan
- Perception testing and client feedback
- Accreditation and verification
- Communication, shareholder liaison and marketing
- Systems design and specification (ICT)
- Meal contracts
- Raw ingredient and packaging supply contracts
- Power, gas, electricity supply contracts
- Contingency plan for breakdown or catastrophe

The draft 2009 business plan does not encompass;

- Building design and construction
- Equipment and fit-out included in Regional Kitchen business plan
- Transport or meal delivery
- Storage at satellite distribution centres.



### 3. GOVERNANCE

RFK Pty Ltd is constituted as joint venture company limited by share.

Within the framework of the Corporations Act and Local Government Act the governance framework, decision making and accountability is contained in the Shareholder Agreement and Constitution, signed under seal by each shareholder and the Agreement between Regional Kitchen and the Department of Human Services.

Each shareholder has appointed a shareholder representative and a board of three ordinary and two independent directors for each company is empowered to make decisions and conduct the affairs of the companies within the parameters of the business plan, which is to be updated annually.

The interim Board, made up of four local government CEOs and two independent directors, has been empowered by shareholders to act until 31 December 2009. An agreed process, laid down in Clause 5 of the Shareholder Agreement, will commence in June 2009 for the selection of the ongoing Board.

The Victorian Auditor General is the auditor and will ensure that the requirements of both the Local government Act and Corporations Act are covered by the one audit.

An Audit Committee with three independent qualified members and two Board nominees meets four times a year. In addition, an independent qualified Probity Auditor has been appointed to oversee the construction phase.

#### 4. RISK MANAGEMENT

The risk analysis undertaken by Acumen Alliance for the April 2007 business plan continues to be the basis of risk management and risk mitigation strategies. The high level risks identified by Acumen Alliance were:

- Time delay
- Environmental risks associated with the purchase of land
- Start up funding
- Financial sustainability
- Council participation rates
- Transition (start up)
- Industrial relations – potential redundancy costs to councils
- Meal pricing
- Business continuity
- Governance
- Market
- Communications
- Lack of promotion/marketing
- Project management

Greater certainty in relation to funding, governance and land purchase have lessened the risk in relation to those matters since 2007, however, the complete list of high, medium and even low risks identified by Acumen Alliance will continue to be monitored by the Board and Audit Committee.

Time delay, industrial relations, transition (start up), communications, meal pricing and project management remain matters of immediate and high level concern.

As Community Chef moves into production, business interruption remains a constant risk and requires well developed contingency plans in order to guarantee supply.

Risk will be further mitigated once the outcome of Commonwealth Government funding is known and shareholders have adopted an updated business plan containing the new design and cost parameters.

## 5. TIMELINES & MILESTONES

The 2007 business plan and the 2008 draft business plan were based on a start-up date of 1 July 2010. Whilst this may still be achievable the 2009 plan commences the revenue stream from January 2011 (recognising that this will be one month after production commences) and commences trial production in November 2010.

If the following milestones are met the December 2010 start-up date will be achieved.

Milestone	Timeline
2009 business plan	Draft 12/12/08, Adopted by shareholders 13/3/09
Commonwealth funding	February 2009
Development of policies, procedures, transition plan and system specification	July 2009 to June 2010
Process fit-out	March 2010 to July 2010
Production trialling	November 2010
Facility on line	December 2010
Staff appointment & training	June 2010
Board selection process	Commence 1/7/09; appointed by 31/12/09

## 6. KEY PROJECT DESIGN CRITERIA

The design of the Regional Kitchen meal production facility has been based on a number of key project design criteria and manufacturing principles that determine the operating methodology and associated process plant and equipment requirements.

The selected process, plant and equipment subsequently dictates the manufacturing facility layout, size and configuration of land, project capital cost, operating cost (labour levels, energy loads, packaging costs, energy requirements, raw materials and finished goods storage requirements, etc) and ultimately the meal cost.

The key project design criteria included the following variables:

- Number of menu choices per day;
- Number of 8 hour production shifts per week;
- Shelf life per meal variety;
- Number of packages per meal variety;
- Packaging format for each meal variety;
- Number of meal dispatches per week to council distribution locations;
- Relative cost / ease of future expansion to increase production capacity;
- Relative food quality after a nominated period (i.e. 5 days);
- Relative food safety risk after a nominated period (i.e. 5 days);
- Relative level of food waste when manufacturing to order or to stock level;
- Relative energy loads of process plant and equipment;
- Relative carbon footprint rating of facility and distribution model;
- Relative capital expenditure cost and ongoing operating expenditure cost;
- Work environment, health and safety of workforce;
- Environmental sustainability;
- Management of risk of contamination;
- Management of airflow;
- Energy and water conservation and recycling; and
- Flexibility of facility to change and adapt;
- Facility security.



## 7. PRODUCTION DESIGN

### DESIGN FEATURES:

Kitchen design based on the 2zones2 concept developed by Paris based architect, Francois Tesniere of the 3bornes ARCHITECTES, has won international awards and been rated by the French food services magazine Neo-Restauration as one of the five most important innovations in the kitchen, alongside the microwave, ultrasonic washer, induction cooking and disposable packaging.

The primary feature of the design is the separation of high risk and low risk zones and the logical sequential work-flow and movement of ingredients that increases efficiency and food safety.

Added to the creation of zones ingredients are transported in stainless steel cabinets (CESARS) that travel on overhead rails. Opening both sides, ingredients can pass through these cabinets without workers moving from high risk to low risk areas. The overhead rail system also maintains the continuity and sequence of the workflow. The CESARS allow product to be at the correct ergonomic height and reduce bending and lifting.

Ingredients are maintained at required temperatures within each cabinet, reducing the need to cool large areas of unused space and creating a more comfortable ambient temperature for workers. OH&S is improved and significant energy savings are made as a result.

Use of air curtains and sensor switches maintain the low temperatures for food being prepared on benches while workers work in temperatures of 18C.

In summary the innovative 3bornes design has the following features:

- Defined high and low risk zones that workers don't cross, reduced risk cross contamination'
- Logical, sequential workflow;
- Product moved in CESARS travelling on overhead rails;
- Refrigeration limited to the areas where food is kept, limiting the area needing to be cooled;
- Air curtains to maintain ambient and required food preparation temperatures at the same time;
- Use of air pressure to circulate air out of high risk areas;
- Ease and effectiveness of cleaning with open floor space;
- Reduced use of chemicals for cleaning, washing and food preparation using e-water;
- Retention of energy using ice slurry;
- Capture of water using water tanks;
- Improved OH&S through reduced movement, improved manual handling using overhead rail system and CESARS lack of requirement to work in low temperatures for long periods.

### MENU & MEAL CHOICE:

Based on advice from the Advisory Group, perception testing with existing clients and a random survey in one municipality a six meal menu including Anglo-Australian, Mediterranean, Asian, Vegetarian, Roast & Salad was developed.

Quantities, nutritional value, variety and attractiveness were tested and professional advice sought in order to structure the menu, determine equipment requirements and the production process.



Six meal varieties a day is logistically demanding and requires highly organised and carefully sequenced production processes in order to avoid bottlenecks, downtime and waste.

Packaging, contents and nutritional information, reheating instructions and ease of opening were also factored into the production process, equipment and packaging choice.

The move from cook/chill to pasteurising not only extends the shelf life from five to thirty days and makes menu choice easier but it changes the workflow, equipment requirements, storage requirements and delivery options.

Thirty days shelf life enables low cost, no waste contingency storage of meals to provide a buffer in the case of interrupted supply or the need to back up other services.

#### **MEAL PRODUCTION PROCESS:**

The meal production process has been based on the 2zones2 design of Francois Tesniere of 3bornes ARCHITECTES.

Day 1 Delivery from suppliers will be co-ordinated and staged to suit the menu and production schedule. On arrival raw produce will be inspected, moved into containers ready for fragilisation (removal of packaging, skins & waste, batching into recipes) and quarantined if necessary. Produce not requiring cooking or fragilisation will be batched and transported to the dispatch area by a separate route, avoiding interruption to production or clogging other workflows.

Day 2 Produce in receipt will be fragilised (batched into recipes) into clean pass through refrigerated CESARS. This produce will be able to be removed from the other side of the CESAR avoiding any movement of trolleys or workers from the high risk receipt area to the low risk cooking area, reducing the risk of contamination. Ingredient will be sequenced in the CESARS according to the menu requirements.

Day 3 Ingredients will be transformed, further prepared (salads) and cooked, then packaged on an assembly line prior to moving through pasteurisation, after which the meal is protected from contamination. From there the meals will be batched in crates and allocated to gravity fed channels for each municipal drop off. This will ensure that meals will be used in the order they are produced (avoiding old stock being left at the back of the coolroom) and minimise the risk of incorrect delivery.

#### **SPECIALIST KITCHEN**

Community Chef will provide Halal, Kosher and other dietary or culturally relevant meals as part of the regular menu. In addition a chef and research and development kitchen will operate within Community Chef to develop new menus, adapt to seasonal and produce changes and provide specialised meals to meet medical and other requirements.

#### **QUALITY AND VALIDATION**

Policies and procedures will be documented and accredited. Food technologists, nutritionists and chefs will be engaged and a HACCP food safety audit undertaken. All processes will be validated and all staff will undergo further training prior to Community Chef commencing production.

(See Production Layout: Appendix C)

## 8. FINANCIAL MODELLING

The 2009 Business Plan has achieved a new level of detail based on the work of the international and multidisciplinary design team and costings by quantity surveyor WT Partnership.

An income statement, cash flow, balance sheet and spreadsheet for determining the cost per meal 2009 – 2020 are contained Appendix B.

*(See Financial Spreadsheets: Appendix B)*

## **Appendix A**

### **Financial Assumptions**

## FINANCIAL ASSUMPTIONS:

1. Full operations begin December 2010 resulting in seven months of operation in the first year.
2. For the purposes of calculating the cost per meal in Year 1, seven months of revenue has been recognised. For cash purposes, only 6 months of revenue has been recognised as accounts are paid in 30 days.
3. The majority of equipment is leased from financial institutions at an annual lease rate of 15%.
4. Purchased plant and equipment is depreciated at an annual rate of 10%
5. Currency exchange rates for plant and equipment are as at 27 November 2008
6. GST is excluded from capital works costs
7. Design contingency is 10% for services and 5% for separate contracts
8. Discount rate is 5% over the forecast period. (The Discounted Cash Flow measures future cash flows multiplied by a discount factor (5%) to obtain the net present value.)
9. The facility operates one shift per day for five days, during which it produces meals for seven days.
10. The facility will produce approximately 5000 meals per day on one shift. It is assumed that this will also be the start up production rate.
11. Production rates could be increased by extending hours of operation, increasing shifts and expansion of the building by Regional Kitchen Pty Ltd.
12. Expenses have been provided in "Year minus 1" for staff selection and training and to cover start up costs.
13. All employee costs are calculated using the Victorian Local Government Award.
14. Labour costs are built into the model as a variable. Current labour costs have been increased by 5% annually throughout the forecast period with annual increases calculated cumulatively.
15. Labour costs include oncosts of 24.16%.
16. Labour costs do not include payroll tax as this is not an expense incurred by Local Government
17. Annual insurance premiums are included indexed through the forecast period where required. This cover includes Directors and officers Liability, Products, Business Interruption, Material Damage, Contract Works as well as Transit and Motor Vehicles insurance.
18. CPI is built into the model as a variable set at 4% annual increase. Throughout the full forecast period the annual increases are calculated cumulatively.
19. Food costs are set at a current rate of \$3.56 per meal. This cost has been increased by CPI each year.
20. Food container costs are set at the current level of \$0.85 per meal (soup, main dessert, salad, sandwiches) and have been increased by CPI each year.
21. Revenue per meal is based on the meal cost.
22. The total meal cost reflects all costs associated with the running of the business, plus a provision of 3% of total costs for reinvestment in the business.
23. Transport of meals to individual Council depots is not included in the meal price.

24. Costs related to items addressed in the independent Risk Assessment Report have been included.
25. Start up costs are recovered over the first two years of operation
26. Interest received on surplus funds is 5.75% and Interest paid on borrowed funds is 6.50%
27. The intercompany loan commences 1/3/2010 and will be repaid by 30/6/2019. The interest rate is 6.5%
28. Equipment is estimated to have a life of 10 years with a 10% depreciation rate. Office furniture and fittings is estimated to have a 3 to 10 year life with a depreciation rate of 7.5%



## Appendix B

### Financial Spreadsheets

- Income Statement
- Balance Sheet
- Cash Flow
- Meal Production Cost



**COMMUNITY CHEF PRODUCTION FACILITY**  
**INCOME STATEMENT**

Financial Year Ending June 30

	2,009	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020
<b>Forecast</b>												
<b>Income</b>												
Meals Produced	0	0	1,060,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Revenue per Meal	0	\$ -	\$ 9.43	\$ 9.10	\$ 9.39	\$ 9.71	\$ 10.05	\$ 10.42	\$ 10.82	\$ 11.25	\$ 11.73	\$ 12.14
<b>Meals Income</b>	1,016,605	1,100,040	10,472,375	16,612,292	17,145,642	17,722,506	18,344,858	19,023,504	19,751,031	20,539,832	21,411,171	22,157,428
Other Income (Includes Admin Recovery from RK)	60,862	24,000	220,208	238,642	246,700	255,280	264,424	274,180	284,600	295,740	307,664	320,440
Interest Income	11,037	110,818	97,095	96,607	117,754	175,265	234,675	284,593	348,174	414,070	469,802	540,280
Council Contribution	430,265	511,000	531,440	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	1,518,770	1,745,858	11,321,118	16,947,541	17,510,095	18,153,050	18,843,957	19,582,277	20,383,805	21,249,642	22,188,637	23,018,147

**Expenses**

**Cost of Goods Sold**

<b>Food Cost</b>	0	0	4,596,719	7,117,521	7,357,846	7,613,739	7,886,475	8,177,456	8,488,224	8,820,481	9,176,100	9,557,156
Containers	0	0	1,093,015	1,699,408	1,756,789	1,817,887	1,883,007	1,952,482	2,026,683	2,106,014	2,190,923	2,281,905
Production Labour Salaries & on-costs	0	0	2,100,371	2,379,818	2,491,180	2,612,416	2,744,638	2,889,108	3,047,266	3,220,754	3,411,454	3,621,525
Other Production Labour costs	0	16,000	43,867	17,306	17,890	18,512	19,175	19,883	20,638	21,446	22,311	23,237
Maintenance	0	0	110,451	125,058	131,491	139,816	150,823	159,940	177,989	200,991	231,887	274,360
Energy	0	0	468,365	754,538	754,538	792,265	831,878	873,472	917,145	963,003	1,011,153	1,061,710
Other Production Costs	0	100,000	454,636	56,275	58,176	60,199	62,355	64,656	67,113	69,740	72,552	75,565
<b>Total Cost of Goods Sold</b>	0	116,000	8,867,424	12,149,924	12,567,909	13,054,833	13,578,350	14,136,996	14,745,058	15,402,428	16,116,379	16,895,459

**Operating expenses**

<b>Indirect Salaries and on-costs</b>	82,992	248,720	767,489	798,189	835,539	876,202	920,549	969,004	1,022,050	1,080,238	1,144,198	1,214,656
Other employee costs	0	21,200	60,733	32,339	33,431	34,594	35,833	37,155	38,567	40,077	41,693	43,424
Professional, legal and compliance	36,698	78,482	139,400	112,320	116,113	120,151	124,455	129,047	133,951	139,194	144,806	150,819
Materials, Insurance and Office Exp	103,049	148,987	316,017	249,384	257,805	266,771	276,327	286,522	297,411	309,052	321,513	334,864
Utilities - (Excl Production)	2,132	9,497	27,650	33,800	34,941	36,156	37,452	38,833	40,309	41,887	43,576	45,385
Factory - Leases	0	437,712	2,022,594	2,275,151	2,349,735	2,429,074	2,513,553	2,603,593	2,699,655	2,802,251	2,911,940	3,029,342
Contracts - Meals	1,016,605	1,100,040	472,101	0	0	0	0	0	0	0	0	0
Consultant/Audit Fees/Recruitment	119,285	213,122	133,372	53,400	55,203	57,123	59,169	61,352	63,684	66,177	68,845	71,704
Unsecured Loan Commercial Food Prodn Facility - interest	0	88,843	339,013	311,528	282,202	250,911	217,526	181,904	143,896	103,344	60,075	14,925
<b>Total operating expenses</b>	1,360,761	2,346,603	4,278,369	3,866,111	3,964,968	4,070,982	4,184,863	4,307,410	4,439,524	4,582,219	4,736,645	4,905,119

**Total Expenses before depreciation**

<b>Depreciation and Amortisation</b>	1,360,761	2,462,603	13,145,793	16,016,035	16,532,878	17,125,815	17,763,213	18,444,406	19,184,582	19,984,647	20,853,024	21,800,578
<b>Net Profit / Loss - carried forward to balance sheet</b>	158,009	-716,745	-1,924,074	814,383	860,094	910,111	963,620	990,747	1,052,099	1,117,871	1,188,489	1,070,445
<b>Opening Balance - retained earnings/(deficit)</b>	0	158,009	-558,736	-2,482,810	-1,668,428	-808,334	101,777	1,065,398	2,056,144	3,108,243	4,226,114	5,414,603
<b>Closing Balance - retained earnings / (deficit)</b>	158,009	-558,736	-2,482,810	-1,668,428	-808,334	101,777	1,065,398	2,056,144	3,108,243	4,226,114	5,414,603	6,485,048



# COMMUNITY CHEF PRODUCTION FACILITY

## BALANCE SHEET

Financial Year Ending June 30

### Forecast

	2,009	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020
<b>Current Assets</b>												
Cash at bank/hand	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Investments	2,889	4,444,879	90,863	661,803	944,127	1,422,301	1,917,499	2,230,860	2,763,957	3,318,368	3,675,898	4,274,022
Cash reserved for future re-investment	0	0	0	493,618	1,003,620	1,532,350	2,081,203	2,651,561	3,245,264	3,864,185	4,510,456	5,180,888
Inventory	0	0	586,413	604,502	624,913	646,646	669,810	694,524	720,918	749,137	779,340	811,704
Inventory - Equip Spare Parts	0	146,704	151,373	156,335	161,614	167,235	173,225	179,617	186,443	193,741	201,552	209,922
Receivables	89,000	91,670	1,415,133	1,365,394	1,411,497	1,460,586	1,512,907	1,568,727	1,628,344	1,692,082	1,760,303	1,833,403
<b>Total Current Assets</b>	<b>191,889</b>	<b>4,783,253</b>	<b>2,343,782</b>	<b>3,381,652</b>	<b>4,245,771</b>	<b>5,329,118</b>	<b>6,454,645</b>	<b>7,425,289</b>	<b>8,644,925</b>	<b>9,917,513</b>	<b>11,027,550</b>	<b>12,409,938</b>
<b>Non Current Assets</b>												
Plant & Equipment	114,516	177,974	611,889	611,889	711,889	711,889	711,889	821,889	821,889	821,889	941,889	941,889
Office Furn & Fittings & IT	0	73,696	447,480	447,480	527,480	527,480	527,480	617,480	617,480	617,480	717,480	717,480
Less Depreciation	0	0	-99,399	-216,523	-333,647	-450,770	-567,894	-715,018	-862,142	-1,009,266	-1,156,390	-1,303,514
<b>Total Non Current Assets</b>	<b>114,516</b>	<b>251,670</b>	<b>959,971</b>	<b>842,847</b>	<b>905,723</b>	<b>788,599</b>	<b>671,475</b>	<b>724,351</b>	<b>577,227</b>	<b>430,103</b>	<b>502,979</b>	<b>355,855</b>
<b>Total Assets</b>	<b>306,405</b>	<b>5,034,923</b>	<b>3,303,753</b>	<b>4,224,499</b>	<b>5,151,494</b>	<b>6,117,717</b>	<b>7,126,120</b>	<b>8,149,640</b>	<b>9,222,152</b>	<b>10,347,616</b>	<b>11,530,529</b>	<b>12,765,793</b>
<b>Current Liabilities</b>												
Trade and Other Payables	24,470	30,000	617,368	635,485	655,926	677,690	700,885	725,631	752,058	780,311	810,550	842,949
Unsecured Loan - Regional Kitchen Pty Ltd	0	410,403	400,304	464,698	495,820	529,026	564,455	602,258	642,592	685,628	747,137	0
Employee Entitlements Provisions	0	8,985	27,148	62,036	68,240	75,064	82,571	90,828	99,910	109,901	120,892	132,981
Accrued interest on loan	0	29,258	27,035	24,663	22,132	19,432	16,551	13,477	10,197	6,698	2,964	0
<b>Total Current Liabilities</b>	<b>24,470</b>	<b>478,647</b>	<b>1,071,854</b>	<b>1,186,883</b>	<b>1,242,118</b>	<b>1,301,211</b>	<b>1,364,462</b>	<b>1,432,193</b>	<b>1,504,758</b>	<b>1,582,538</b>	<b>1,481,542</b>	<b>975,930</b>
<b>Non Current Liabilities</b>												
Unsecured Loan - Regional Kitchen Pty Ltd	0	4,991,086	4,590,782	4,088,499	3,590,162	3,058,451	2,491,130	1,885,815	1,239,960	550,851	0	0
<b>Total Non Current Liabilities</b>	<b>0</b>	<b>4,991,086</b>	<b>4,590,782</b>	<b>4,088,499</b>	<b>3,590,162</b>	<b>3,058,451</b>	<b>2,491,130</b>	<b>1,885,815</b>	<b>1,239,960</b>	<b>550,851</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>24,470</b>	<b>5,469,733</b>	<b>5,662,636</b>	<b>5,275,382</b>	<b>4,832,280</b>	<b>4,359,663</b>	<b>3,855,592</b>	<b>3,318,008</b>	<b>2,744,718</b>	<b>2,133,389</b>	<b>1,481,542</b>	<b>975,930</b>
<b>Net Assets</b>	<b>281,936</b>	<b>-434,809</b>	<b>-2,358,883</b>	<b>-1,050,883</b>	<b>319,214</b>	<b>1,758,054</b>	<b>3,270,528</b>	<b>4,831,632</b>	<b>6,477,434</b>	<b>8,214,227</b>	<b>10,048,987</b>	<b>11,789,863</b>
<b>Equity</b>												
Issued Shares to Councils	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Shareholders funds / retained earnings	280,936	-435,809	-2,359,883	-1,545,501	-685,407	224,704	1,188,325	2,179,071	3,231,170	4,349,041	5,537,530	6,607,975
Reserve - for future reinvestment	0	0	0	493,618	1,003,620	1,532,350	2,081,203	2,651,561	3,245,264	3,864,185	4,510,456	5,180,888
<b>Total Equity</b>	<b>281,936</b>	<b>-434,809</b>	<b>-2,358,883</b>	<b>-1,050,883</b>	<b>319,214</b>	<b>1,758,054</b>	<b>3,270,528</b>	<b>4,831,632</b>	<b>6,477,434</b>	<b>8,214,227</b>	<b>10,048,987</b>	<b>11,789,863</b>

# **COMMUNITY CHEF PRODUCTION FACILITY**

## **Cash Flow**

### **RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES**

	Forecast										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Cash flows from operating activities</b>											
Increase/(Decrease) in net assets resulting from Operations	-716,745	-1,924,074	814,383	860,094	910,111	963,620	990,747	1,052,099	1,117,871	1,188,489	1,070,445
<b>Items not involving cash</b>											
Depreciation and amortisation	0	99,399	117,124	117,124	117,124	117,124	147,124	147,124	147,124	147,124	147,124
	0	99,399	117,124	117,124	117,124	117,124	147,124	147,124	147,124	147,124	147,124
<b>Change in operating assets and liabilities</b>											
Decrease (Increase) in receivables	-2,670	-1,323,463	49,739	-46,103	-49,089	-52,320	-55,821	-59,616	-63,739	-68,221	-73,100
Decrease (Increase) in inventory	0	-586,413	-18,089	-20,411	-21,733	-23,164	-24,713	-26,394	-28,219	-30,203	-32,364
Decrease (Increase) in inventory (Spare Parts)	-146,704	-4,669	-4,962	-5,279	-5,621	-5,991	-6,391	-6,826	-7,298	-7,811	-8,370
Increase (Decrease) in accrued loan interest	29,258	-2,223	-2,372	-2,531	-2,700	-2,881	-3,074	-3,280	-3,500	-3,734	-2,964
Increase (Decrease) in employee provisions	8,985	18,162	34,889	6,204	6,824	7,506	8,257	9,083	9,991	10,990	12,089
Increase (Decrease) in creditors	5,530	587,368	18,118	20,441	21,764	23,195	24,746	26,427	28,253	30,239	32,400
	-105,600	-1,311,238	77,323	-47,679	-50,556	-53,654	-56,997	-60,606	-64,511	-68,740	-72,308
<b>Net cash inflow (outflow) from operating activities</b>	<b>-822,345</b>	<b>-3,135,914</b>	<b>1,008,829</b>	<b>929,539</b>	<b>976,679</b>	<b>1,027,090</b>	<b>1,080,874</b>	<b>1,138,617</b>	<b>1,200,484</b>	<b>1,266,873</b>	<b>1,145,261</b>

### **Cash flows from investing activities**

#### Payments for:

Plant and equipment	-63,458	-433,915	0	-100,000	0	0	-110,000	0	0	-120,000	0
Office Furniture & Fittings	-73,696	-373,784	0	-80,000	0	0	-90,000	0	0	-100,000	0
Transport Vehicles	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash used in investing activities</b>	<b>-137,154</b>	<b>-807,699</b>	<b>0</b>	<b>-180,000</b>	<b>0</b>	<b>0</b>	<b>-200,000</b>	<b>0</b>	<b>0</b>	<b>-220,000</b>	<b>0</b>

### **Cash flows from financing activities**

Proceeds from Loan	0	-32,660	-32,837	-33,014	0	-33,193	-33,373	-33,554	-33,736	-33,918	-34,102
Repayment of Loan - RK loan	5,401,489	-377,744	-405,052	-434,201	-498,505	-498,698	-534,140	-571,966	-612,337	-655,423	-513,035
<b>Net cash provided by financing activities</b>	<b>5,401,489</b>	<b>-410,403</b>	<b>-437,889</b>	<b>-467,215</b>	<b>-498,505</b>	<b>-531,891</b>	<b>-567,513</b>	<b>-605,520</b>	<b>-646,073</b>	<b>-689,342</b>	<b>-547,137</b>
<b>Net increase/(decrease) in cash held</b>	<b>4,441,990</b>	<b>-4,354,016</b>	<b>570,940</b>	<b>282,324</b>	<b>478,174</b>	<b>495,199</b>	<b>313,361</b>	<b>533,097</b>	<b>554,411</b>	<b>357,531</b>	<b>598,123</b>
<b>Cash at the beginning</b>	<b>102,889</b>	<b>4,544,879</b>	<b>190,863</b>	<b>761,803</b>	<b>1,044,127</b>	<b>1,522,301</b>	<b>2,017,499</b>	<b>2,330,860</b>	<b>2,863,957</b>	<b>3,418,368</b>	<b>3,775,898</b>
<b>Cash at the end</b>	<b>4,544,879</b>	<b>190,863</b>	<b>761,803</b>	<b>1,044,127</b>	<b>1,522,301</b>	<b>2,017,499</b>	<b>2,330,860</b>	<b>2,863,957</b>	<b>3,418,368</b>	<b>3,775,898</b>	<b>4,374,022</b>



# COMMUNITY CHEF PRODUCTION FACILITY

MEAL PRODUCTION COST - calculated based on cash flow

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Meals Delivered per Day</b>	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Meals in Year Delivered</b>	-	1,060,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
<b>Revenue</b>	1,100,040	10,472,375	16,612,292	17,145,642	17,722,506	18,344,858	19,023,504	19,751,031	20,539,832	21,411,171	22,157,428
<b>Other Revenue</b>	645,818	848,742	335,249	364,454	430,545	499,099	558,773	632,774	709,810	777,466	860,720
<b>Cost of Goods Sold (COGS)</b>											
Food Cost	-	4,596,719	7,117,521	7,357,846	7,613,739	7,886,475	8,177,456	8,488,224	8,820,481	9,176,100	9,557,156
Containers	-	1,093,015	1,699,408	1,756,789	1,817,987	1,883,007	1,952,482	2,026,683	2,106,014	2,190,923	2,281,905
Production Labour Salaries & on-costs	-	2,100,371	2,379,818	2,491,180	2,612,416	2,744,638	2,889,108	3,047,266	3,220,754	3,411,454	3,621,525
Other Production Labour costs	16,000	43,867	17,306	17,890	18,512	19,175	19,883	20,638	21,446	22,311	23,237
Maintenance	-	110,451	125,058	131,491	139,816	150,823	159,940	177,989	200,991	231,887	274,360
Energy	-	468,365	754,538	754,538	792,265	831,878	873,472	917,145	963,003	1,011,153	1,061,710
Other Production Costs	100,000	454,636	56,275	58,176	60,199	62,355	64,656	67,113	69,740	72,552	75,565
<b>Total COGS</b>	<b>116,000</b>	<b>8,867,424</b>	<b>12,149,924</b>	<b>12,567,909</b>	<b>13,054,833</b>	<b>13,578,350</b>	<b>14,136,396</b>	<b>14,745,058</b>	<b>15,402,428</b>	<b>16,116,379</b>	<b>16,895,459</b>
<b>Gross Profit \$</b>	984,040	1,604,951	4,462,369	4,577,733	4,667,672	4,766,508	4,886,507	5,005,973	5,137,404	5,294,792	5,261,969
<b>Operating Expenses</b>											
Indirect Salaries and on-costs	248,720	767,489	798,189	835,539	876,202	920,549	969,004	1,022,050	1,080,238	1,144,198	1,214,656
Other employee costs	21,200	60,733	32,339	33,431	34,594	35,833	37,155	38,567	40,077	41,693	43,424
Professional, legal and compliance	78,482	139,400	112,320	116,113	120,151	124,455	129,047	133,951	139,194	144,806	150,819
Materials, Insurance and Office Exp	148,987	316,017	249,384	257,805	266,771	276,327	286,522	297,411	309,052	321,513	334,864
Utilities - (Excl Production)	9,497	27,650	33,800	34,941	36,156	37,452	38,833	40,309	41,887	43,576	45,385
Factory/Equipment from RK Pty Ltd- Leases	437,712	2,022,594	2,275,151	2,349,735	2,429,074	2,513,553	2,603,593	2,699,655	2,802,251	2,911,940	3,029,342
Contracts - Meals	1,100,040	472,101	-	-	-	-	-	-	-	-	-
Consultant/Audit Fees/Recruitment	213,122	133,372	53,400	55,203	57,123	59,169	61,352	63,684	66,177	68,845	71,704
Unsecured Loan Commercial Food Prodn Facility - interest	88,843	339,013	311,528	282,202	250,911	217,526	181,904	143,896	103,344	60,075	14,925
Unsecured Loan Commercial Food Prodn Facility - principal	98,511	410,403	437,989	467,215	498,505	531,891	567,513	605,520	646,073	689,342	747,137
<b>Total Operating Expenses</b>	<b>2,445,114</b>	<b>4,688,772</b>	<b>4,304,000</b>	<b>4,432,184</b>	<b>4,569,487</b>	<b>4,716,754</b>	<b>4,874,923</b>	<b>5,045,044</b>	<b>5,228,292</b>	<b>5,425,987</b>	<b>5,452,257</b>
<b>Provision for Re-investment</b>											
		406,686	493,618	510,003	528,730	548,853	570,358	593,703	618,922	646,271	670,431
<b>Total Costs</b>	2,029,812	10,400,275	16,612,292	17,145,642	17,722,506	18,344,858	19,023,504	19,751,031	20,539,832	21,411,171	22,157,428
<b>Total Costs and Opening Balance</b>											
<b>Cost per Meal</b>		9.43	9.10	9.39	9.71	10.05	10.42	10.82	11.25	11.73	12.14

## **Appendix C**

### **Production Layout**



Architectural floor plan of a large building, likely a school or institutional facility. The plan is oriented horizontally with a grid system (A-H) and a north arrow. Key areas include a large central hall, multiple classrooms or lecture halls, a cafeteria, a kitchen, a gymnasium, and several smaller offices and storage rooms. The building is surrounded by a green lawn and a parking lot. The plan is labeled with room numbers and names, and includes a title block in the bottom right corner.

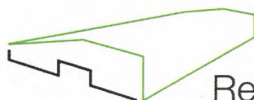
**Room Labels and Numbers:**

- 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 1531, 1532, 1533, 1534, 1535, 1536, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545, 1546, 1547, 1548, 1549, 1550, 1551, 1552, 1553, 1554, 1555, 1556, 1557, 1558, 1559, 1560, 1561, 1562, 1563, 1564, 1565, 1566, 1567, 1568, 1569, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1580, 1581, 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1589, 1590, 1591, 1592, 1593, 1594, 1595, 1596, 1597, 1598, 1599, 1600, 1601, 1602, 1603, 1604, 1605, 1606, 1607, 1608, 1609, 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1617, 1618, 1619, 1620, 1621, 1622, 1623, 1624, 1625, 1626, 1627, 1628, 1629, 1630, 1631, 1632, 1633, 1634, 1635, 1636, 1637, 1638, 1639, 1640, 1641, 164



# Regional Kitchen Group

## **2009 Business Plan**



Regional Kitchen Pty Ltd

ABN: 78 130 471 206

# Table of Contents

<b>1. BACKGROUND AND INTRODUCTION</b>	<b>3</b>
<b>2. SPOPE OF THE 2009 DRAFT BUSINESS PLAN</b>	<b>8</b>
<b>3. GOVERNANCE</b>	<b>9</b>
<b>4. RISK MANAGEMENT</b>	<b>10</b>
<b>5. TIMELINES &amp; MILESTONES</b>	<b>11</b>
<b>6. KEY PROJECT DESIGN CRITERIA</b>	<b>12</b>
<b>7. BUILDING DESIGN, FIT OUT &amp; CONSTRUCTION</b>	<b>13</b>
<b>8. FINANCIAL MODELLING</b>	<b>14</b>

## APPENDICES

Appendix A	Production Layout
Appendix B	Implementation Program
Appendix C	Financial Spreadsheets
Appendix D	Financial Assumptions

## 1. BACKGROUND AND INTRODUCTION

### RATIONALE:

Following a Statewide review of Meals on Wheels services in Victoria several local governments assessed the future of their services. They concluded that;

- Food security for older people and people with a disability was at risk;
- Food safety standards in current kitchens needed to be raised;
- The current system exposed them to unacceptable levels of financial risk;
- The quality, variety and meal portions, from private suppliers were often inadequate;
- There was almost no competition in the market and some services had to be tendered more than once to attract expressions of interest;
- Capital expenditure to upgrade kitchens was beyond the reach of individual councils.

Fourteen municipalities extending from Geelong to Dandenong, but largely grouped in the north and west of Melbourne, undertook a feasibility study in 2005 to consider building a state of the art kitchen capable of supplying high quality, low cost meals that were culturally relevant and able to address special dietary requirements.

The drivers for the development of the new kitchen and its innovative design were;

- The need to address preventative health measures, reduce unnecessary admissions to acute care and manage the growing pressures arising from chronic illness, particularly in the context of an ageing population;
- The necessity of assisting older people and people with a disability to be active in their community for as long as possible;
- The importance of increased food security, the affordability of a varied and healthy diet and culturally relevant meal options;
- The benefits of increased efficiency, food safety and environmental sustainability in the food production process including energy and water use, waste and supply chain;
- The need to maximise the benefits of capital investment, achieve economies of scale, reduce the level of risk for individual councils and design and build a facility that would not be possible for individual municipalities.

As a consequence of the collaboration and the desire to create an environmentally sustainable design with higher standards of food safety and meal variety the proposed kitchen has several unique features. It will be one third smaller than a traditional kitchen with the same capacity and have significantly less refrigerated air space. This not only translates into lower energy costs and a smaller carbon footprint but a vastly improved work environment for the staff. It also has an overhead rail system, high and low risk zones and a 'first in first out' production system that increases OH&S, food safety and reduces bottlenecks and downtime. Cleaning is easier and quicker and chemical use is reduced by the use of e-water.

## BUSINESS PLAN DEVELOPMENT

This business plan for Regional Kitchen Pty Ltd sits alongside the business plan for RFK Pty Ltd (Community Chef).

**Regional Kitchen** will purchase the land, build, maintain and upgrade the facility.

**RFK** trading as **Community Chef** will lease the facility and produce meals for delivered meals programs.

The objectives of both companies are contained in clause 3 of the respective Shareholder Agreements. (Enclosed)

This draft 2009 business plan updates the April 2007 combined business plan that was adopted at the inaugural meeting of shareholders for Community Chef on 7 December 2007 and Regional Kitchen on 4 April 2008. The Regional Kitchen meeting also adopted a supplementary business plan that focussed on 2008/09. The April 2007 business plan incorporated changes arising from a Risk Assessment Report prepared by Acumen Alliance and the changes were carried forward into the 2009 business plans.

This draft 2009 business plan incorporates the Risk Assessment, March 2007, Preliminary Design Due Diligence Study, June 2008; Order of Magnitude Costing For 3bornes ARCHITECTES Concept Design September, 2008; and the 2008 Draft Business Plan.

Some milestones and estimates contained in the 2007 business plan and 2008 draft business plan have been achieved or confirmed. These are:

Milestone or estimate	2007 Business Plan	Outcome as at 30/6/08
Community Chef incorporation	July-September 2007	7/12/07
Number of shareholders	15	14
Regional Kitchen incorporation	July 2008	4/4/08
Number of shareholders	5	11
State Government Grant	\$1m 2008/09 \$5m 2009/10	\$6m 2007/08
Local Government Share Equity: Regional Kitchen	\$1m 2008/09	\$ 600,000 2007/08 \$1,625,000 2008/09
Site Selection	July 2008	June 2008



#### **DEVELOPMENT 2005 – 2007:**

This is the fourth edition of the business plan. The first, based on a 2005 feasibility study, was completed in January 2006 and was supplemented by:

- An independent quantity surveyor review of costings;
- An independent risk assessment report;
- A communications plan;
- A human resources strategy; and
- Manufacturing and performance standards.

The April 2007 plan, adopted by shareholders, was supplemented in 2008 by:

- A review of overseas developments;
- A due diligence report with updated costings;
- Refinement of the production method, staffing requirements and equipment list & layout; and
- An in depth/small sample user survey;

These draft supplementary reports built on the two previous business plans and formed the basis of the 2008 draft business plan.

Development of the April 2007 business plan for incorporation of the two companies was based on an agreed rationale (pp 1 & 17), assumptions (pp 1 & 12-13), objectives (pp 48-50) and structure (p3). Agreement on these foundations was forged out of early discussions, a decision in 2004 to commission a feasibility study, consideration of that study in 2005 and the formation of both an Advisory Group and Executive Group. The early process built consensus and considered increasing levels of detail that formed the basis of both the 2006 and 2007 business plans.

#### **DEVELOPMENT OF THE DRAFT 2008 BUSINESS PLAN:**

The 2008 draft business plan was respectful of this early consensus and the early foundations laid. As the project evolved however, estimates become actuals, adjustments needed to be made to assumptions and the business model needed to adjust to changing circumstances and technology. Food, fuel, land and building prices had all risen faster than predicted, but income has also exceeded expectations. Global warming, energy costs and food waste have become more prominent and pressing issues. Carbon trading, lifecycle environmental and food security impacts were matters to be addressed then as well as in the future as basic cost structures shifted and new standards and regulations were introduced.

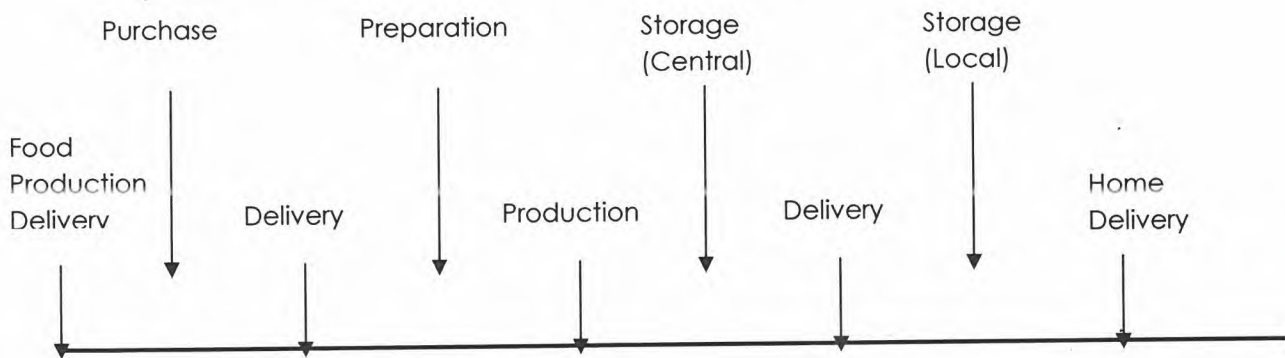
Based on the early foundations the 2008 draft business plan looked out as far as could be reasonably estimated. For the building, that was 40 years; for the funding agreement with the State Government and budget estimates, it was 20 years; for the meal contracts and production method, it was 10 years; for the establishment of the facility and start up it was 2 years (with another 6 months for slippage and delays). The shorter the time the greater the detail, and hopefully, the certainty.



Whilst history and a changing wider environment were factors to be considered in the update of the business plan, two other considerations help shape the framework of the plan and the decisions that flow from it. They were;

- (a) The continuum that extends from food production at one end to meal consumption at the other; and
- (b) The sequence that begins with menu choice and ends with production and storage

#### THE CONTINUUM:



On this continuum the business plan must address where Community Chef's responsibility starts and ends and what the relationships and points of connection are that ensure an integrated system.

#### THE SEQUENCE:

1. Menu, range of choice and seasonal variation
2. Production method and packaging
3. Equipment
4. Facility design
5. Land purchase
6. Approvals
7. Construction

8. Fit-out/commissioning
9. Compliance, policies, training and preparation for operation
10. Operation

It was noted that many of these steps would be implemented concurrently but they each represented significant bodies of work and planning that required increasing levels of detail.

Consistent with the early consensus, the facility and meal production were developed from the bottom up. The menu was the starting point. Based on discussions by the Advisory Group and a survey of priorities undertaken with member councils it was agreed that six daily menu choices (Anglo-Australian, Mediterranean, Asian, Vegetarian, Roast and Salad) should be offered with seasonal rotation. It also was agreed that the facility would contain a specialist kitchen that could produce small quantities of meals to meet special dietary and other requirements. These decisions impacted on the production method, equipment, staffing, cost and design of the facility.

Because production methods impacted on building design, a single integrated business plan was maintained with separation of income and expenditure statements. The two companies were also to be managed by a single administration with costs apportioned 60% to Regional Kitchen and 40% to Community Chef in 2008/09 and 50% to both in 2009/10.

#### **DEVELOPMENT OF THE DRAFT 2009 BUSINESS PLAN:**

The draft 2008 business plan remained a draft and was not taken to a shareholder meeting for endorsement. Presented with more complete information about design options the Board decided at its August 2008 meeting to undertake further design work and costings based on the innovative design of French architect Francois Tesniere from 3bornes ARCHITECTES. An Australian based design team was assembled under the leadership of David Blanche, Property Consultant Services to work with 3bornes. Other members of the team included, Williams Boag (architects), Meinhardt (engineering), WT Partnerships (quantity surveyor), Metromotion (meal production and packaging), together with OH&S, logistics, food safety, chefs and building surveyors, as required.

Francois Tesniere made three visits to Australia over two months, during which time the design team worked intensely to refine and cost the design of the facility, the equipment and the production process.

This period of concentrated effort (October – November 2008) enabled the design to be taken to a new level of detail and for the innovative 3bornes' design to be fully costed.

## 2. SCOPE OF THE 2009 DRAFT BUSINESS PLAN

The draft 2009 business plan encompasses;

- Purchase and preparation of the land;
- Design, tender and build a purpose built, equipped and serviced facility for food production;
- Build a facility that is capable of expansion;
- Build a facility capable of being adapted to other purposes if no longer needed for food production;

The draft 2009 business plan does not encompass;

- Final fit out and specialised equipment contained in RFK (Community Chef) business plan;
- Food production;
- Transport or meal delivery;
- Provision of satellite distribution centres.

### 3. GOVERNANCE

Regional Kitchen Pty Ltd is constituted as joint venture company limited by share.

Within the framework of the Corporations Act and Local Government Act the governance framework, decision making and accountability is contained in the Shareholder Agreement and Constitution, signed under seal by each shareholder and the Agreement between Regional Kitchen and the Department of Human Services.

Each shareholder has appointed a shareholder representative and a board of three ordinary and two independent directors for each company is empowered to make decisions and conduct the affairs of the companies within the parameters of the business plan, which is to be updated annually.

The interim Board, made up of four local government CEOs and two independent directors, has been empowered by shareholders to act until 31 December 2009. An agreed process, laid down in Clause 5 of the Shareholder Agreement, will commence in June 2009 for the selection of the ongoing Board.

The Victorian Auditor General is the auditor and will ensure that the requirements of both the Local government Act and Corporations Act are covered by the one audit.

An Audit Committee with three independent qualified members and two Board nominees meets four times a year. In addition, an independent qualified Probity Auditor has been appointed to oversee the construction phase.



## 4. RISK MANAGEMENT

The risk analysis undertaken by Acumen Alliance for the April 2007 business plan continues to be the basis of risk management and risk mitigation strategies. The high level risks identified by Acumen Alliance were:

- Time delay
- Environmental risks associated with the purchase of land
- Start up funding
- Financial sustainability
- Council participation rates
- Transition (start up)
- Industrial relations – potential redundancy costs to councils
- Meal pricing
- Business continuity
- Governance
- Market
- Communications
- Lack of promotion/marketing
- Project management

Greater certainty in relation to funding, governance and land purchase have lessened the risk in relation to those matters since 2007, however, the complete list of high, medium and even low risks identified by Acumen Alliance will continue to be monitored by the Board and Audit Committee.

Time delay, industrial relations, transition (start up), communications, meal pricing and project management remain matters of immediate and high level concern.

Risk will be further mitigated once the outcome of Commonwealth Government funding is known and shareholders have adopted an updated business plan containing the new design and cost parameters.

## 5. TIMELINES & MILESTONES

The 2007 business plan and the 2008 draft business plan were based on a start-up date of 1 July 2010. Whilst this may still be achievable the 2009 plan commences the revenue stream from January 2011 (recognising that this will be one month after production commences) and commences trial production in November 2010.

If the following milestones are met the December 2010 start-up date will be achieved.

Milestone	Timeline
2009 business plan	Draft 12/12/08, Adopted by shareholders 13/3/09
Commonwealth funding	February 2009
Finalise design, bills of quantity and tender documents	April 2009
Award tender and complete negotiations	June 2009
Builder mobilisation	June to August 2009
Construct to practical completion	August 2009 to March 2010
Process fit-out	March 2010 to July 2010
Production trialling	November 2010
Facility on line	December 2010
Staff appointment & training	June 2010
Board selection process	Commence 1/7/09; Appointed by 31/12/09

## 6. KEY PROJECT DESIGN CRITERIA

The design of the Regional Kitchen meal production facility has been based on a number of key project design criteria and manufacturing principles that determine the operating methodology and associated process plant and equipment requirements.

The selected process, plant and equipment subsequently dictates the manufacturing facility layout, size and configuration of land, project capital cost, operating cost (labour levels, energy loads, packaging costs, energy requirements, raw materials and finished goods storage requirements, etc) and ultimately the meal cost.

The key project design criteria included the following variables:

- Number of menu choices per day;
- Number of 8 hour production shifts per week;
- Shelf life per meal variety;
- Number of packages per meal variety;
- Packaging format for each meal variety;
- Number of meal dispatches per week to council distribution locations;
- Relative cost / ease of future expansion to increase production capacity;
- Relative food quality after a nominated period (i.e. 5 days);
- Relative food safety risk after a nominated period (i.e. 5 days);
- Relative level of food waste when manufacturing to order or to stock level;
- Relative energy loads of process plant and equipment;
- Relative carbon footprint rating of facility and distribution model;
- Relative capital expenditure cost and ongoing operating expenditure cost;
- Work environment, health and safety of workforce;
- Environmental sustainability;
- Management of risk of contamination;
- Management of airflow;
- Energy and water conservation and recycling;
- Flexibility of facility to change and adapt; and
- Facility security.

## 7. BUILDING DESIGN, FIT OUT & CONSTRUCTION

### DESIGN FEATURES:

Kitchen design based on the 2zones2 concept developed by Paris based architect, Francois Tesniere of the 3bornes ARCHITECTES, has won international awards and been rated by the French food services magazine Neo-Restauration as one of the five most important innovations in the kitchen, alongside the microwave, ultrasonic washer, induction cooking and disposable packaging.

The primary feature of the design is the separation of high risk and low risk zones and the logical sequential work-flow and movement of ingredients that increases efficiency and food safety.

Added to the creation of zones ingredients are transported in stainless steel cabinets (CESARS) that travel on overhead rails. Opening both sides, ingredients can pass through these cabinets without workers moving from high risk to low risk areas. The overhead rail system also maintains the continuity and sequence of the workflow and the CESARS allow product to be at the correct ergonomic height and reduce bending and lifting.

Ingredients are maintained at required temperatures within each cabinet, reducing the need to cool large areas of unused space and creating a more comfortable ambient temperature for workers. OH&S is improved and significant energy savings are made as a result.

Use of air curtains and sensor switches maintain the low temperatures for food being prepared on benches while workers work in temperatures of 18C.

In summary the innovative 3bornes design has the following features:

- Defined high and low risk zones that workers don't cross;
- Reduced risk of cross contamination;
- Logical, sequential workflow;
- Product moved in CESARS travelling on overhead rails;
- Refrigeration limited to the areas where food is kept, limiting the area needing to be cooled;
- Air curtains to maintain ambient and required food preparation temperatures at the same time;
- Use of air pressure to circulate air out of high risk areas;
- Ease and effectiveness of cleaning with open floor space;
- Reduced use of chemicals for cleaning, washing and food preparation using e-water;
- Retention of energy using ice slurry;
- Capture of water using water tanks;
- Improved OH&S through reduced movement, improved manual handling using overhead rail system and CESARS and lack of requirement to work in low temperatures for long periods.

### DESIGN:

Detailed plans for the layout and fit out have been completed, considering all aspects of the production process, workflow, storage and equipment requirements. The gross floor area, including plant area on roof and waste store below is 2,049 m<sup>2</sup>. The footprint is 1,937m<sup>2</sup>.

(See Appendix A)



### **IMPLEMENTATION PROGRAM:**

Based on the new design and business plan the facility could be fully operational by October 2010. Revenue forecasts, however, are based on 1 December 2010 commencement.

*(See Appendix B)*

## **8. FINANCIAL MODELLING**

The 2009 business plan has achieved a new level of detail based on the work of the international and multidisciplinary design team and costings by quantity surveyor WT Partnerships.

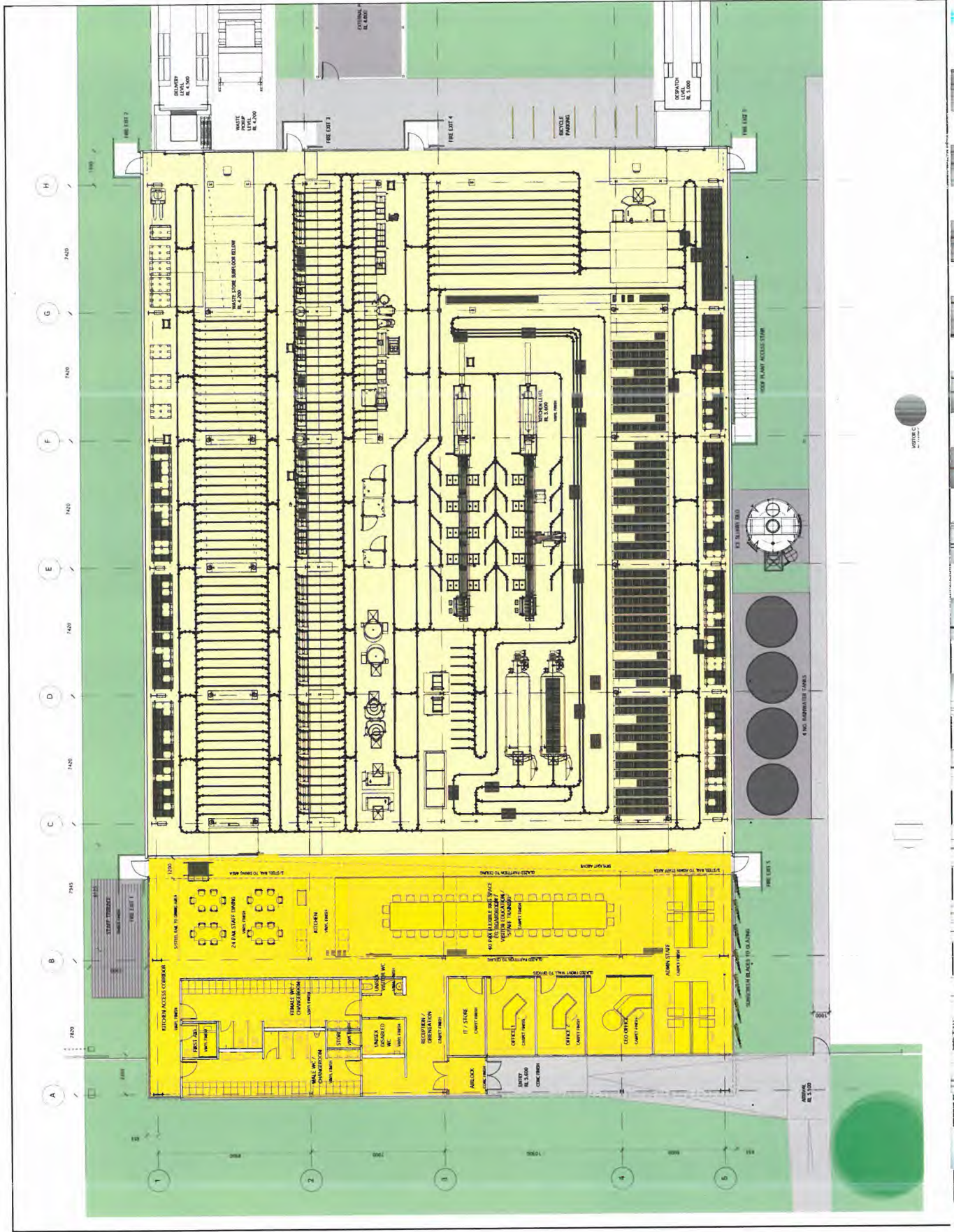
An income statement, cash flow and balance sheet for the period 2009 to 2020 are presented as spreadsheets in Appendix C.

*(See Appendix C)*

## **Appendix A**

### **Production Layout**

# Production Layout

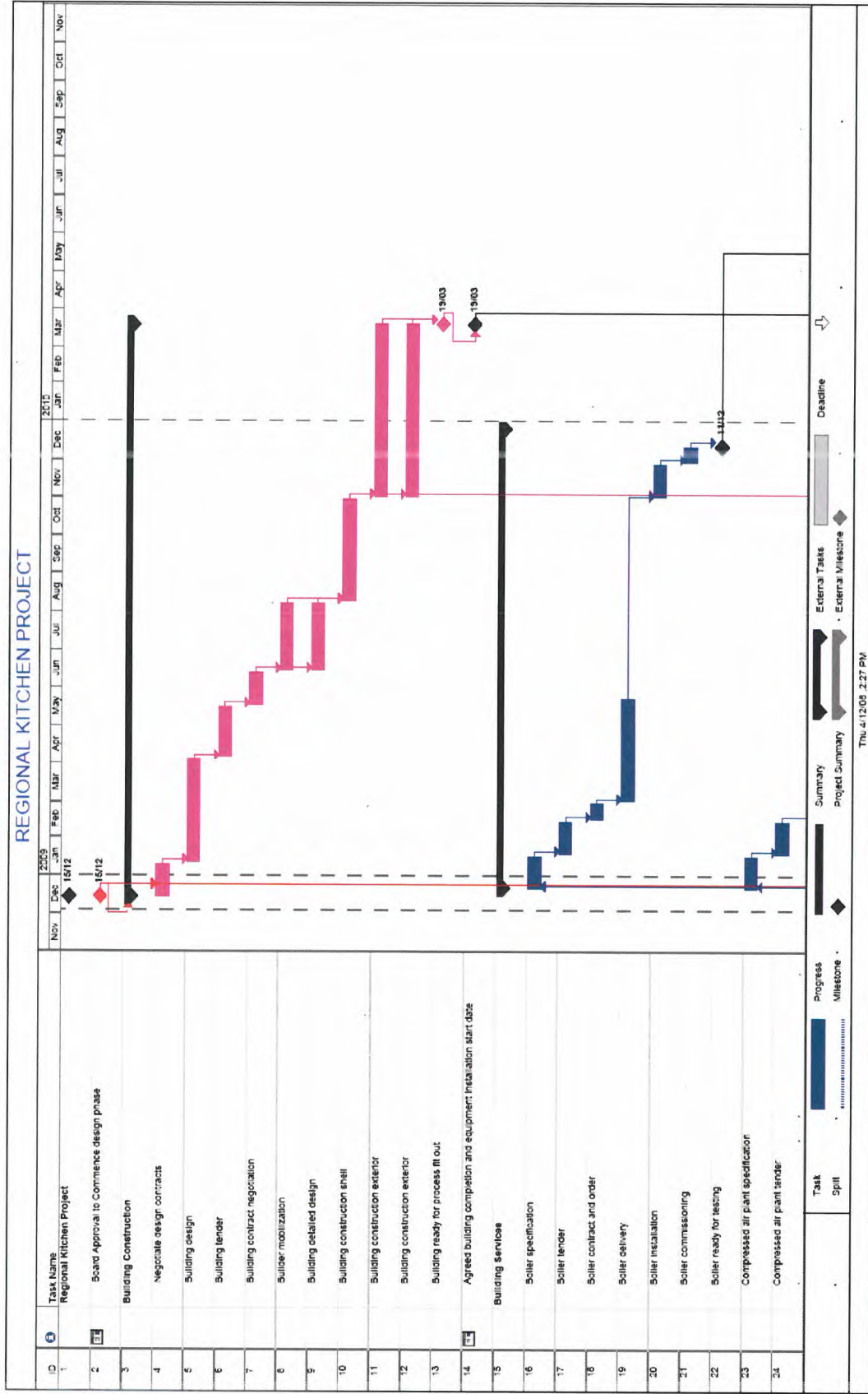


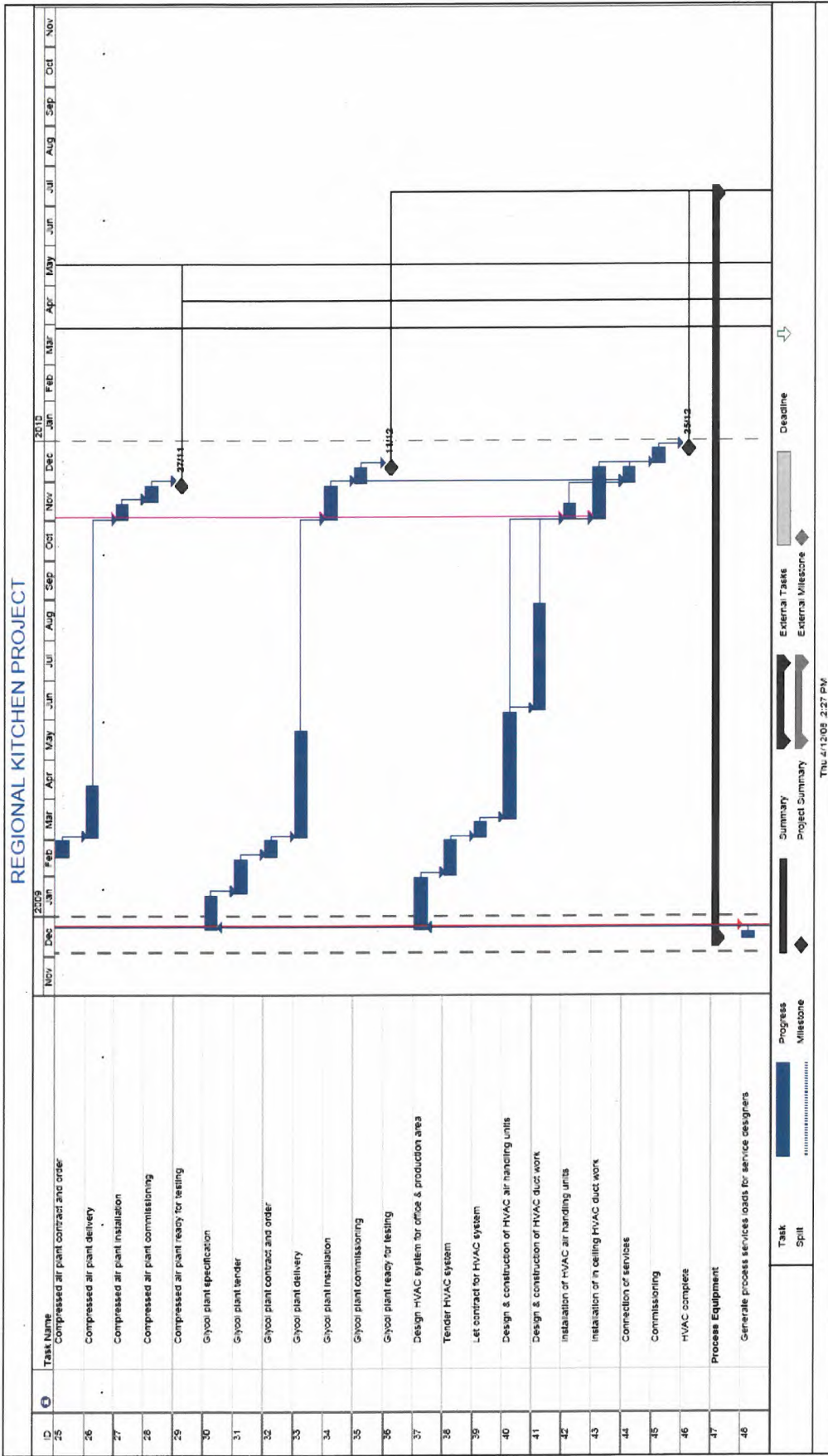
## **Appendix B**

### **Implementation Program**

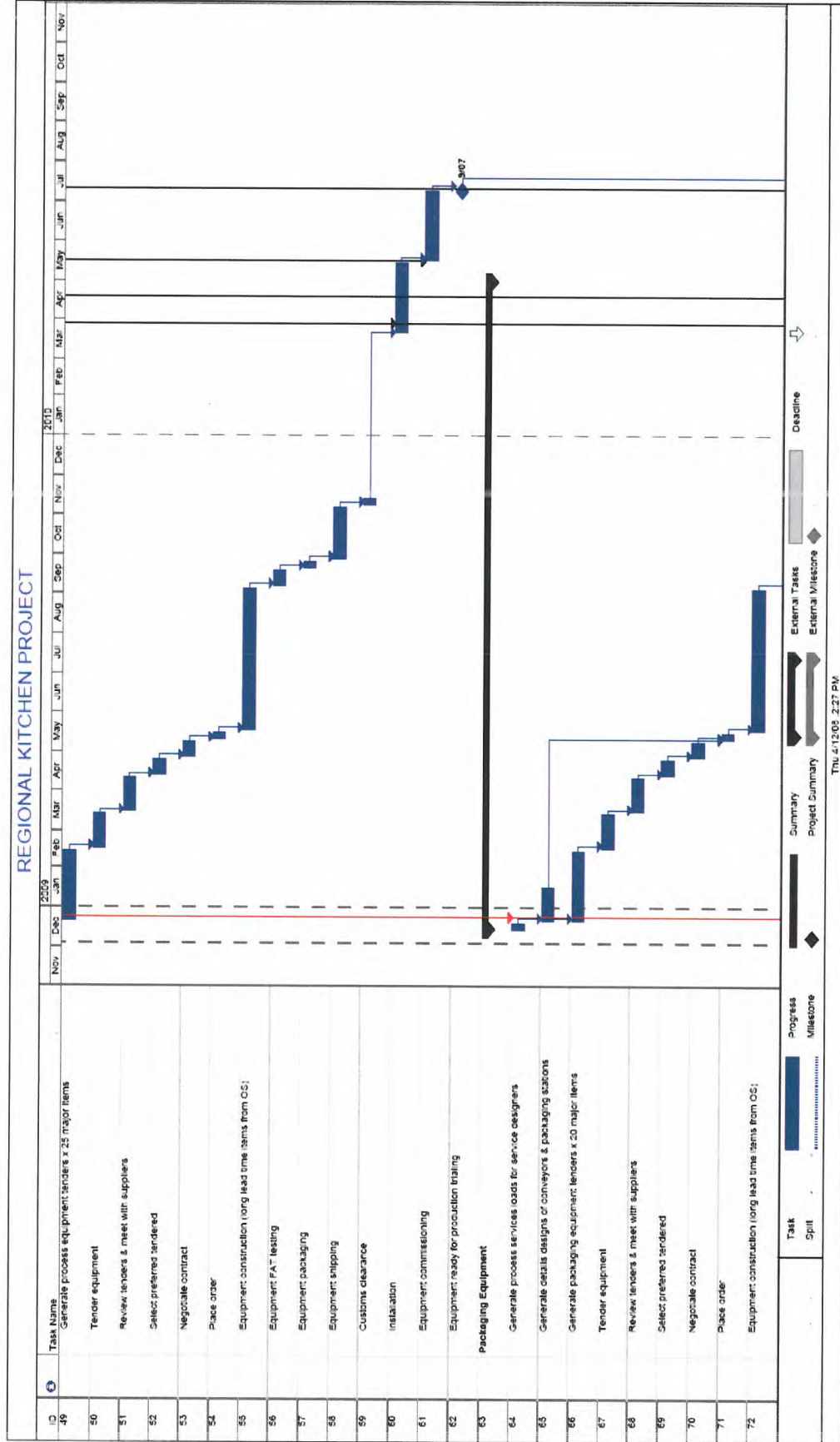


# Implementation Program

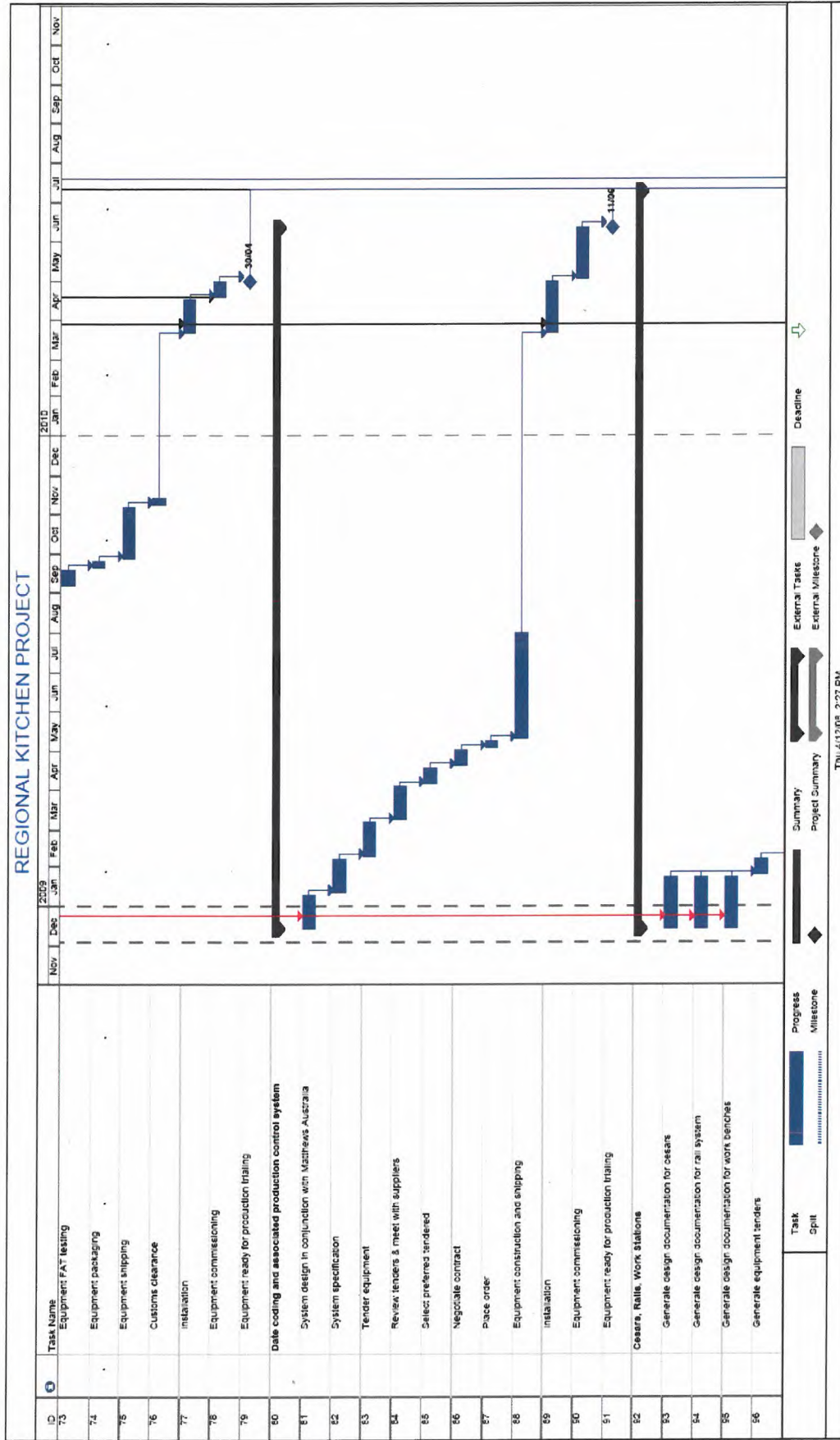




# REGIONAL KITCHEN PROJECT

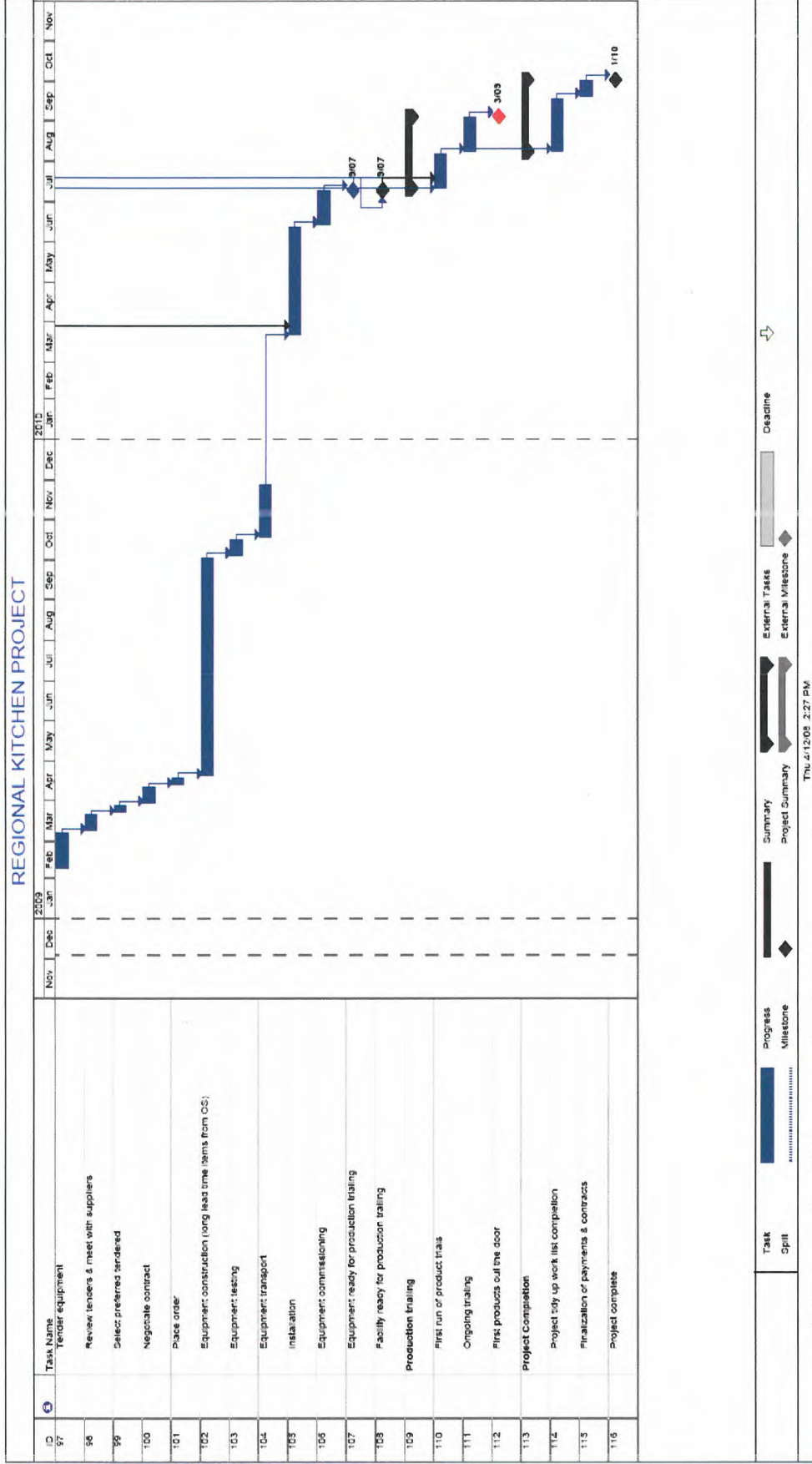








# REGIONAL KITCHEN PROJECT



## **Appendix C**

### **Financial Spreadsheets**

- **Income Statement**
- **Balance Sheet**
- **Cash Flow**

**REGIONAL KITCHEN PRODUCTION FACILITY**  
**INCOME STATEMENT**  
**Financial Year Ending June 30**

	2009	2010	2011	2012	2013	2014	Projections					2018	2019	2020
<b>Income</b>														
Lease Revenue	0	437,712	2,022,594	2,275,151	2,349,735	2,429,074	2,513,553	2,603,593	2,699,655	2,802,251	2,911,940	3,029,342		
Government Grants Capital Funding	2,952,200	11,808,800	0	0	0	0	0	0	0	0	0	0	0	0
Member Contributions	0	550,000	575,000	0	0	0	0	0	0	0	0	0	0	0
Interest on Investments	620,701	381,867	8,603	10,728	36,916	85,640	146,952	221,670	309,553	412,173	530,274	666,020		
Interest Income (Loan to CC operations)	0	88,843	339,013	311,528	282,202	250,911	217,526	181,904	143,896	103,344	60,075	14,925		
<b>Total Income</b>	<b>3,572,901</b>	<b>13,267,023</b>	<b>2,945,210</b>	<b>2,597,407</b>	<b>2,668,853</b>	<b>2,765,626</b>	<b>2,878,030</b>	<b>3,007,167</b>	<b>3,153,104</b>	<b>3,317,767</b>	<b>3,502,289</b>	<b>3,710,287</b>		
<b>Expenses</b>														
Directors remuneration	14,580	29,160	15,236	15,721	16,236	16,785	17,368	17,991	18,654	19,363	20,121	20,932		
Directors indemnity insurance	4,800	5,000	5,200	5,366	5,541	5,728	5,928	6,140	6,367	6,609	6,867	7,144		
HR Recruitment Costs for Directors	33,000	0	0	0	0	0	0	0	0	0	0	0		
Employee Cost	187,153	108,254	0	0	0	0	0	0	0	0	0	0		
Materials (Includes CC Admin & Salary Exp recoup)	96,021	187,230	189,503	195,535	201,945	208,763	216,024	223,762	232,018	240,835	250,263	260,353		
Professional Services.	45,124	70,120	33,167	5,000	5,164	5,338	5,524	5,722	5,933	6,158	6,399	6,657		
Consultants	177,752	56,640	15,000	5,000	5,164	5,338	5,524	5,722	5,933	6,158	6,399	6,657		
Utilities	5,111	14,400	0	0	0	0	0	0	0	0	0	0		
Interest on Bank Borrowings	0	107,040	243,313	223,106	201,546	178,543	153,998	127,810	99,868	70,055	38,245	6,778		
Finance Lease Cost	0	0	0	0	0	0	0	0	0	0	0	0		
Building Repairs and Maintenance(PP&E)	0	0	110,451	147,568	154,677	187,578	200,018	210,611	243,227	268,187	301,098	359,905		
Council Rates	0	0	0	0	0	36,723	37,825	38,960	40,128	41,332	42,572	43,849		
Land Tax	0	12,600	13,167	13,586	14,031	14,505	15,010	15,547	16,121	16,734	17,389	18,090		
Insurance	0	90,000	55,000	56,750	58,611	60,590	62,697	64,943	67,339	69,898	72,634	75,563		
<b>Total Expenses</b>	<b>563,540</b>	<b>680,444</b>	<b>680,037</b>	<b>667,632</b>	<b>662,916</b>	<b>719,892</b>	<b>719,915</b>	<b>717,207</b>	<b>735,589</b>	<b>745,330</b>	<b>761,988</b>	<b>805,929</b>		
<b>Net result before depreciation</b>	<b>3,009,361</b>	<b>12,586,579</b>	<b>2,265,172</b>	<b>1,929,775</b>	<b>2,005,937</b>	<b>2,045,733</b>	<b>2,158,115</b>	<b>2,289,960</b>	<b>2,417,516</b>	<b>2,572,438</b>	<b>2,740,301</b>	<b>2,904,357</b>		
<b>Depreciation</b>	<b>0</b>	<b>247,957</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>	<b>1,243,159</b>		
<b>Net Profit / Loss - carried forward to balance sheet</b>	<b>3,009,361</b>	<b>12,338,622</b>	<b>1,022,013</b>	<b>686,616</b>	<b>762,778</b>	<b>802,575</b>	<b>914,956</b>	<b>1,046,801</b>	<b>1,174,357</b>	<b>1,329,279</b>	<b>1,497,142</b>	<b>1,661,198</b>		
<b>Opening Balance</b>	<b>6,076,000</b>	<b>9,085,361</b>	<b>21,423,983</b>	<b>22,445,997</b>	<b>23,132,613</b>	<b>23,895,391</b>	<b>24,697,965</b>	<b>25,612,922</b>	<b>26,659,722</b>	<b>27,834,079</b>	<b>29,163,358</b>	<b>30,660,500</b>		
<b>Closing Balance</b>	<b>9,085,361</b>	<b>21,423,983</b>	<b>22,445,997</b>	<b>23,132,613</b>	<b>23,895,391</b>	<b>24,697,965</b>	<b>25,612,922</b>	<b>26,659,722</b>	<b>27,834,079</b>	<b>29,163,358</b>	<b>30,660,500</b>	<b>32,321,698</b>		



**REGIONAL KITCHEN PRODUCTION**  
**BALANCE SHEET**  
Financial Year Ending June 30

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Projections</b>												
<b>Current Assets</b>												
Cash at Bank	176,325	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Investments	10,153,438	709,855	211,829	92,916	361,315	928,547	1,622,000	2,456,361	3,427,943	4,564,749	5,880,400	7,413,236
Cash reserved for future re-investment in Buildings, Plant & Equip				1,600,000	3,200,000	4,800,000	6,400,000	8,000,000	9,600,000	11,200,000	12,800,000	14,400,000
Receivables	4,012	145,904	187,851	194,009	200,560	207,535	214,970	222,901	231,372	240,429	250,122	260,509
Unsecured Loan CC		410,403	400,304	464,698	495,820	529,026	564,455	602,258	642,592	685,628	547,137	0
Interest income receivable (CC ban)		29,258	27,035	24,663	22,132	19,432	16,551	13,477	10,197	6,698	2,964	0
<b>Total Current Assets</b>	<b>10,333,775</b>	<b>1,396,421</b>	<b>927,019</b>	<b>2,476,287</b>	<b>4,379,827</b>	<b>6,584,540</b>	<b>8,917,976</b>	<b>11,394,997</b>	<b>14,012,104</b>	<b>16,797,503</b>	<b>19,680,623</b>	<b>22,173,745</b>
<b>Non Current Assets</b>												
Land	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000	1,869,000
Buildings	873,912	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933	14,291,933
Plant and Equipment	0	6,599,039	8,956,848	8,956,848	8,956,848	8,956,848	8,956,848	8,956,848	8,956,848	8,956,848	8,956,848	8,956,848
Less Depreciation	0	-247,957	-1,491,116	-2,734,275	-3,977,434	-5,220,592	-6,463,751	-7,706,910	-8,950,069	-10,193,228	-11,436,387	-12,679,546
Unsecured Loan CC	0	4,991,086	4,590,782	4,088,499	3,590,162	3,058,451	2,491,130	1,885,815	1,239,960	550,851	0	0
<b>Total Non Current Assets</b>	<b>2,742,912</b>	<b>27,503,101</b>	<b>28,217,447</b>	<b>26,472,006</b>	<b>24,730,510</b>	<b>22,965,640</b>	<b>21,146,160</b>	<b>19,296,686</b>	<b>17,407,672</b>	<b>15,475,404</b>	<b>13,681,394</b>	<b>12,438,235</b>
<b>Total Assets</b>	<b>13,076,687</b>	<b>28,898,521</b>	<b>29,144,467</b>	<b>28,948,292</b>	<b>29,110,337</b>	<b>29,540,180</b>	<b>30,063,136</b>	<b>30,691,683</b>	<b>31,419,776</b>	<b>32,272,907</b>	<b>33,262,018</b>	<b>34,611,981</b>
<b>Current Liabilities</b>												
Creditors & Payables	49,408	88,483	92,213	30,000	31,013	32,092	33,241	34,468	35,777	37,178	38,677	40,283
Secured Bank Loan	0	301,717	321,924	343,484	366,488	391,032	417,220	445,162	474,975	506,785	541,156	0
Hobsons Bay Land Loan	447,513	466,734	486,781	245,838	5,337							
Accrued Loan Interest	39,716	51,421	40,075	28,202	15,778	13,793	11,675	9,415	7,003	4,431	1,685	0
<b>Total Current Liabilities</b>	<b>536,637</b>	<b>908,356</b>	<b>940,993</b>	<b>647,524</b>	<b>418,616</b>	<b>436,916</b>	<b>462,136</b>	<b>489,044</b>	<b>517,766</b>	<b>548,394</b>	<b>581,518</b>	<b>602,833</b>
<b>Non Current Liabilities</b>												
Secured Bank Loan	0	3,578,226	3,256,302	2,912,819	2,546,331	2,155,299	1,738,079	1,292,917	817,942	311,156	-0	0
Hobsons Bay Land Loan	1,204,691	737,957	251,176	5,337	0	0	0	0	0	0	0	0
<b>Total Non Current Liabilities</b>	<b>1,204,691</b>	<b>4,316,183</b>	<b>3,507,478</b>	<b>2,918,156</b>	<b>2,546,331</b>	<b>2,155,299</b>	<b>1,738,079</b>	<b>1,292,917</b>	<b>817,942</b>	<b>311,156</b>	<b>-0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>1,741,327</b>	<b>5,224,539</b>	<b>4,448,471</b>	<b>3,565,680</b>	<b>2,964,947</b>	<b>2,592,215</b>	<b>2,200,216</b>	<b>1,781,961</b>	<b>1,335,698</b>	<b>859,550</b>	<b>351,518</b>	<b>40,283</b>
<b>Net Assets</b>	<b>11,335,360</b>	<b>23,673,983</b>	<b>24,695,996</b>	<b>25,382,612</b>	<b>26,145,390</b>	<b>26,947,965</b>	<b>27,862,921</b>	<b>28,909,722</b>	<b>30,084,078</b>	<b>31,413,357</b>	<b>32,910,499</b>	<b>34,571,698</b>
<b>Equity</b>												
Issued Shares to Councils	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Shareholders funds / retained earnings	9,085,360	21,423,983	22,445,996	23,132,612	23,895,390	24,697,965	25,612,921	26,659,722	27,834,078	29,163,357	30,660,499	32,321,698
<b>Total Equity</b>	<b>11,335,360</b>	<b>23,673,983</b>	<b>24,695,996</b>	<b>25,382,612</b>	<b>26,145,390</b>	<b>26,947,965</b>	<b>27,862,921</b>	<b>28,909,722</b>	<b>30,084,078</b>	<b>31,413,357</b>	<b>32,910,499</b>	<b>34,571,698</b>



## REGIONAL KITCHEN PRODUCTION

### Cash Flow

#### RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Forecast</b>												
<b>Cash flows from operating activities</b>												
Increase/(Decrease) in net assets resulting from Operations	3,009,361	12,338,622	1,022,013	686,616	762,778	802,575	914,956	1,046,801	1,174,357	1,329,279	1,497,142	1,661,198
Items not involving cash												
Depreciation and Amortisation	0	247,957	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159
	0	247,957	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159	1,243,159
Change in operating assets and liabilities												
Decrease (Increase) in receivables	2,347,988	-141,892	-41,947	-6,158	-6,551	-6,975	-7,434	-7,932	-8,471	-9,057	-9,693	-10,387
Decrease (Increase) in accrued interest Income	0	-29,258	2,223	2,372	2,531	2,700	2,881	3,074	3,280	3,500	3,734	2,964
Increase (Decrease) in accrued int expense	39,716	11,705	-11,346	-11,873	-12,424	-1,985	-2,118	-2,260	-2,411	-2,573	-2,745	-1,885
Increase (Decrease) in creditors	-576,592	39,076	3,729	-62,213	1,013	1,079	1,150	1,226	1,310	1,400	1,499	1,606
	1,811,112	-120,370	-47,341	-77,872	-15,432	-5,181	-5,522	-5,891	-6,292	-6,729	-7,206	-7,502
<b>Net cash inflow (outflow) from operating activit</b>	<b>4,820,473</b>	<b>12,466,209</b>	<b>2,217,831</b>	<b>1,851,903</b>	<b>1,990,506</b>	<b>2,040,552</b>	<b>2,152,594</b>	<b>2,284,068</b>	<b>2,411,223</b>	<b>2,565,709</b>	<b>2,733,095</b>	<b>2,896,855</b>
<b>Cash flows from investing activities</b>												
Payments for:												
Property, plant and equipment	-873,912	-20,017,059	-2,357,810	0	0	0	0	0	0	0	0	0
<b>Net cash used in investing activities</b>	<b>-873,912</b>	<b>-20,017,059</b>	<b>-2,357,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>												
Loan to CC	0	-5,500,000	0	0	0	0	0	0	0	0	0	0
Repayment of Loans - CC	0	98,511	410,403	437,889	467,215	498,505	531,891	567,513	605,520	646,073	689,342	547,137
Proceeds from Loan - Bank	0	4,000,000	0	0	0	0	0	0	0	0	0	0
Repayment of Loans - Bank	0	-120,056	-301,717	-321,924	-343,484	-366,488	-391,032	-417,220	-445,162	-474,975	-506,785	-311,156
RepaymentLoan - HB loan	-216,797	-447,513	-466,734	-486,781	-245,838	-5,337	0	0	0	0	0	0
<b>Net cash provided by financing activities</b>	<b>-216,797</b>	<b>-1,969,058</b>	<b>-358,048</b>	<b>-370,816</b>	<b>-122,107</b>	<b>126,680</b>	<b>140,859</b>	<b>150,293</b>	<b>160,358</b>	<b>171,098</b>	<b>182,556</b>	<b>235,981</b>
<b>Net increase/(decrease) in cash held</b>	<b>3,729,764</b>	<b>-9,519,908</b>	<b>-498,026</b>	<b>1,481,087</b>	<b>1,868,399</b>	<b>2,167,232</b>	<b>2,293,453</b>	<b>2,434,361</b>	<b>2,571,581</b>	<b>2,736,806</b>	<b>2,915,651</b>	<b>3,132,836</b>
Cash at the beginning	6,600,000	10,329,763	809,855	311,829	1,792,916	3,661,315	5,828,547	8,122,000	10,556,361	13,127,943	15,864,749	18,780,400
<b>Cash at the end</b>	<b>10,329,763</b>	<b>809,855</b>	<b>311,829</b>	<b>1,792,916</b>	<b>3,661,315</b>	<b>5,828,547</b>	<b>8,122,000</b>	<b>10,556,361</b>	<b>13,127,943</b>	<b>15,864,749</b>	<b>18,780,400</b>	<b>21,913,236</b>

## **Appendix D**

### **Financial Assumptions**

## FINANCIAL ASSUMPTIONS:

1. Funding towards the land and building cost of the Commercial Kitchen Facility will include a Federal Government grant of \$14,761 million, \$6 million from the State Government, with a further net of \$2 million contributed by councils and the balance raised through commercial borrowings.
2. Practical completion of the facility including fit out is completed September 2010
3. The rental will commence December 2010 and is based on 8% of building costs plus 10% of plant and equipment costs.
4. Building life is estimated to be 40 years with depreciation at 2.5%. Plant and equipment life is estimated at 10 years with a depreciation rate of 10%.
5. Currency exchange rates for plant and equipment are as at 27 November 2008
6. GST is excluded
7. Design contingency is 10% for services, 7.5% for building works and 5% for separate contracts.
8. Construction contingency is 2.5%
9. Discount rate is 5% over the forecast period. (The Discounted Cash Flow measures future cash flows multiplied by a discount factor (5%) to obtain the net present value).
10. Building maintenance has been provided for in the financial accounts.
11. The building design provides expansion options
12. Annual insurance premiums are included indexed through the forecast period where required. This cover includes Directors and officers Liability, Business Interruption, Material Damage and Contract Works insurance.
13. CPI is built into the model as a variable set at 4% annual increase. Throughout the full forecast period the annual increases are calculated cumulatively.
14. Costs related to items addressed in the independent Risk Assessment Report have been included.
15. Interest received on surplus funds is 5.75% and Interest paid on borrowed funds is 6.50%
16. The commercial borrowings will be repaid over 10 years
17. The intercompany loan commences 1/3/2010 and will be repaid by 30/6/2019. The interest rate is 6.50%.



Serving The Community Serving The Community Serving The Community Ser  
Community Serving The Community Serving The Community Serving The Com  
Serving The Community Serving The Community Serving The Community Ser  
Community Serving The Community Serving The Community Serving The Com

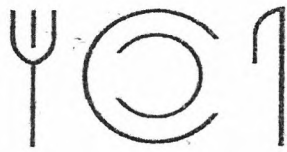
## Financial Statements

**Audited financial statements are available to shareholders and funding bodies with a signed agreement.**

**For further information on Community Chef please contact us**

1st Floor, 104 Ferguson St,  
Williamstown VIC 3016  
PO Box 21 Altona VIC 3018  
P: 03 9932 4039  
F: 03 9397 0110  
E: [rkg@hobsonsabay.vic.gov.au](mailto:rkg@hobsonsabay.vic.gov.au)





Community Chef

ABN:31 128 645 312

General Purpose Financial Report  
For the Period Ended 30 June 2008

COPY

This page has been left intentionally blank

# RFK PTY LTD t/a COMMUNITY CHEF

## CONTENTS

## Page

Report of Operations	1
Directors Report	2-4
Directors Declaration	5
Independence Declaration	6
Auditor General's Report	7-7a

## FINANCIAL REPORT

### Financial Statements

Income Statement	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flows Statement	11

### Notes accompanying the Financial Statements

1	Statutory reporting requirements	12
2	Significant accounting policies	12-13
3	User charges	14
4	Grants and contributions	14
5	Materials and services	14
6	Current Assets - Cash and cash equivalents	14
7	Current Assets - Trade and other receivables	14
8	Current Liabilities - Trade and other payables	14
9	Contributed Equity	15
10	Reconciliation of surplus for the period to cash flows from operating activities	15
11	Reconciliation of cash and cash equivalents	15
12	Related Party Disclosures	16
13	Financial instruments	17-20

**RFK PTY LTD t/a COMMUNITY CHEF**  
**REPORT OF OPERATIONS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**General Information**

Community Chef was established on 7 December 2007 pursuant to the general authority contained in section 193 (1) of the *Local Government Act* 1989. The company was incorporated under the *Corporations Act 2001* on 7 December 2007 as a proprietary company limited by shares.

The Relevant Minister is The Hon. Richard Wynne MP.

The principal objective of the company is the administration, establishment, operation and facilitation of a system for the sourcing, provision and delivery of meals to member councils.

During the period, the project group undertook incorporation and the commencement of design work for future production.

The names and particulars of the directors in office during or since the end of the financial period are: -  
William Jaboor, Williamstown, VIC (Chair)

47F

Directors have been in office since the company was established, unless otherwise stated.

**Audit Committee**

The Audit Committee will be established early in the 2009 financial year.

**Chief Executive Officer**

The Chief Executive Officer is 47F. The duties associated with the position relate to assisting the Interim Board in the full range of responsibilities to establish the company and appoint relevant Directors and staff.

**Financial Results and Financial Position**

	2008 \$'000
Income from continuing operations	359
Expenses from continuing operations	236
Operating result for the period	<u>123</u>
Net Assets at Year End	124

47F

(On behalf of the Board)  
Chairperson  
William Jaboor  
24 September 2008

47F

(Accountable Officer)  
Chief Executive Officer  
47F  
24 September 2008



**RFK PTY LTD t/a COMMUNITY CHEF  
DIRECTORS REPORT  
FOR THE PERIOD ENDED 30 JUNE 2008**

Your directors present their report on the company for the financial period ended 30 June 2008. The financial report has been prepared pursuant to the *Corporations Act 2001*.

**Directors**

The names and particulars of the directors in office during or since the end of the financial period are:

**William Jaboor (Chair)**

William Jaboor has over 30 years of experience in Local Government in both Victoria and Queensland. He was appointed to his current role of Chief Executive Officer of Hobsons Bay City Council in February 2004, having previously been the CEO of the City of Greater Shepparton for nearly 10 years. William has an Associate Diploma of Business Studies, a Bachelor of Arts Degree and an MBA.

**Associate Professor 47F (Appointed 1 February 2008)**

47F took up his joint appointment as Associate Professor, La Trobe University and Senior Research & Policy Manager Ageing and Social Exclusion with the Brotherhood of St Lawrence in February 2008. 47F has a long history of involvement in policy and service development in the aged care sector over twenty five years. He has held senior management positions in aged care in the government, not-for profit and business sectors.

47F

BEcon (Hons), Grad Dip Env Design, Grad Dip Management, GAICD. City of Stonnington's Chief Executive Officer, 47F was appointed CEO in 1999 and has over 25 years experience in economics, urban planning and business management in both the public and private sectors.

47F

47F was appointed Chief Executive Officer of the Greater Dandenong City Council in October 2006.

He was previously Chief Executive at Manningham City Council and in his extensive local government career he has held executive roles at Manningham and Mornington Peninsula Shire. He holds tertiary and post graduate qualifications in civil engineering, municipal engineering and business administration.

47F

B Econ, Dip Ed, Grad Dip App Info Sys (Hons) GAICD

A qualified teacher and economist, 47F has held a series of senior positions with the Department of Education, the Office of Local Government and Victoria Grants Commission. 47F has held executive positions at the City of Moonee Valley, City of Ballarat and the Surf Coast Shire. Since 2005, 47F has held the position of CEO at the City of Darebin.

**47F (Resigned 10 January 2008)**

47F is currently Chief Executive Officer of Regional Development Victoria. 47F local government experience includes the position of Chief Executive Officer at Wangaratta and Yarra Councils, Deputy Chief Executive Officer at Bendigo, and positions at Banyule and Greater Dandenong. His previous local government management responsibilities range from community services, planning, economic development and capital works.

Directors have been in office since the company was established, unless otherwise stated.

**Principal Activities**

The principal activity of the company since incorporation has been to commence design work for the operation of a food production facility.

**Trading Results**

The profit for the financial period was \$123,000.

**RFK PTY LTD t/a COMMUNITY CHEF**  
**DIRECTORS REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Review of Operations**

A review of the operations of the company during the financial period and the results of those operations found that the company performed as expected. A private ruling was also sought from the Australian Taxation Office (ATO) in relation to the taxation status of the company.

**Dividends**

The directors do not recommend and have not provided for the payment of any dividends during the reporting period.

**Share Options**

No options over issued shares or interests in the company have been granted during or since the end of the financial period and there were no options outstanding at the end of the date of this report.

**Significant Changes in the State of Affairs**

There were no significant changes to report.

**Events After the Balance Sheet Date**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely Developments and Results**

The company is likely to finalise design of the food production process. Through an independent Human Resources consultant, the company will undertake the selection process for a new Board to take effect on 1 July 2009.

**Environmental Regulation**

The directors are of the opinion that the company has complied with all relevant environmental legislation, so far as it concerns the operations of the entity.

**Indemnifying Officers**

The company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the company:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings;

with the exception of the following matter:

- During or since the financial period, the company has paid premiums to insure all directors and staff against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was paid as part of an overall insurance charge to the company.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings, to which the company is a party for the purpose of taking responsibility on behalf of the company, for all or any part of those proceedings.



**RFK PTY LTD t/a COMMUNITY CHEF**  
**DIRECTORS REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Rounding of Amounts**

Community Chef is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest \$1,000.

**Meetings of Directors**

The numbers of meetings of the company's board of directors held during the period ended 30 June 2008, and the numbers of meetings attended by each director were:

Director's Name	Directors' Meetings		
	Held	Eligible to Attend	Attended
47F	6	6	5
	6	6	6
	6	6	5
	6	6	5
	6	1	1
	6	4	4

**Auditors independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Dated at Melbourne the 24th day of September 2008, in accordance with a resolution of the Board.

47F

William Jaboor  
 Director  
 24 September 2008

Melbourne

47F

47F  
 Director  
 24 September 2008

**RFK PTY LTD t/a COMMUNITY CHEF  
DIRECTORS DECLARATION  
FOR THE PERIOD ENDED 30 JUNE 2008**

The directors of the company declare that:

- 1 The financial statements and notes of Community Chef as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the company's balance sheet as at 30 June 2008 and of the income statement for the period ended on that date; and
  - (b) complying with Accounting Standards and Corporations Regulations.
- 2 In the directors' opinion, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

47F

William Jaboor  
Director  
24 September 2008  
Melbourne

47F

47F  
Director  
24 September 2008



(11)

**RFK PTY LTD t/a COMMUNITY CHEF  
INDEPENDENCE DECLARATION**

**VAGO**

Victorian Auditor-General's Office

**AUDITOR-GENERAL'S INDEPENDENCE DECLARATION**

**To the Directors of RFK Pty Ltd**

The Auditor-General's independence is established by the *Constitution Act* 1975. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act* 1994, the Auditor-General is the auditor of each public authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

**Independence Declaration**

As auditor for RFK Pty Ltd for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act* 2001 in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

47F



MELBOURNE  
14 October 2008

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

**RFK PTY LTD t/a COMMUNITY CHEF  
AUDITOR GENERAL'S REPORT**

**VAGO**

Victorian Auditor-General's Office

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of RFK Pty Ltd**

*The Financial Report*

The accompanying financial report for the year ended 30 June 2008 of RFK Pty Ltd which comprises an income statement, balance sheet, statement of changes in equity, cash flows statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the directors declaration has been audited.

*The Directors' Responsibility for the Financial Report*

The Directors of RFK Pty Ltd are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Corporations Act 2001*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial statements published in both the annual report and on the website of RFK Pty Ltd for the year ended 30 June 2008. The Directors of the company are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the company's web site.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

RFK PTY LTD t/a COMMUNITY CHEF  
AUDITOR GENERAL'S REPORT

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

*Independence*

The Auditor-General's independence is established by the *Constitution Act* 1975. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act* 2001. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

*Auditor's Opinion*

In my opinion, the financial report of RFK Pty Ltd is in accordance with the *Corporations Act* 2001, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations* 2001.

47F

MELBOURNE  
14 October 2008

**RFK PTY LTD t/a COMMUNITY CHEF**  
**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Note	2008 \$'000
<b>Income from continuing operations</b>		
User charges	3	200
Grants and contributions	4	159
		<hr/> 359 <hr/>
<b>Expenses from continuing operations</b>		
Materials and services	5	236
		<hr/> 236 <hr/>
<b>Operating result for the period</b>		<hr/> 123 <hr/>

*The above income statement should be read with the accompanying notes.*



**RFK PTY LTD t/a COMMUNITY CHEF**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	2008 \$'000
<b>CURRENT ASSETS</b>		
Current Assets - Trade and other receivables	7	165
<b>Total Current Assets</b>		<u>165</u>
<b>TOTAL ASSETS</b>		<u>165</u>
<b>CURRENT LIABILITIES</b>		
Current Liabilities - Trade and other payables	8	41
<b>Total Current Liabilities</b>		<u>41</u>
<b>TOTAL LIABILITIES</b>		<u>41</u>
<b>NET ASSETS</b>		<u>124</u>
<b>Represented By</b>		
Accumulated surplus		123
Issued capital	9	1
<b>TOTAL EQUITY</b>		<u>124</u>

*The above balance sheet should be read with the accompanying notes.*

**RFK PTY LTD t/a COMMUNITY CHEF**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Notes	Total	Accumulated Surplus	Issued Capital
		<u>2008</u>	<u>2008</u>	<u>2008</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of financial period		-	-	-
Operating result for the period		123	123	-
Issued Capital	9	1	-	1
		<u>124</u>	<u>123</u>	<u>1</u>
Balance at end of financial period		<u>124</u>	<u>123</u>	<u>1</u>

*The above statement of changes in equity should be read with the accompanying notes.*

**RFK PTY LTD t/a COMMUNITY CHEF**  
**CASH FLOWS STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Note	2008 \$'000
<b>Cash flows from operating activities</b>		
Government Grants		159
Receipt of user charges		200
Net GST Refund		(11)
Payments to suppliers		(195)
Net cash provided by operating activities	10	<u>153</u>
<b>Cash flows from investing activities</b>		
Loan to intercompany account		(154)
Net cash provided by investing activities		<u>(154)</u>
<b>Cash flows from financing activities</b>		
Proceeds from capital contributions	9	<u>1</u>
Net cash provided by financing activities		<u>1</u>
Net increase in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	11	<u>-</u>

*The above cash flow statement should be read with the accompanying notes.*

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 1**

**Statutory reporting requirements**

Community Chef is a company established by 14 Victorian Local Government Councils under the authority of section 193 of the *Local Government Act 1989*. The principal objectives of the company are the administration, establishment, operation and facilitation of a system for the sourcing, provision and delivery of meals to member councils.

The financial report of Community Chef for the period ended 30 June 2008 has been prepared pursuant to the *Corporations Act 2001*.

**Note 2**

**Significant accounting policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Interpretations and other authoritative pronouncements.

(a)

*Basis of Accounting*

This financial report has been prepared on the accrual and going concern bases. This financial report has been prepared under the historical cost convention. Comparative figures have not been included as this is the first financial year of operation.

(b)

*Revenue recognition*

*User charges*

User charges are recognised as revenue when the service has been provided or the payment received, whichever occurs first.

*Grants and contributions*

Grants, and contributions are recognised as revenue when the company obtains control over the assets comprising these receipts.

Control over granted assets is normally obtained upon their receipt (or acquittal) and are valued at their fair value at the date of transfer.

Income is recognised when the company obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the company, and the amount of the contribution can be measured reliably.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

(c)

*Cash and cash equivalents*

No cash or cash equivalents were held by the company in the 2007/2008 financial period as funds have been held in trust by Hobsons Bay City Council. Bank accounts were established early in the 2008/2009 financial year.

(d)

*Agreements equally proportionately unperformed*

The company does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed. Such agreements are recognised on an 'as incurred' basis.

(e)

*Goods and Services Tax (GST)*

Revenues, expenses, and assets are recognised net of GST, except where the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an expense. Receivables and payables are shown inclusive of GST.

Cash flows are presented in the Cash Flows Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 2 Significant accounting policies (cont..)**

*(f) Income Tax*

Community Chef is exempt from income tax pursuant to section 23(e) of the *Income Tax Assessment Act 1936*, as amended.

*(g) Rounding*

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

*(h) New standards and interpretations issued but not yet effective*

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Ref	Title	Summary	Application date (financial years)	Expected Impact
AASB 1004	<i>Contributions (revised December 2007)</i>	Relocates requirements on contributions from public sector standards AAS 27, AAS 29 and AAS 31	1-Jul-08	Should not have any impact – relocation only.
AASB 2007-3	<i>Amendments to Australian Accounting Standards arising from AASB 8</i>	Amends AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 as a result of issue of AASB 8	1-Jan-09	Disclosures only.
AASB 2007-8	<i>Amendments to Australian Accounting Standards arising from AASB 101</i>	Amends the majority of standards and Interpretations as a result of issue of AASB 101	1-Jan-09	Disclosures only.

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

		2008 \$'000
<b>Note 3</b>	<b>User charges</b>	
	Council operating contributions	200
		<u>200</u>
<b>Note 4</b>	<b>Grants and contributions</b>	
	Grants were received in respect of the following:	
	Department of Human Services	159
		<u>159</u>
<b>Note 5</b>	<b>Materials and services</b>	
	Consultants	73
	External Audit Fees	6
	Legal Fees	15
	General Administration	142
		<u>236</u>
<b>Note 6</b>	<b>Current Assets - Cash and cash equivalents</b>	
	Nil	<u>-</u>
<b>Note 7</b>	<b>Current Assets - Trade and other receivables</b>	
	Net GST Receivable	11
	Hobsons Bay City Council holding funds in trust	154
		<u>165</u>
<b>Note 8</b>	<b>Current Liabilities - Trade and other payables</b>	
	Accrued Expenses and Creditors	41
		<u>41</u>

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

Note	Contributed Equity	Total Shares
	Banyule City Council	921
	Brimbank City Council	718
	Greater Dandenong City Council	683
	Darebin City Council	1,332
	Greater Geelong City Council	1,051
	Hobsons Bay City Council	635
	Hume City Council	329
	Macedon Ranges Shire Council	201
	Maribyrnong City Council	660
	Melton Shire Council	231
	Moonee Valley City Council	1,039
	Moreland City Council	1,358
	Stonnington City Council	342
	Yarra City Council	500
	Ordinary shares @ \$0.10 per share	<u>10,000</u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

2008  
\$'000

Note	Reconciliation of surplus for the period to cash flows from operating activities	
	Surplus / (deficit) for the period	123
	Change in Operating Assets and Liabilities:	
	(Increase)/Decrease in Receivables	(165)
	Increase/(Decrease) in Payables	41
	Increase/(Decrease) in Loan to Intercompany Account	154
	Net cash flows provided by operating activities	<u>153</u>

**Note 11 Reconciliation of cash and cash equivalents**

Cash and Cash Equivalents (see Note 6)	-
Cash at End of Financial Period	<u>-</u>

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 12 Related Party Disclosures**

**(a) Directors**

The names of the persons who were directors of Community Chef during the financial period were:

- William Jaboor is the Chief Executive Officer of Hobsons Bay City Council.
- 47F has a joint appointment as Associate Professor, La Trobe University and Senior Research & Policy Manager Ageing and Social Exclusion with the Brotherhood of St Lawrence.
- 47F is the Chief Executive Officer of the City of Stonnington.
- 47F is the Chief Executive Officer of Greater Dandenong City Council.
- 47F is the Chief Executive Officer at the City of Darebin.
- 47F is the Chief Executive Officer of Regional Development Victoria.

No income was received or due and receivable by the directors of the company.

Directors were not paid remuneration, nor received a prescribed benefit throughout the period.

**(b) Executive officers' remuneration**

No executive officers were paid more than \$100,000.

**(c) Retirement benefits of responsible persons**

No retirement benefits were paid in connection with the retirement of responsible persons of the company.

**(d) Loans**

No loans were in existence at reporting date that have been made, guaranteed or secured by the company to responsible persons of the company or a related party of a responsible person.

**(e) Related party transactions**

	2008 \$'000
Income received from:	
Banyule City Council	14
Brimbank City Council	13
Greater Dandenong City Council	15
Darebin City Council	20
Greater Geelong City Council	19
Hume City Council	8
Hobsons Bay City Council	13
Macedon Ranges Shire Council	6
Maribyrnong City Council	12
Melton Shire Council	7
Moonee Valley City Council	18
Moreland City Council	21
Stonnington City Council	9
Yarra City Council	11
	<u>185</u>
Amount receivable from:	
Hobsons Bay City Council holding funds in trust	<u>154</u>



**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 13 Financial instruments**

*(a) Accounting Policies, terms, and conditions*

Community Chef's accounting policies, including the terms, and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:

<i>Recognised Financial Instruments</i>	<i>Note</i>	<i>Accounting Policies</i>	<i>Terms and Conditions</i>
<i>(i) Financial Assets</i>			
Current Assets - Trade and other receivables	7	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts will be recognised when there is objective evidence that an impairment loss has occurred.	Receivables are amounts due to the company for the provision of other services. Terms are 30 days, with no interest being charged.
<i>(ii) Financial Liabilities</i>			
Current Liabilities - Trade and other payables	8	Liabilities are recognised for amounts to be paid in the future for goods and services provided to the company as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled on net 30 day terms or less where appropriate.

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 13 Financial instruments (cont.)**

*(b) Interest Rate Risk*

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

2008 Financial Instruments	Floating Interest Rates \$'000	Fixed Interest maturing in:			Non Interest Bearing \$'000	Total \$'000
		Not later than 1 year \$'000	Later than 1 year but not later than 5 years \$'000	Later than 5 years \$'000		
<i>Financial Assets</i>						
Current Assets - Trade and other receivables	-	-	-	-	154	154
Weighted average interest rate	-	-	-	-	N/A	-
<i>Total Financial Assets</i>	-	-	-	-	154	154
<i>Financial Liabilities</i>						
Current Liabilities - Trade and other payables	-	-	-	-	41	41
Weighted average interest rate	-	-	-	-	N/A	-
<i>Total Financial Liabilities</i>	-	-	-	-	41	41
<i>Net Financial Assets/(Liabilities)</i>	-	-	-	-	113	113

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 13 Financial instruments (cont.)**

*(c) Net Fair Values*

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised at balance date, are as follows:

Financial Instruments	Total carrying amount as per Balance Sheet  2008 \$'000	Aggregate net fair value  2008 \$'000
<i>Financial Assets</i>		
Current Receivables	154	154
<i>Total Financial Assets</i>	154	154
<i>Financial Liabilities</i>		
Current Liabilities - Trade and other payables	41	41
<i>Total Financial Liabilities</i>	41	41

*(d) Credit Risk*

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

*(e) Risks and mitigation*

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The company's exposure to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Components of market risk to which we are exposed are discussed below.

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets.

We do not have any loan borrowings so there is minimal interest rate risk.

**RFK PTY LTD t/a COMMUNITY CHEF**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 13 Financial instruments (cont.)**

At balance day, we did not have investments of surplus funds. In the new financial year surplus funds will be invested with approved financial institutions under the *Local Government Act* 1989 and interest rate risk will be managed by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

**Credit risk**

Trade and other receivables consist of amounts owed by the Australian Taxation Office and funds held in trust by Hobsons Bay City Council. Credit risk associated with the company's financial assets is therefore minimal. Ongoing credit evaluation will be performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts raised.

**Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

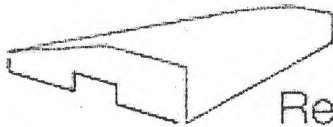
- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we will:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place; and
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments; and
- monitor budget to actual performance on a regular basis.

The company's exposure to liquidity risk is deemed insignificant based on current assessment of risk.





Regional Kitchen Pty Ltd

ABN:78 130 471 206

General Purpose Financial Report  
For the Period Ended 30 June 2008

This page has been left intentionally blank

# REGIONAL KITCHEN PTY LTD

## CONTENTS

## Page

Report of Operations	1
Directors Report	2-4
Directors Declaration	5
Independence Declaration	6
Auditor General's Report	7-7a

## FINANCIAL REPORT

### Financial Statements

Income Statement	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flows Statement	11

### Notes accompanying the Financial Statements

1	Statutory reporting requirements	12
2	Significant accounting policies	12-13
3	User charges	14
4	Grants and contributions	14
5	Materials and services	14
6	Current Assets - Cash and cash equivalents	14
7	Current Assets - Trade and other receivables	14
8	Current Liabilities - Trade and other payables	14
9	Contributed Equity	15
10	Reconciliation of surplus for the period to cash flows from operating activities	15
11	Reconciliation of cash and cash equivalents	15
12	Commitments	15
13	Related Party Disclosures	16
14	Financial instruments	17-20

**REGIONAL KITCHEN PTY LTD**  
**REPORT OF OPERATIONS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**General Information**

Regional Kitchen Pty Ltd was established on 4 April 2008 pursuant to the general authority contained in section 193 (1) of the *Local Government Act 1989*. The company was incorporated under the *Corporations Act 2001* on 4 April 2008 as a proprietary company limited by shares.

The Relevant Minister is The Hon. Richard Wynne MP.

The principal objective of the company is to identify, procure and develop a food production facility suitable to lease to Community Chef, (RFK Pty Ltd), that maximises social, economic and environmental benefits during construction and in the operation of the facility, and that has the flexibility to adapt to changes in technology, production methods and consumer demand over the life of the facility.

During the period, the company undertook incorporation and commenced a process to identify the site for the facility, further design work and the securement of \$6 million government funding exclusive of GST.

The names and particulars of the directors in office during or since the end of the financial period are: -

47F

Directors have been in office since the company was established, unless otherwise stated.

**Audit Committee**

The Audit Committee will be established early in the 2009 financial year.

**Chief Executive Officer**

The Chief Executive Officer is 47F. The duties associated with the position relate to assisting the Interim Board in the full range of responsibilities to establish the company and appoint relevant Directors and staff.

**Financial Results and Financial Position**

	2008 \$'000
Income from continuing operations	6,174
Expenses from continuing operations	98
Operating result for the period	<u>6,076</u>
Net Assets at Year End	8,326

47F

(On behalf of the Board)  
Chairperson  
William Jaboor  
24 September 2008

47F

(Accountable Officer)  
Chief Executive Officer  
47F  
24 September 2008



# REGIONAL KITCHEN PTY LTD

## DIRECTORS REPORT

### FOR THE PERIOD ENDED 30 JUNE 2008

Your directors present their report on the company for the financial period ended 30 June 2008. The financial report has been prepared pursuant to the *Corporations Act 2001*.

#### Directors

The names and particulars of the directors in office during or since the end of the financial period are:

##### William Jaboor (Chair)

William Jaboor has over 30 years of experience in Local Government in both Victoria and Queensland. He was appointed to his current role of Chief Executive Officer of Hobsons Bay City Council in February 2004, having previously been the CEO of the City of Greater Shepparton for nearly 10 years. William has an Associate Diploma of Business Studies, a Bachelor of Arts Degree and an MBA.

##### Associate Professor 47F

47F took up his joint appointment as Associate Professor, La Trobe University and Senior Research & Policy Manager Ageing and Social Exclusion with the Brotherhood of St Lawrence in February 2008. 47F has a long history of involvement in policy and service development in the aged care sector over twenty five years. He has held senior management positions in aged care in the government, not-for profit and business sectors.

##### 47F

BEcon (Hons), Grad Dip Env Design, Grad Dip Management, GAICD. City of Stonnington's Chief Executive Officer, 47F was appointed CEO in 1999 and has over 25 years experience in economics, urban planning and business management in both the public and private sectors.

##### 47F

47F was appointed Chief Executive Officer of the Greater Dandenong City Council in October 2006.

He was previously Chief Executive at Manningham City Council and in his extensive local government career he has held executive roles at Manningham and Mornington Peninsula Shire. He holds tertiary and post graduate qualifications in civil engineering, municipal engineering and business administration.

##### 47F

B Econ, Dip Ed, Grad Dip App Info Sys (Hons) GAICD

A qualified teacher and economist, 47F has held a series of senior positions with the Department of Education, the Office of Local Government and Victoria Grants Commission. 47F has held executive positions at the City of Moonee Valley, City of Ballarat and the Surf Coast Shire. Since 2005, 47F has held the position of CEO at the City of Darebin.

Directors have been in office since the company was established, unless otherwise stated.

#### Principal Activities

The principal activity of the company since incorporation was to secure funding and review design options. Projects undertaken during the period included a research tour of the latest international and local food production facilities and the site selection process.

#### Trading Results

The profit for the financial period was \$6.076 million.

#### Review of Operations

A review of the operations of the company during the financial period and the results of those operations found that income was higher than anticipated due to the early receipt of \$6 million government funding and the share subscription exceeding estimated figures by \$1.250 million. A private ruling was also sought from the Australian Taxation Office (ATO) in relation to the taxation status of the company.

**REGIONAL KITCHEN PTY LTD**  
**DIRECTORS REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Dividends**

The directors do not recommend and have not provided for the payment of any dividends during the reporting period.

**Share Options**

No options over issued shares or interests in the company have been granted during or since the end of the financial period and there were no options outstanding at the end of the date of this report.

**Significant Changes in the State of Affairs**

The company gained a grant of \$6 million from the State Government.

**Events After the Balance Sheet Date**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years, other than an offer to purchase Lot 10 Drake Boulevard for the site for the facility and the ATO confirmation of tax exemption status for the company for the next five income years (at which point a new private ruling will be sought).

**Likely Developments and Results**

Key activities in the 2008/2009 financial year will be to secure the site, work with Community Chef to verify kitchen process design requirements, investigate facility design options, finalise design and tender documentation, undertake a tender process, select a suitable contractor and appoint a project manager for the design build stage. Through an independent Human Resources consultant, the company will also undertake a Board selection process to facilitate the appointment of three Ordinary and two Independent Directors to take effect on 1 July 2009.

**Environmental Regulation**

The directors are of the opinion that the company has complied with all relevant environmental legislation, so far as it concerns the operations of the entity.

**Indemnifying Officers**

The company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the company:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings;

with the exception of the following matter:

- During or since the financial period, the company has paid premiums to insure all directors and staff against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was paid as part of an overall insurance charge to the company.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings, to which the company is a party for the purpose of taking responsibility on behalf of the company, for all or any part of those proceedings.



**REGIONAL KITCHEN PTY LTD**  
**DIRECTORS REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Rounding of Amounts**

Regional Kitchen Pty Ltd is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest \$1,000.

**Meetings of Directors**

The numbers of meetings of the company's board of directors held during the period ended 30 June 2008, and the numbers of meetings attended by each director were:

Director's Name	Directors' Meetings		
	Held	Eligible to Attend	Attended
47F	3	3	2
	3	3	3
	3	3	2
	3	3	3
	3	3	3

**Auditors independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Dated at Melbourne the 24th day of September 2008, in accordance with a resolution of the Board.

47F

William Jaboor  
Director  
24 September 2008

Melbourne

47F

Director  
24 September 2008

**REGIONAL KITCHEN PTY LTD  
DIRECTORS DECLARATION  
FOR THE PERIOD ENDED 30 JUNE 2008**

The directors of the company declare that:

- 1 The financial statements and notes of Regional Kitchen Pty Ltd, as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the company's balance sheet as at 30 June 2008 and of the income statement for the period ended on that date; and
  - (b) complying with Accounting Standards and Corporations Regulations.
- 2 In the directors' opinion, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

47F



William Jaboor  
Director  
24 September 2008

Melbourne

47F



Director  
24 September 2008



**REGIONAL KITCHEN PTY LTD**  
**INDEPENDENCE DECLARATION**

**VAGO**

Victorian Auditor-General's Office

**AUDITOR-GENERAL'S INDEPENDENCE DECLARATION**

**To the Directors of Regional Kitchen Pty Ltd**

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

**Independence Declaration**

As auditor for Regional Kitchen Pty Ltd for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

47F

MELBOURNE  
14 October 2008

Auditor-General

# REGIONAL KITCHEN PTY LTD

## AUDITOR GENERAL'S REPORT

# VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDITOR'S REPORT

#### To the Members of Regional Kitchen Pty Ltd

##### *The Financial Report*

The accompanying financial report for the year ended 30 June 2008 of Regional Kitchen Pty Ltd which comprises an income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the directors declaration has been audited.

##### *The Directors' Responsibility for the Financial Report*

The Directors of Regional Kitchen Pty Ltd are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Corporations Act 2001*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

##### *Auditor's Responsibility*

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial statements published in both the annual report and on the website of Regional Kitchen Pty Ltd for the year ended 30 June 2008. The Directors of the company are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the company's web site.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

REGIONAL KITCHEN PTY LTD  
AUDITOR GENERAL'S REPORT

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

*Independence*

The Auditor-General's independence is established by the *Constitution Act* 1975. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act* 2001. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

*Auditor's Opinion*

In my opinion, the financial report of Regional Kitchen Pty Ltd is in accordance with the *Corporations Act* 2001, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations* 2001.

MELBOURNE  
14 October 2008

47F

Auditor-General

**REGIONAL KITCHEN PTY LTD**  
**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Note	2008 \$'000
<b>Income from continuing operations</b>		
User charges	3	174
Grants and contributions	4	6,000
		<u>6,174</u>
<b>Expenses from continuing operations</b>		
Materials and services	5	98
		<u>98</u>
<b>Operating result for the period</b>		<u>6,076</u>

*The above income statement should be read with the accompanying notes.*



**REGIONAL KITCHEN PTY LTD**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	2008 \$'000
<b>CURRENT ASSETS</b>		
Current Assets - Cash and cash equivalents	6	6,600
Current Assets - Trade and other receivables	7	2,352
<b>Total Current Assets</b>		<u>8,952</u>
<b>TOTAL ASSETS</b>		<u><u>8,952</u></u>
<b>CURRENT LIABILITIES</b>		
Current Liabilities - Trade and other payables	8	626
<b>Total Current Liabilities</b>		<u>626</u>
<b>TOTAL LIABILITIES</b>		<u><u>626</u></u>
<b>NET ASSETS</b>		<u><u>8,326</u></u>
<b>Represented By</b>		
Accumulated surplus		6,076
Issued capital	9	2,250
<b>TOTAL EQUITY</b>		<u><u>8,326</u></u>

*The above balance sheet should be read with the accompanying notes.*

**REGIONAL KITCHEN PTY LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Notes	Total	Accumulated Surplus	Issued Capital
		<u>2008</u>	<u>2008</u>	<u>2008</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of financial period		-	-	-
Operating result for the period		6,076	6,076	-
Issued Capital	9	2,250	-	2,250
Balance at end of financial period		<u>8,326</u>	<u>6,076</u>	<u>2,250</u>

*The above statement of changes in equity should be read with the accompanying notes.*

**REGIONAL KITCHEN PTY LTD**  
**CASH FLOWS STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Note	2008 \$'000
<b>Cash flows from operating activities</b>		
Government Grants (GST Incl.)		6,600
Receipt of user charges		174
Payments to suppliers		(72)
Net cash provided by operating activities	10	<u>6,702</u>
<b>Cash flows from investing activities</b>		
Loan to Intercompany Account		(502)
Net cash provided by investing activities		<u>(502)</u>
<b>Cash flows from financing activities</b>		
Proceeds from capital contributions	9	400
Net cash provided by financing activities		<u>400</u>
<b>Net increase in cash and cash equivalents</b>		6,600
<b>Cash and cash equivalents at the beginning of the financial period</b>		-
<b>Cash and cash equivalents at the end of the financial period</b>	11	<u><u>6,600</u></u>

*The above cash flow statement should be read with the accompanying notes.*

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 1**

**Statutory reporting requirements**

Regional Kitchen Pty. Ltd. is a company established by 11 Victorian Local Government Councils under the authority of section 193 of the *Local Government Act 1989*. The principal objectives of the company are to identify, procure and develop a food production facility suitable to lease to Community Chef, (RFK Pty Ltd), that maximises social, economic and environmental benefits during construction and in the operation of the facility, and that has the flexibility to adapt to changes in technology, production methods and consumer demand over the life of the facility.

The financial report of Regional Kitchen Pty. Ltd. for the period ended 30 June 2008 has been prepared pursuant to the *Corporations Act 2001*.

**Note 2**

**Significant accounting policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Interpretations and other authoritative pronouncements.

*(a) Basis of Accounting*

This financial report has been prepared on the accrual and going concern bases. This financial report has been prepared under the historical cost convention. Comparative figures have not been included as this is the first financial year of operation.

*(b) Revenue recognition*

*User charges*

User charges are recognised as revenue when the service has been provided or the payment received, whichever occurs first.

*Grants and contributions*

Grants, and contributions are recognised as revenue when the company obtains control over the assets comprising these receipts.

Control over granted assets is normally obtained upon their receipt (or acquittal) and are valued at their fair value at the date of transfer.

Income is recognised when the company obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the company, and the amount of the contribution can be measured reliably.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

*(c) Cash and cash equivalents*

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments that are readily convertible to cash on hand at the company's option and are subject to insignificant risk of changes in values, net of outstanding bank overdrafts.

*(d) Agreements equally proportionately unperformed*

The company does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed. Such agreements are recognised on an 'as incurred' basis.

*(e) Goods and Services Tax (GST)*

Revenues, expenses, and assets are recognised net of GST, except where the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an expense. Receivables and payables are shown inclusive of GST.

Cash flows are presented in the Cash Flows Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 2 Significant accounting policies (cont..)**

*(f) Income Tax*

Regional Kitchen Pty Ltd is exempt from income tax pursuant to section 23(e) of the *Income Tax Assessment Act 1936*, as amended.

*(g) Rounding*

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

*(h) New standards and interpretations issued but not yet effective*

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Ref	Title	Summary	Application date (financial years beginning)	Expected Impact
ABAS 1004	<i>Contributions (revised December 2007)</i>	Relocates requirements on contributions from public sector standards ALAS 27, ALAS 29 and ALAS 31	1-Jul-08	Should not have any impact – relocation only.
ABAS 123	<i>Borrowing Costs</i>	Revised standard – requires borrowing costs directly attributable to qualifying assets to be capitalised, where previously they could be immediately expensed.	1-Jan-09	Impact with borrowings to be capitalised for the building of the kitchen facility.
ABAS 2007-3	<i>Amendments to Australian Accounting Standards arising from ABAS 8</i>	Amends ABAS 5, ABAS 6, ABAS 102, ABAS 107, ABAS 119, ABAS 127, ABAS 134, ABAS 136, ABAS 1023 & ABAS 1038 as a result of issue of ABAS 8	1-Jan-09	Disclosures only.
ABAS 2007-8	<i>Amendments to Australian Accounting Standards arising from ABAS 101</i>	Amends the majority of standards and Interpretations as a result of issue of ABAS 101	1-Jan-09	Disclosures only.

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

		2008 \$'000
<b>Note 3</b>	<b>User charges</b>	
	Council operating contributions	174
		<u>174</u>
<b>Note 4</b>	<b>Grants and contributions</b>	
	Grants were received in respect of the following:	
	Department of Human Services	6,000
		<u>6,000</u>
<b>Note 5</b>	<b>Materials and services</b>	
	Consultants	28
	External Audit Fees	6
	Legal Fees	5
	General Administration	59
		<u>98</u>
<b>Note 6</b>	<b>Current Assets - Cash and cash equivalents</b>	
	Cash at Bank	600
	Bank Bills	6,000
		<u>6,600</u>
<b>Note 7</b>	<b>Current Assets - Trade and other receivables</b>	
	Unpaid Council Equity	1,850
	Hobsons Bay City Council holding funds in trust	502
		<u>2,352</u>
<b>Note 8</b>	<b>Current Liabilities - Trade and other payables</b>	
	Accrued Expenses and Creditors	31
	Australian Taxation Office	595
		<u>626</u>

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

		2008 \$'000
<b>Note 9</b>	<b>Contributed Equity</b>	
	Banyule City Council	200
	Greater Dandenong City Council	200
	Darebin City Council	200
	Greater Geelong City Council	200
	Hobsons Bay City Council	200
	Hume City Council	250
	Melton Shire Council	200
	Moonee Valley City Council	200
	Moreland City Council	200
	Stonnington City Council	200
	Yarra City Council	200
	225 ordinary shares	<u>2,250</u>
	Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.	
	At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.	
<b>Note 10</b>	<b>Reconciliation of surplus for the period to cash flows from operating activities</b>	
	Surplus / (deficit) for the period	6,076
	Change in Operating Assets and Liabilities:	
	(Increase)/Decrease in Receivables	(502)
	Increase/(Decrease) in Payables	626
	Increase/(Decrease) in Loan to Intercompany Account	502
	Net cash flows provided by operating activities	<u>6,702</u>
<b>Note 11</b>	<b>Reconciliation of cash and cash equivalents</b>	
	Cash and Cash Equivalents (see Note 6)	6,600
	Cash at End of Financial Year	<u>6,600</u>
<b>Note 12</b>	<b>Commitments</b>	
	(a) Operating commitments	
	Capital Contracts	
	Not later than one year	355
	Later than one year but not later than five years	-
	Later than five years	-
		<u>355</u>

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 13 Related Party Disclosures**

**(a) Directors**

The names of the persons who were directors of Regional Kitchen Pty Ltd during the financial year were:

- William Jaboor (Chair) is the Chief Executive Officer of Hobsons Bay City Council.
- Gerard Naughtin has a joint appointment as Associate Professor, La Trobe University and Senior Research & Policy Manager Ageing and Social Exclusion with the Brotherhood of St Lawrence.
- Hadley Sides is the Chief Executive Officer of the City of Stonnington.
- John Bennie is the Chief Executive Officer of Greater Dandenong City Council.
- Michael Ulbrick is the Chief Executive Officer at the City of Darebin.

No income was received or due and receivable by the directors of the company.

Directors were not paid remuneration, nor received a prescribed benefit throughout the year.

**(b) Executive officers' remuneration**

No executive officers were paid more than \$100,000.

**(c) Retirement benefits of responsible persons**

No retirement benefits were paid in connection with the retirement of responsible persons of the company.

**(d) Loans**

No loans were in existence at reporting date that have been made, guaranteed or secured by the company to responsible persons of the company or a related party of a responsible person.

**(e) Related party transactions**

	2008 \$'000
Income received from:	
Banyule City Council	12
Greater Dandenong City Council	12
Darebin City Council	12
Greater Geelong City Council	12
Hobsons Bay City Council	12
Hume City Council	12
Melton Shire Council	12
Moonee Valley City Council	12
Moreland City Council	12
Stonnington City Council	12
Yarra City Council	12
	<u>132</u>
Amount receivable from:	
Hobsons Bay City Council holding funds in trust	502
Unpaid Council Equity:	
Moreland City Council	200
Yarra City Council	200
Stonnington City Council	200
Greater Dandenong City Council	200
Banyule City Council	200
Moonee Valley City Council	200
Melton Shire Council	200
Hume City Council	250
Hobsons Bay City Council	200
	<u>2,352</u>



**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 14 Financial instruments**

*(a) Accounting Policies, terms, and conditions*

Regional Kitchen Pty Ltd's accounting policies, including the terms, and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:

<i>Recognised Financial Instruments</i>	<i>Note</i>	<i>Accounting Policies</i>	<i>Terms and Conditions</i>
<i>(i) Financial Assets</i>			
Current Assets - Cash and cash equivalents	6	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments are held to maximise interest returns of surplus cash.</p>	<p>On call deposits were originally included in a non-interest bearing account in 2007/2008. This has been converted to a corporate cheque account in the new financial year.</p> <p>Funds were invested at a fixed interest rate of 8.01% in 2007/2008, net of fees.</p> <p>Bank bills and deposits are held with:</p> <ul style="list-style-type: none"> <li>- National Australia Bank</li> </ul> <p>The Regional Food Kitchen is able to withdraw amounts at call.</p>
Current Assets - Trade and other receivables	7	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts will be recognised when there is objective evidence that an impairment loss has occurred.</p>	<p>Receivables are amounts due to the company for the provision of other services. Terms are 30 days, with no interest being charged.</p>
<i>(ii) Financial Liabilities</i>			
Current Liabilities - Trade and other payables	8	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to the company as at balance date whether or not invoices have been received.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled on net 30 day terms or less where appropriate.</p>

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 14 Financial instruments (cont.)**

*(b) Interest Rate Risk*

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

2008 Financial Instruments	Floating Interest Rates \$'000	Fixed Interest maturing in:			Non Interest Bearing \$'000	Total \$'000
		Not later than 1 year \$'000	Later than 1 year but not later than 5 years \$'000	Later than 5 years \$'000		
<i>Financial Assets</i>						
Current Assets - Cash and cash equivalents	-	6,000	-	-	600	6,600
Current Assets - Trade and other receivables	-	-	-	-	2,352	2,352
Weighted average interest rate	-	8.01%	-	-	N/A	-
<i>Total Financial Assets</i>	-	6,000	-	-	2,952	8,952
<i>Financial Liabilities</i>						
Current Liabilities - Trade and other payables	-	-	-	-	31	31
Weighted average interest rate	-	-	-	-	N/A	-
<i>Total Financial Liabilities</i>	-	-	-	-	31	31
<i>Net Financial Assets/(Liabilities)</i>	-	6,000	-	-	2,921	8,921

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 14 Financial instruments (cont.)**

*(c) Net Fair Values*

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised at balance date, are as follows:

Financial Instruments	Total carrying amount as per Balance Sheet	Aggregate net fair value
	2008 \$'000	2008 \$'000
<i>Financial Assets</i>		
Current Assets - Cash and cash equivalents	6,600	6,600
Current Receivables	2,352	2,352
<i>Total Financial Assets</i>	-	-
<i>Financial Liabilities</i>		
Current Liabilities - Trade and other payables	31	31
<i>Total Financial Liabilities</i>	31	31

*(d) Credit Risk*

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

*(e) Risks and mitigation*

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The company's exposure to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Components of market risk to which we are exposed are discussed below.

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets.

We do not have any loan borrowings so there is minimal interest rate risk.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We will manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

In the future maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

**REGIONAL KITCHEN PTY LTD**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**Note 14 Financial instruments (cont.)**

**Credit risk**

Trade and other receivables consist of amounts owed by the member Council's including funds held in trust by Hobsons Bay City Council. Credit risk associated with the company's financial assets is therefore minimal. Ongoing credit evaluation will be performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts raised.

**Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we will:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The company's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

*(f) Sensitivity disclosure analysis*

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the company believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +2% and -1% in market interest rates (AUD) from year-end rates of 8.01%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the company at year-end, if the above movements were to occur.

**Market risk exposure**

**2008**

**Financial assets:**

Cash and cash equivalents

<b>Interest rate risk</b>				
<i>Carrying amount subject to interest</i>				
	-1%		2%	
	100 basis points		200 basis points	
	<i>Profit</i>	<i>Equity</i>	<i>Profit</i>	<i>Equity</i>
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	6.600	(66)	132	132



47F







**COPY**



**Maddocks**

Date / /2008

Lawyers  
140 William Street  
Melbourne Victoria 3000 Australia  
Telephone 61 3 9288 0555  
Facsimile 61 3 9288 0666  
Email [info@maddocks.com.au](mailto:info@maddocks.com.au)  
[www.maddocks.com.au](http://www.maddocks.com.au)  
DX 259 Melbourne

## Shareholders Agreement

The Parties named in the Schedule  
and

Regional Kitchen Pty Ltd



COPY

## CONTENTS

1.	Definitions and Interpretation .....	2
2.	Conditions Precedent .....	7
3.	Objectives .....	7
4.	Structure of the Company .....	9
5.	Board of Directors .....	9
6.	Decision Making .....	13
7.	Management .....	15
8.	Financial Reporting .....	16
9.	Accounts .....	18
10.	Funding .....	18
11.	Agreements Between Company and Shareholders .....	20
12.	Transfer of Shares .....	21
13.	Procedure on Transfer of Shares .....	23
14.	Determination of Sale Price .....	25
15.	Publicity and Confidentiality .....	26
16.	Dispute Resolution .....	28
17.	Acknowledgments and Warranties .....	29
18.	Termination .....	30
19.	Default .....	30
20.	Assignment .....	31
21.	Counterparts .....	31
22.	Entire Agreement .....	31
23.	Further Action .....	32
24.	Choice of Jurisdiction and Law .....	32
25.	Non-Merger .....	32
26.	Notices .....	32
27.	Waiver .....	33
28.	Variation .....	33
29.	Costs .....	33
30.	Paramountcy .....	34
31.	No Partnership or Agency .....	34
32.	Severability .....	34
33.	Consent .....	34

## SCHEDULES

1. SHAREHOLDERS
2. CONSTITUTION
3. DEED OF ACCESSION

This **SHAREHOLDERS AGREEMENT** is made the                      day of                      2008.

**BETWEEN:**

The parties named in Schedule 1 hereto

("Shareholders")  
of the one part

and

**REGIONAL KITCHEN PTY LTD**

("the Company")  
of the other part

**RECITALS:**

- A. The Parties are or will on the date hereof become the legal owners of all of the issued shares in the Company in the proportions listed in the attached Schedule.
- B. The Shareholders wish to record their agreement on the shareholdings in the Company, the aims and objects in relation to the Company and to provide for the operation and administration of the Company.
- C. The Shareholders intend to construct a Regional Food Kitchen Facility suitable for the production of meals and to lease the facility to RFK Pty Ltd being a Joint Venture between municipal councils set-up for the purpose of providing meals to the Joint Venturers.

THE SHAREHOLDERS AGREE as follows:

1. Definitions and Interpretation

1.1. In this Agreement, including the recitals, unless the context otherwise requires, the following terms have the following meanings:

**'Act'** means the *Corporations Act 2001 (Cth)*;

**'Agreement'** means this shareholders agreement, including the schedules;

**'Auditor'** means the registered company auditor appointed by the Company for auditing its accounts;

**'Board'** means the board of Directors, and includes any committee of that board;

**'Board meeting'** means a meeting of the Board (or any committee of the Board) duly convened and held in accordance with this Agreement and the articles;

**'Business'** means the business of:

- (a) sourcing, identifying and the procuring or developing of land and buildings which will be a suitable Facility; and
- (b) leasing the Facility to RFK Pty Ltd under a formal written lease agreement.

**'Business day'** means any day other than a Saturday, Sunday, bank holiday or public holiday in Victoria, Australia;

**'Business plan'** means the program current from time to time for the conduct of the Business during a Financial year consisting of:

- (a) a business plan specifying the finance arrangements, capital expenditures and activities of the Business during that Financial year; and

- (b) a budget specifying an estimate of the income to be received and the expenses to be incurred in carrying out that business plan;

**'Chairman'** means the chairman of the Board from time to time appointed under clause 5.5;

**'Company'** means Regional Kitchen Pty Ltd.

**'Conditions'** means the conditions set out in clause 2;

**'Confidential information'** means the information, forms, specifications, processes, statements, formulae, trade secrets, drawings and data (and copies and extracts made of or from that information and data) concerning:

- (a) the operations and dealings of the Company, the Business or a Shareholder;
- (b) the organisation, finance, customers, markets, suppliers, intellectual property and know-how of the Company, a Shareholder, a related body corporate of that company or a related body corporate of a Shareholder; or
- (c) the operations and transactions of a Shareholder concerning the Business and that Shareholder's shareholding in the Company,

which is not in the public domain (except by the failure of a Shareholder to perform and observe its covenants and obligations under this Agreement) and which has been obtained through or by being a member of the Company;

**'Constitution'** means the Constitution of the Company as set out in Schedule 2 and as amended in accordance with this Agreement;

**'Control'** in relation to the control of a Shareholder, has the meaning given to it in section 50AA of the *Corporations Act 2001* (Cth);



**'Council'** means an entity within the definition of the *Local Government Act 1989 (Vic)*;

**'Directors'** means the directors of the Company for the time being and

**'Director'** means one of them;

**'Effective date'** means the date sixty (60) days after the Conditions have all been satisfied;

**'Eligibility Criterion'** has the meaning set out in clause 5.2.4.

**'Event of default'** means an event specified in clause 19;

**'Facility'** means land and buildings (whether at one site or more than one site) to be purchased or constructed by the Company for the purpose of being leased to RFK Pty Ltd as a regional food production facility.

**'Financial year'** means a period of 12 consecutive calendar months ending on 30 June or on another day decided by the Board;

**'Incorporated Joint Venture'** means this Shareholders Agreement initially between Municipal Councils set-up for the purpose of carrying on the Business and any business or undertaking acquired or assumed by the Company pursuant to the terms of this Agreement and includes the Business and any activity involving or connected with the development of the Business for the time being carried on by the Company including, without limitation, the development of the Business and its scope of applications and any other commercial activity or undertaking that the Company shall from time to time determine be undertaken and which is for the time being carried on by the Company;

**'Independent Director'** means a Director who is not an employee or elected Councillor of a Council;

**'Interest rate'** means the interest rate per annum calculated as the National Australia Bank Limited Base Rate plus 2%;

**'Lease'** means any Lease which the Company intends entering into;

**'Minister's Consent'** means the consent of the Minister to the Project pursuant to the *Local Government Act 1989 (Vic)*;

**'Month'** means calendar month;

**'Notice'** written notice under this Agreement shall include notice by facsimile or email;

**'Office'** means the registered office of the Company from time to time;

**'Ordinary Director'** means a Director other than an Independent Director;

**'Respective proportion'** means, in respect of a Shareholder, the proportion of the issued capital of the Company held by that Shareholder from time to time;

**'Shareholders'** means initially the Municipal Councils which hold Shares from time to time;

**'Shares'** means fully paid ordinary shares in the capital of the Company;

**'Simple Majority'** means:

- (a) in relation to a meeting of Directors, a majority of the Directors present at the meeting; and
- (b) in relation to a meeting of Shareholders, a majority that together holds not less than 51% of the total voting rights of all Shareholders present and entitled to vote;

**'Transfer'** means to sell, assign, transfer, convey or otherwise dispose of.

- 1.2.** In this Agreement except to the extent that the context otherwise specifies:
- 1.2.1.** any term defined in the statement of the names and descriptions of the Shareholders has the meaning there defined;
  - 1.2.2.** reference to any legislation or any provision of any legislation includes any modification or re-enactment of the legislation or any legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;
  - 1.2.3.** words denoting the singular include the plural and vice versa;
  - 1.2.4.** words denoting individuals or persons include bodies corporate and trusts and vice versa;
  - 1.2.5.** words denoting any gender include any and all genders;
  - 1.2.6.** headings are for convenience only and do not affect interpretation;
  - 1.2.7.** reference to a clause, paragraph or schedule is a reference to a clause, paragraph or schedule of this Agreement
  - 1.2.8.** reference to any document or agreement includes reference to that document or agreement as amended, notated, supplemented, varied or replaced from time to time;
  - 1.2.9.** where any word or phrase is given a definite meaning in this Agreement any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
  - 1.2.10.** reference to an amount of money is a reference to the amount in the lawful currency of the Commonwealth of Australia; and

1.2.11. reference to the rights, duties, obligations and liabilities of more than one Shareholder will in every case be a reference to rights, duties, obligations and liabilities that are several and not joint or joint and several.

1.3. This Agreement has effect on and from 4 April 2008.

## 2. Conditions Precedent

The parties acknowledge and agree that no conditions precedent are required for this Agreement.

## 3. Objectives

3.1. The Shareholders have agreed to establish an Incorporated Joint Venture to be known as the Regional Kitchen Joint Venture for undertaking and performing all matters and things necessarily incidental to the purposes of the Business as described in this Agreement. Each Shareholder acknowledges and agrees that it has met the requirements of s. 193 of the *Local Government Act 1989* (Vic).

3.2. In establishing the Incorporated Joint Venture, the Shareholders have agreed that the objectives of the Business include the following;

3.2.1. To identify, procure and develop a Facility which is suitable to lease to RFK Pty Ltd as a regional food production facility, producing food for delivered meals and other community based meals programs;

3.2.2. To select a site and construct a Facility that will maximize the social, economic and environmental benefits during construction and in the operation of the Facility.

3.2.3. To respond to changing circumstances, standards and operational requirements.

3.2.4. To maintain and upgrade the Facility in order to improve energy efficiency, minimize emissions and waste and achieve



the highest standards of production and community benefit within available resources.

- 3.2.5.** To undertake the tasks described in clauses 3.2.1 to 3.2.4 with a high level of probity, integrity and transparency.

- 3.3** In order to fulfill the objectives listed in clause 3.3, each Shareholder must:

- 3.3.1** co-operate and use the Shareholder's best endeavors to ensure that the Company successfully carries on the Business;
- 3.3.2** Not use Confidential information in a way which damages or is reasonably likely to damage the Company or any of the other Shareholders;
- 3.3.3** Not unreasonably delay an action, approval, direction, determination or decision which is required of the Shareholder;
- 3.3.4** Make approvals or decisions that are required of the Shareholder in good faith and in the best interests of the Company and the carrying on of the Business as a commercial venture; and
- 3.3.5** Be just and faithful in the Shareholder's activities and dealings with the other Shareholders.

#### 4. Structure of the Company

- 4.1 The Shareholders must procure that on the Effective date the issued capital of the Company is held legally and beneficially as follows:

Name of Council	Number of Shares held	Amount Subscribed	Percentage Shareholding
Banyule City Council	20	\$200,000	9.76%
Greater Dandenong City Council	20	\$200,000	9.76%
Darebin City Council	20	\$200,000	9.76%
Greater Geelong City Council	20	\$200,000	9.76%
Hobsons Bay City Council	20	\$200,000	9.76%
Hume City Council	25	\$250,000	12.20%
Melton Shire Council	20	\$200,000	9.76%
Moreland City Council	20	\$200,000	9.76%
Stonnington City Council	20	\$200,000	9.76%
Yarra City Council	20	\$200,000	9.76%

And for this purpose each Shareholder must subscribe at par for the number of Shares specified above.

- 4.2 Notwithstanding the provisions of clause 4.1 no Shareholder alone can hold more than 49% of the total shareholding.
- 4.3 If a Shareholder wishes to cease to hold Shares it may notify the Board of this fact and the Board may, in its discretion, decide to buy-back or cancel the Shares held by that Shareholder (subject to any prior approval of the Shareholders required under the *Corporations Act 2001*) for consideration (if any) as decided by the Board.

#### 5. Board of Directors

- 5.1 The number of Directors (excluding alternate Directors) will be five (5), unless the Shareholders otherwise unanimously determine.
- 5.2 The Directors shall be appointed by the Shareholders on the following basis:-

- 5.2.1** Each Shareholder is entitled to vote on the basis of its shareholding.
- 5.2.2** In nominating Directors each Shareholder agrees that it may nominate one person to be an Ordinary Director and one person to be an Independent Director but undertakes only to nominate persons who possess the appropriate commercial skills for the position of Director.
- 5.2.3** Only persons who meet the Eligibility Criterion may be nominated for and hold the position of Ordinary Director, other than in the circumstances described in clause 5.14.1.
- 5.2.4** To meet the Eligibility Criterion a person must be:
- 5.2.4.1 a current serving councillor of a Shareholder;
  - 5.2.4.2 a current employee of a Shareholder; or
  - 5.2.4.3 a person who is in a current contractual relationship with a Shareholder.
- 5.2.5** Two (2) Independent Directors shall be appointed. In addition to nominations under clause 5.2.2, this selection process shall be through the appointment of a reputable human resources consultant who shall provide recommendations for the positions from nominations received from the Shareholders and pursuant to a brief prepared and submitted by the Shareholders or a committee to be selected by the Shareholder. In the event that the human resources consultant determines that none of the nominations are deemed suitable then the human resource consultant has the capacity to recommend to the Board that they conduct a market search on a normal commercial basis for a suitable candidate or candidates.

- 5.2.6** Three (3) Ordinary Directors shall be appointed. In addition to nominations under clause 5.2.2, this selection process shall be through the appointment of a reputable human resources consultant who shall provide recommendations for these positions pursuant to a brief prepared and submitted by the Shareholder or a committee to be selected by the Shareholders.
- 5.3** The term of office of each Director will be as follows:
- 5.3.1** Subject to clause 5.3.2, the Directors shall be elected for a period of three (3) years and be eligible for re-election thereafter.
- 5.3.2** At the second annual general meeting after the appointment of the initial Board, one Ordinary Director and one Independent Director must resign and the Shareholders must, in accordance with clause 5.2, elect two Directors. The Directors who have resigned will be eligible for re-election.
- 5.3.3** The Directors to resign under clause 5.3.2 are to be determined by a Simple Majority vote at a Board meeting.
- 5.4** Every appointment of a Director takes effect when the Director is elected by the Shareholders or when the written consent to act as a Director is received by the Company if that is later than the date of election.
- 5.5** The Chairman of the Board will:
- 5.5.1** Be appointed annually by the Shareholders; and
- 5.5.2** In the event that there is an even number of Directors on the Board, have a casting vote as Chairman in addition to any vote she or he may otherwise have as a Director.
- 5.6** In any Board meetings each Director on the Board will be entitled to exercise one vote.



**5.7**

**5.7.1** At least four (4) Board meetings must take place each Financial year.

**5.7.2** a Board meeting may be held with the parties via the medium of telephone or video conferencing;

**5.7.3** Any Board meetings in addition to those referred to in sub-clause 5.7.1 may be convened at the written request of any two Directors. The agenda for a Board meeting convened under this sub-clause 5.7.3 must be determined by the Directors convening the meeting.

**5.8** A Board meeting will require at least five (5) Business days prior written notice to be given to all Directors unless otherwise agreed by all Directors. That notice must include an agenda and, unless all Directors otherwise agree, a Board meeting may only resolve matters specifically referred to in that agenda. Subject to sub-clause 5.7.3, the agenda must be determined by the Chairman or/and the Company secretary after consultation with the Board.

**5.9** A quorum for Board meetings is constituted by the attendance of at least three Directors.

**5.10** Any Director may retire from office on giving written notice to the Company of his or her intention to retire. Any resignation of a Director will take effect from the date specified in the notice or if the date of resignation is earlier than the date of service of the notice, the resignation will take effect from the date of service.

**5.11** The Directors may at any time appoint any person to be a Director to fill a casual vacancy but so that the total number of Directors does not at any time exceed the number specified in clause 5.1.

**5.12** Any Director so appointed under clause 5.11 shall hold office only until the next general meeting when the Company must in accordance with clause 5.2 resolve:

**5.12.1** to confirm the appointment of that Director; or

**5.12.2** to appoint another person to replace that Director.

**5.13** The Company in general meeting, may by resolution remove any Director before the expiration of his or her period of office.

**5.14** If, at any time, an Ordinary Director ceases to meet the Eligibility Criterion then that Ordinary Director:

**5.14.1** must, within 7 days of the date that he or she ceased to meet the Eligibility Criterion (Cessation Date), notify the Company in writing of the fact that he or she no longer meets the Eligibility Criterion; and

**5.14.2** will, with effect from the date occurring 7 days after the Cessation Date, cease to be a Director of the Company.

**5.15** If a person (Former Director) ceases to be a Director pursuant to clause 5.14.2 then the Board may fill that casual vacancy under clause 5.11 and the Former Director may, at the discretion of the Board, be re-appointed by the Board to fill that casual vacancy.

## **6. Decision Making**

**6.1** Subject to the Act and this Agreement, all decisions of the Board or the Shareholders in general meeting will be made by Simple Majority vote.

**6.2** All decisions in respect of the following matters when they are not included in the Business plan must be made by the Shareholders holding at least 75% of the shareholding of the members present;

**6.2.1** appointment of the Chairman;

- 6.2.2 the submission of any tender, bid or proposal relating to any contract or commitment with a value of \$50,000 or more for each Financial year;
- 6.2.3 execution of any contract or entering into any commitment with a value of \$100,000 or more for each Financial year;
- 6.2.4 incurring any capital expenditure or liability of \$100,000 or more, for an individual transaction or for a series of transactions in aggregate in any Financial year;
- 6.2.5 the acquisition of any freehold land with a value of \$100,000 or more;
- 6.2.6 entering into any Lease of real property owned by the company;
- 6.2.7 provision of guarantees by the Company to any third party that exceeds the limits determined by the Shareholders by Simple Majority vote;
- 6.2.8 obtaining new or increasing existing external borrowings where the total of all external borrowings exceeds the limits determined by the Shareholders by Simple Majority vote;
- 6.2.9 sale of the whole or part of any material undertaking of the Company including, without limitation, the sale of any assets with a value of \$100,000 or more;
- 6.2.10 entering into any transaction which is not proposed on a commercial 'arms length' basis or of any unusual or onerous nature or which is outside the ordinary course of the Business;
- 6.2.11 execution of any service, employment or consultancy contract with a term of more than 12 months, or a financial commitment of \$100,000 or more;

**6.2.12** provision of any encumbrance by the Company over any of its assets, property, undertaking or uncalled capital securing an amount in excess of \$100,000;

**6.2.13** any transaction which is governed by the provisions of the Local Government Act 1989 (Vic);

**6.2.14** execution of contracts between the Company and any Shareholder or its related body corporate pursuant to clause 11;

**6.2.15** any modification, variation or amendment to any agreement or arrangement (other than this Agreement) referred to in this sub-clause 6.2; or

**6.2.16** determination of the matters referred to in clause 10.

**6.3** In the event that a resolution relating to any matter listed in sub-clause 6.2 is defeated, any Director may ask for such proposed resolution to be submitted as early as possible as a special resolution at a Shareholders meeting convened for that purpose.

**6.4** The Shareholders acknowledge and agree that, notwithstanding any other clause in this Agreement or in the Constitution, on and from 1 July 2010 no Shareholder will be entitled to exercise its voting rights as a Shareholder unless, at the time that such rights are to be exercised, that Shareholder is a party to a valid and subsisting Meal Supply Agreement.

## **7. Management**

**7.1.** Any day-to-day requirements will be managed by the Board who may delegate such activities as it may decide.

### **7.2. Management of the Business**

**7.2.1.** The Shareholders agree that the Business will be managed on the following conditions;



- 7.2.1.1. an initial assessment of the management task for the Business will be prepared by the Board of Directors and a copy made available to the Shareholders;
- 7.2.1.2. a Business plan (including a development plan) will be prepared by the Board of Directors based on the assessment. This will involve a detailed budget and must be approved by a majority of the Shareholders at a meeting of the Shareholders;
- 7.2.1.3. any budget for additional costs is to be submitted to the Board and subject to the terms of clause 6.2 approved by a majority of Shareholders at a meeting of the Shareholders.

## **8. Financial Reporting**

- 8.1. The Shareholders must ensure that the Board considers and adopts a Business plan in accordance with the following procedure:
  - 8.1.1. at least three months before the beginning of each Financial year, the Board must cause a draft Business plan to be prepared for the following Financial year; and
  - 8.1.2. the Board must consider the draft Business plan and approve a Business plan before the beginning of the following Financial year.
- 8.2. If the Board fails to adopt a Business plan in accordance with clause 8.1, until a new Business plan is adopted under clause 8.1 the Business must be conducted on the basis of the then current Business plan.
- 8.3. The Company must provide to the Directors sufficient management and financial information and reports to allow them to monitor the efficient conduct of the Business project, including:
  - 8.3.1. at the intervals described in clause 8.4:

**8.3.1.1.** an unaudited profit and loss statement and cash flow statement (with revised projections for the following 12 months) for the three months just elapsed;

**8.3.1.2.** a balance sheet as at the expiry of that three month period; and

**8.3.1.3.** comparisons of the actual results with the projections set out in the current Business plan and explanations for any variations,

each prepared in reasonable detail and using generally accepted Australian accounting principles consistently applied, which comply with the provisions of the Act;

**8.3.2.** within 60 Business days after the end of each Financial year, a profit and loss statement and cash flow statement for the immediately preceding Financial year and balance sheet as at the end of that Financial year, audited by the Company's Auditors; and

**8.3.3.** any other reports or statements that the Board may require.

**8.4.** The reports described in clause 8.3.1 must be provided by the Company to the Directors at the following intervals:

**8.4.1.** for the period prior to occupation of the Facility by RFK Pty Ltd, a monthly report provided within 21 Business days of the end of each month; and

**8.4.2.** after RFK Pty Ltd commences occupation of the Facility, a quarterly report provided within 21 business days after the end of each March, June, September and December.

**8.5.** Should it appear to any Director that there is likely to be any material variation or adjustment to the Business, then that Director may request

a Board of Directors meeting on an urgent basis to examine and review if necessary the Business plan for the Company.

- 8.6. The Company must ensure that sufficient accounting and other reports and information are provided to the Shareholders in order to meet, and to enable them to meet, the requirements of the *Local Government Act* 1989 (Vic).

## 9. Accounts

- 9.1. The Shareholders must ensure that the records and accounting books of the Company are kept in accordance with the law, generally and specifically in accordance with the Local Government Act 1989 (Vic) and the Corporations Act 2001 (Commonwealth), are audited yearly and reflect generally accepted Australian accounting principles, procedures and practices consistently applied.
- 9.2. After giving at least two (2) Business days notice to the Company, each Shareholder will be entitled to full access during the Company's normal business hours through an accountant, agent or employee of that Shareholder and at that Shareholder's cost to inspect all the books, accounts, records and facilities of the Company for the purpose of auditing, valuing the Company, making copies or any other reasonable purpose.
- 9.3. Before an inspection occurs or access is permitted under clause 9.2, an accountant, agent or employee appointed by a Shareholder must sign a confidentiality agreement in the form approved by the Board.
- 9.4. Each Shareholder must use its reasonable efforts to:
- 9.4.1. complete an inspection under clause 9.2 within five Business days of its commencement; and
- 9.4.2. minimise any disruption to the Company's operations.

## 10. Funding



- 10.1. Each Shareholder must contribute its Respective proportion of the funding requirements of the Company, as determined by the Shareholders from time to time. The Shareholders must ensure that on the Effective date they have advanced to the Company, their funding obligations in accordance with their Respective proportions.
- 10.2. The obligation referred to in clause 10.1 ('funding obligation') must be satisfied by a subscription for Shares by each Shareholder in accordance with its Respective proportion.
- 10.3. The Board must determine the number of new fully paid Shares to be issued and allotted under sub-clause 10.2 in order to satisfy each contribution.
- 10.4. The Shareholders must not provide their shares as security, or create or give any encumbrance over their shares in favour of any party without the prior written consent of all Shareholders which may be withheld by each of them at their absolute discretion. This clause 10.4 does not apply to any floating charge over the assets of a Shareholder that is in existence on or before the date of this Agreement.
- 10.5. Subject to clauses 10.4 and 10.6, this clause 10 does not prohibit external borrowings by the Company, on terms and conditions determined by the Board.
- 10.6. The Shareholders must ensure that the Company does not undertake any activity including (without limitation) entering into a contract or arrangement to provide services or obtaining external borrowings from a financial institution (or other third party) that requires the Shareholders to give a guarantee, bond or other security without the prior written consent of each Shareholder. Where the Shareholders agree to provide such security and the Shareholders agree with the financial institution or third party that any liability is to be assumed severally by them under that security, the Shareholders agree that:



**10.6.1.** the amount of such liability will be apportioned between the Shareholders in their Respective proportions; and

**10.6.2.** notwithstanding any agreement with or action by the beneficiary of such guarantee, undertaking or obligation, the Shareholders, between themselves, shall be liable to make contribution to each other and indemnify each other so that any such liability is ultimately borne by the Shareholders in their Respective proportions.

**10.7.** Any guarantee, bond, undertaking or other security given severally by the Shareholders is irrevocable except with the written consent of all Shareholders, such consent not to be unreasonably withheld. In the event that all Shareholders agree to release any exiting Shareholders from any such obligation then they will use their best endeavors to obtain such discharge. All costs associated with the work in obtaining a discharge shall be paid by the exiting Shareholder.

## **11. Agreements Between Company and Shareholders**

**11.1.** Each Shareholder acknowledges that the Company may wish to enter into certain agreements or arrangements with any Shareholder (or related body corporate). Those agreements or arrangements must:

**11.1.1.** be negotiated on an arm's length basis;

**11.1.2.** be finalised on normal commercial terms;

**11.1.3.** not be entered into without the prior unanimous approval of the Board;

**11.1.4.** not be considered, nor voted upon, by Directors who have any relationship with the Shareholder (or any related body corporate) proposing to enter into the agreement or arrangement; and

**11.1.5.** not be performed unless an agreement has been entered into in accordance with this clause.

## **12. Transfer of Shares**

**12.1.** Unless all the Shareholders otherwise agree, a Shareholder must not transfer shares except in accordance with this clause 12 and clauses 13 or 19.

### **12.2.**

**12.2.1.** A Shareholder may transfer all (but not part) of its shares to a wholly-owned subsidiary or a wholly-owned subsidiary of that Shareholder's ultimate holding company (for the purposes of this clause only, 'subsidiary') if, in addition to complying with clause 12.6, the Shareholder and the subsidiary agree that the shares must be re-transferred to the Shareholder if the subsidiary ceases to be wholly-owned by the Shareholder.

**12.2.2.** A Shareholder will remain liable for the performance of the duties, responsibilities and obligations assumed by any subsidiary, except that performance by the subsidiary will, to the extent so performed, discharge the Shareholder from the performance of those duties, responsibilities and obligations.

**12.3.** Subject to clause 12.2, a Shareholder must not transfer, directly or indirectly, its shares except by first issuing a transfer notice (in a form specified by the Board) to the Board in accordance with clause 13. Such transfer notice must be accompanied by the share certificate relating to the Shares to be transferred and both documents must be delivered to the registered Office of the Company.

**12.4.** If there is a change in Control of a Shareholder other than an amalgamation of local municipal Councils then the Shareholder is deemed to have issued, by operation of clause 12.5 a transfer for all its shares and clause 13 applies to the transfer of those shares.

**12.5.** A deemed transfer of shares arises, and a transfer notice is deemed to be issued, by operation of clauses 12.4 or 19 and clause 13 will apply to the sale of those shares and each Shareholder waives any rights it may

have against the other Shareholder to claim relief from forfeiture or to claim that the operation of this clause or clause 19 is a penalty.

- 12.6.** Unless all the other Shareholders agree, a transfer will not be permitted, unless each of the following conditions of transfer are satisfied:

**12.6.1.** the transfer must relate to at least 30% of the Shares held by the transferor;

**12.6.2.** after the transfer the transferor must hold at least 5% of the issued Shares of the Company;

**12.6.3.** the new Shareholder must enter into and deliver to each other Shareholder a deed of accession; and

**12.6.4.** subject to compliance with the law, all loans from the Company to the Shareholder transferring its shares must be repaid in full.

- 12.7.** No transfer of shares may be made to a third party if, in the reasonable opinion of the Shareholders (other than the Shareholder transferring its shares), the third party is not of good standing, financial substance and reputation.

- 12.8.** No transfer of shares may be made to a third party who is not a Municipal Council.

- 12.9.** Nothing in this clause shall prevent any Council which has amalgamated with another Council from transferring their shareholding to the new amalgamated entity which will on signing a Deed of Accession in Schedule 3 become a Shareholder and party to this Agreement.

#### **12(a) Issue of New Shares**

The Board may, by a Simple Majority vote, cause the Company to issue new Shares to any Council provided that Council has signed a Deed of Accession as annexed in Schedule 3. The number of Shares to be issued and the



applicable terms and conditions as to price and provisions of any guarantees will be as the Board may reasonably determine.

### 13. Procedure on Transfer of Shares

#### 13.1. A transfer notice:

13.1.1. is to be deemed to be issued, by operation of clauses 12.4 or 19, on the first date that a Director is aware of the circumstances that cause clauses 12.4 or 19 to operate in respect of a Shareholder, and

13.1.2. is issued under clause 12.3 on the date the Board receives a transfer notice from the seller.

13.2. A transfer notice constitutes the Board as the agent of the Shareholder that issues or is deemed to have issued a transfer notice ('seller') for the sale of shares ('sale shares') to Shareholders (other than the seller) in accordance with this clause at a price per sale share determined under clause 14 ('sale price'). The sale price will be final and binding upon the seller and the transferee.

13.3. On or within fourteen (14) Business days of the sale price being determined, the Board must offer for sale to each Shareholder (other than the seller) ('recipient'), at the sale price a number of the sale shares calculated in accordance with the following formula ('round 1 offer'):

$$A \times \frac{B}{(C - A)}$$

Where:

A = the number of sale shares the subject of the transfer notice.

B = the number of shares held by that recipient on the date of the round 1 offers.



C = the total number of issued shares on the date of the round 1 offers.

- 13.4.** On or within fourteen (14) Business days after receipt of its round 1 offer, each recipient must notify the Board whether it accepts or rejects its round 1 offer. If a recipient accepts its round 1 offer, the seller is bound to sell, and each accepting recipient ('accepting Shareholder') is bound to purchase, the total number of sale shares contained in its round 1 offer at the sale price and otherwise on the terms specified in the round 1 offers.
- 13.5.** Subject to clauses 12.7 and 12.8, if any recipient rejects the round 1 offer or fails to notify the Board during the fourteen (14) day period after receipt of that offer pursuant to clause 13.4, the seller may withdraw the transfer notice and may sell all the shares referred to in that offer to a third party on terms no more favourable to the third party than those offered to the recipients and at a price not less than the price set out in the transfer notice.
- 13.6.** Completion of the sale of shares or remaining sale shares must take place within ten (10) Business days after the date of the recipient's notice of acceptance under clauses 13.4 and 13.5 at a time and place to be agreed by the seller and the recipient or failing agreement at the Office at 10 am on the next Business day after expiry of that fourteen (14) Business day period.
- 13.7.** At completion of the sale of the sale shares or remaining sale shares:
- 13.7.1.** the accepting Shareholder must pay the sale price to the seller for the sale shares or remaining sale shares that it has agreed to purchase; and
  - 13.7.2.** the seller must deliver to the accepting Shareholder the certificates relating to the sale shares or remaining sale shares and a transfer of the sale shares or remaining sale shares duly executed by the seller.

**13.8.** If a Shareholder defaults in completing the transfer of its shares in accordance with this clause ('defaulting Shareholder'), the Board must on written direction from the proposed transferee ('buyer'):

**13.8.1.** receive the purchase price from the buyer on behalf of the defaulting Shareholder;

**13.8.2.** give to the buyer a valid receipt of the purchase price on behalf of the defaulting Shareholder;

**13.8.3.** execute transfers of the defaulting Shareholder's shares in favour of the buyer;

**13.8.4.** ensure that the buyer's name is entered in the Company's register of members as the holder of the defaulting Shareholder's shares; and

**13.8.5.** take all further action necessary to complete the transfer of the defaulting Shareholder's shares as required under this Agreement.

**13.9.** The defaulting Shareholder hereby irrevocably appoints the Company as attorney for the defaulting Shareholder to do all acts and things which may ought to be done by the defaulting Shareholder here under and without limiting the generality of the foregoing and the attorney shall have power in the name of the defaulting Shareholder to sign and negotiate any documents or instruments as the attorney shall think fit to effect the transfer of the defaulting Shareholder's shares.

**14. Determination of Sale Price**

**14.1.** Within five (5) Business days of a transfer notice being issued or deemed to be issued under clause 13.1, the Board must agree on a person ('valuer') to value the sale shares, or failing agreement procure that the President of the Real Estate Institute of Victoria nominates a valuer, and the Board must instruct the valuer chosen or nominated to value the shares of the Company, adopting the method of valuation that

the valuer considers appropriate, but in valuing the shares the valuer must:

**14.1.1.** assume that a reasonable time is available in which to obtain a sale of the shares to another local government entity;

**14.1.2.** have regard to any other factors (including the assets and liabilities of the Company) which the valuer believes should properly be taken into account; and

**14.1.3.** act as an expert and not as an arbitrator.

**14.2.** The sale price will be final and binding upon the seller and the transferee.

**14.3.** The cost of the valuer's determination must be borne by the seller.

## **15. Publicity and Confidentiality**

**15.1.** Subject to clause 15.2, no Shareholder will make a public announcement relating to this Agreement without the prior written consent of the other Shareholders which consent may not be unreasonably withheld.

**15.2.** A Shareholder is entitled to make a public announcement relating to this Agreement if required to do so by law, an order of a court of competent jurisdiction or by stock exchange rules.

**15.3.** Each Shareholder ('recipient') agrees in relation to Confidential Information of another Shareholder or the Company ('owner'):

**15.3.1.** to use the Confidential Information only for the purposes of the Business; and

**15.3.2.** to keep that Confidential Information confidential and not disclose it or allow it to be disclosed to any third party except:



**15.3.2.1.** with the consent of the owner;

**15.3.2.2.** with the consent of the Company and the Shareholders with respect to Confidential Information of the Company; or

**15.3.2.3.** to officers, employees and consultants or advisers of the recipient and of the recipients related bodies corporate who have a need to know (and only to the extent that each has a need to know) and are aware that the Confidential Information must be kept confidential,

and the Shareholders must take or cause to be taken reasonable precautions necessary to maintain the secrecy and confidentiality and to prevent the disclosure of the Confidential Information.

**15.4.** The obligations of confidentiality under this Agreement do not extend to information that (whether before or after this Agreement is executed):

**15.4.1.** is disclosed to a recipient under or in relation to this Agreement, but at the time of disclosure is rightfully known to or in the possession or control of the recipient and not subject to an obligation of confidentiality on the recipient;

**15.4.2.** is public knowledge (otherwise than as a result of a breach of this Agreement); or

**15.4.3.** is required by law to be disclosed and the recipient required to make the disclosure has taken all reasonable steps to oppose or prevent the disclosure and to limit, as far as reasonably possible, the extent of the disclosure.

**15.5.** on ceasing to be a Shareholder on the termination of this Agreement each Shareholder must:



**15.5.1.** continue to keep confidential all Confidential Information of each other Shareholder and the Company; and

**15.5.2.** at each owner's option, return to that owner or destroy and certify the destruction of that owner's Confidential Information.

**15.6.** The rights and obligations of the Shareholders set out in this Agreement with respect to Confidential Information will survive termination of this Agreement.

**16. Dispute Resolution**

**16.1.** A Shareholder will not start arbitration or court proceedings (except proceedings seeking interlocutory relief) in respect of a dispute arising out of this Agreement ('dispute') unless it has complied with this clause.

**16.2.** A Shareholder claiming that a dispute has arisen must notify the other Shareholders, giving details of the dispute.

**16.3.** During the twenty-one (21) day period after a notice is given under clause 16.2 (or longer period agreed in writing by the parties to the dispute) ('initial period') each party to the dispute ('disputant') must use its best efforts to resolve the dispute.

**16.4.** If the disputants are unable to resolve the dispute within the initial period, each disputant agrees that the dispute must be referred for mediation in accordance with the Mediation Rules of the Law Institute of Victoria, at the request of any disputant, to:

**16.4.1.** a mediator agreed on by the disputants; or

**16.4.2.** if the disputants are unable to agree on a mediator within seven (7) days after the end of the initial period, a mediator nominated by the then president of Law Institute of Victoria.

- 16.5. The role of any mediator is to assist in negotiating a resolution of the dispute. A mediator may not make a decision that is binding on a disputant unless that disputant has so agreed in writing.
- 16.6. Any information or documents disclosed by a disputant under this clause:
  - 16.6.1. must be kept confidential; and
  - 16.6.2. may not be used except to attempt to resolve the dispute.
- 16.7. Each disputant must bear its own costs of complying with this clause and the disputants must bear equally the costs of any mediator engaged.
- 16.8. After the initial period, a disputant that has complied with clauses 16.1, 16.2 and 16.3, may terminate the dispute resolution process by giving notice to each other disputant.
- 16.9. If in relation to a dispute a disputant breaches any provision of clauses 16.1 to 16.6, each other disputant need not comply with clause 16.1 to 16.6 in relation to that dispute.

**17. Acknowledgments and Warranties**

- 17.1. Each of the Shareholders severally represents and warrants to all Shareholders that it is a 'Council' within the meaning of the Local Government Act 1989 (Vic) and has all requisite powers to own property and has the necessary power to bind itself in the manner contemplated by this Agreement and to execute, deliver and perform this Agreement and to become bound thereby.
- 17.2. Each of the Shareholders severally represents and warrants to each other that this Agreement has been validly executed and delivered by it and constitutes the valid, binding and enforceable obligations of it in accordance with its terms, subject to the discretionary authority of a

court in granting equitable remedies and all applicable bankruptcy and insolvency laws

**17.3.** Each of the Shareholders severally agrees that no Shareholder makes any representation or warranty to any other Shareholder other than as expressly referred to in this Agreement and each Shareholder enters into this Agreement and (where applicable) becomes a Shareholder or acquires shares entirely on the basis of its own investigations and decisions and not in reliance on any act or representation made by any other Shareholder.

**17.4.** Each of the Shareholders severally represents and warrants that the consent of the Minister pursuant to the Local Government Act 1989 (Vic) has been sought and consent has or will be given.

## **18. Termination**

**18.1.** Subject to clause 18.3, this Agreement will be terminated:

**18.1.1.** by mutual agreement in writing of all Shareholders;

**18.1.2.** for any Shareholder - when it ceases to hold, directly or indirectly, any shares;

**18.1.3.** when the Company is wound up by an order of a court.

**18.2.** Termination of this Agreement will be without prejudice to any accrued rights of the Shareholders.

**18.3.** Each Shareholder agrees that after termination of this Agreement the obligations under clause 15 continue in force.

## **19. Default**

**19.1.** If any of the events specified in clause 19.2 occurs in relation to a Shareholder ('defaulting Shareholder'), then the defaulting Shareholder is deemed to have issued a transfer notice in accordance with clauses

12.4 and 13.1 for all its shares, and clause 13 applies to the sale of those shares save and except that the Shareholder agrees that in such case, the sale price shall be seventy-five percent (75%) of the sale price as determined by clause 14.

**19.2.** The events referred to in clause 19.1 are:

**19.2.1.** if a Shareholder breaches any provision of this Agreement, then another Shareholder may give to each of the other Shareholders notice of the default and in the event that an aggregate Respective proportion of 75% of the Shareholders agree, the defaulting Shareholder will be given a notice in writing giving them thirty (30) days in which to rectify that breach and if this breach is not so remedied, a default is deemed to have occurred; or

**19.2.2.** if a Shareholder has an administrator, trustee, liquidator or provisional liquidator appointed for all or any part of its assets or undertaking.

## **20. Assignment**

**20.1.** A party must not assign, declare itself a trustee of, create any encumbrance in respect of or dispose of, any of its rights and interests under this Agreement:

**20.1.1.** except with the prior written consent of each Shareholder which each Shareholder may withhold at its sole discretion; or

**20.1.2.** unless this Agreement expressly provides otherwise.

## **21. Counterparts**

This agreement may be executed in any number of counterparts and all such counterparts when executed and taken together will constitute this Agreement.

## **22. Entire Agreement**



This agreement comprises the entire agreement between the Shareholders and no earlier agreement, understanding or representation, whether oral or in writing, in relation to any matter dealt with in this Agreement will have any effect from the date of this Agreement.

**23. Further Action**

Each Shareholder must do or cause to be done or refrain from doing all such things necessary to give effect to this Agreement.

**24. Choice of Jurisdiction and Law**

This agreement will be governed by and construed in accordance with the law from time to time in force in Victoria, Australia and the Shareholders submit to the non-exclusive jurisdiction of the courts of that state.

**25. Non-Merger**

None of the terms or conditions of this Agreement, or any act, matter or thing done or by virtue of this Agreement or any other agreement, instrument or document, or judgment or order of any court or judicial proceeding, will operate as a merger of any of the rights and remedies of the Shareholders under this Agreement, and those rights and remedies will at all times continue in force.

**26. Notices**

**26.1.** Any notice given by a Shareholder under this Agreement must be in writing and addressed to the recipient at its address specified in Schedule 1 or as otherwise notified to the other Shareholders in writing from time to time.

**26.2.** A notice must be given by hand delivery, by post or sent by facsimile. Where a notice is sent by facsimile, the sending Shareholder must also send a copy of the notice by letter posted on the same or the following day, and the recipient must acknowledge receipt in writing.

26.3. A notice which is sent by post or facsimile will be deemed to be received on the day that the notice or the transmission of the facsimile is received by the recipient.

26.4. A notice which is given by hand delivery before 4 pm on a Business day will be deemed to have been received on that day and, in any other case of hand delivery, will be deemed to have been received on the Business day next following.

27. **Waiver**

27.1. The failure, delay or omission by a Shareholder to exercise any power or right conferred upon that Shareholder by this Agreement will not operate as a waiver of that power or right, nor will any single exercise of any such power or right preclude any other or future exercise of the power, or the exercise of any other power or right under this Agreement.

27.2. A waiver of any provision of this Agreement, or consent to any departure by a Shareholder from any provision of this Agreement, must be in writing and signed by all Shareholders and is effective only to the extent that it is given.

28. **Variation**

This Agreement may not be changed or modified in any way after its execution except in writing signed by all the Shareholders.

29. **Costs**

Each party must bear their own legal and other costs and expenses of and incidental to the preparation and execution of this Agreement.

**30. Paramountcy**

The provisions of this Agreement will prevail over any inconsistent section in the Constitution and the Shareholders agree that the Constitution will be amended to remove any inconsistency.

**31. No Partnership or Agency**

**31.1.** The rights, duties and obligations and liabilities of the Shareholders under this Agreement are several and not joint or collective. Each Shareholder will be individually responsible only for its obligations as specified in this Agreement.

**31.2.** Nothing contained or implied in this Agreement will create or constitute, or be deemed to create or constitute, a partnership between the Shareholders. A Shareholder must not act, represent or hold itself out as having authority to act as the agent of or in any way bind or commit the other Shareholders to any obligation.

**32. Severability**

Part or all of any clause of this Agreement that is illegal or unenforceable will be severed from this Agreement and will not affect the continued operation of the remaining provisions of this Agreement.

**33. Consent**


Where this Agreement provides that any particular transaction or matter requires the consent, approval or agreement of any Shareholder that consent, approval or agreement may be given subject to such terms and conditions as that Shareholder may impose and any breach of such terms and conditions by any person will be deemed to be a breach of the terms of this Agreement.


\*\*\*


**IN WITNESS WHEREOF** the parties have hereunto set their hands and seals on the day and year first hereinbefore written.





Name of Council	Signatories Block
<b>Banyule City Council</b>	<p><b>THE COMMON SEAL of BANYULE CITY COUNCIL</b> is affixed in the presence of:</p> <p><b>47F</b> [Redacted Signature] .....COUNCILLOR</p> <p>[Redacted Signature] .....CHIEF EXECUTIVE OFFICER</p>


<b>Greater Dandenong City Council</b>	<p>The Common Seal of the <b>GREATER DANDENONG CITY COUNCIL</b> was hereunto affixed in the presence of -</p> <p><b>47F</b> [Redacted Signature]</p> <p><b>s 47F</b> [Redacted Signature] Chief Executive Officer</p> <p><b>s 47F</b> [Redacted Signature] Mayor</p> 
---------------------------------------	---

<b>Darebin City Council</b>	<p>THE COMMON SEAL of <b>DAREBIN CITY COUNCIL</b> was affixed on</p> <p>with the authority of the Council:</p> <p>47F [Redacted] Chief Executive Officer</p> 
-----------------------------	--

<b>Greater Geelong City Council</b>	<p>THE COMMON SEAL of GREATER <u>GEELONG CITY COUNCIL</u> was affixed hereto in the presence of:</p> <p>47F [Redacted]</p> 
-------------------------------------	---

<b>Hobsons Bay City Council</b>	<p>The COMMON SEAL of the <b>HOBSONS BAY CITY COUNCIL</b> was hereunto affixed in the presence of:</p> <p>47F [Redacted]</p> <p>[Redacted] Councillor</p> <p>[Redacted] Chief Executive Officer</p> 
---------------------------------	---


<b>Hume City Council</b>	<b>THE COMMON SEAL of HUME CITY COUNCIL</b>	)
	was hereto affixed on the	)
	in the presence	)
	of:	
	Councillor	47F
	Chief Executive Officer	
		

<b>Melton Shire Council</b>	<b>THE COMMON SEAL OF THE MELTON SHIRE COUNCIL</b>	)
	was hereunto affixed in the	)
	presence of:	)
	47F	
	Councillor	
	Chief Executive Officer	47F
		

<b>Moreland City Council</b>	<b>SIGNED by</b>	47F
	Chief Executive Officer of the	47F
	Moreland City Council, in the exercise of	
	a power conferred by an Instrument of	
	Delegation dated 14 November 2005	
	in the presence of:	
	Chief Executive Officer	
	47F	
	Witness	

<b>Stonnington City Council</b>	Signed under delegation on behalf of Stonnington City Council by:
	47F [Redacted Signature]
	Chief Executive Officer
	in the presence of
	47F [Redacted Signature]
	Witness

<b>Yarra City Council</b>	FOR MAYOR and CEO
	THE COMMON SEAL of the YARRA CITY COUNCIL was affixed hereto in the presence of:)
	47F [Redacted Signature]
	Mayor [Redacted Signature] Chief Executive Officer





# SCHEDULE 1

## THE SHAREHOLDERS

Council	Postal Address	Fax Number	Shareholder Representative	Percentage of total shareholding	Number of Shares
<b>Banyule City Council</b> 275 Upper Heidelberg Road IVANHOE VIC 3079	PO Box 51 IVANHOE VIC 3079	(03) 9499 9475	47F	9.76%	20
<b>Greater Dandenong City Council</b> 39 Clow Street DANDENONG VIC 3175	PO Box 200 DANDENONG VIC 3175	(03) 9239 5196		9.76%	20
<b>Darebin City Council</b> 274 Gower Street, PRESTON VIC 3072	PO Box 91 PRESTON VIC 3072	(03) 8470 8877		9.76%	20
<b>Greater Geelong City Council</b> 30 Gheringhap Street GEELONG VIC 3220	PO Box 104 GEELONG VIC 3220	(03) 52270258		9.76%	20
<b>Hobsons Bay City Council</b> 115 Civic Parade ALTONA VIC 3018	PO Box 21 ALTONA VIC 3018	(03) 9932 1039		9.76%	20
<b>Hume City Council</b> 1079 Pascoe Vale Rd BROADMEADOWS VIC 3047	PO Box 119 DALLAS VIC 3047	(03) 9309 0109		12.20%	25
<b>Melton Shire Council</b> 232 High Street MELTON VIC 3337	PO Box 21 MELTON VIC 3337	(03) 9717 7374		9.76%	20

Council	Postal Address	Fax Number	Shareholder Representative	Percentage of total shareholding	Number of Shares
<b>Moreland City Council</b> 90 Bell Street COBURG VIC 3058	Locked Bag 10 MORELAND VIC 3058.	(03) 9240 1212	47F	9.76%	20
<b>Stonnington City Council</b> Corner of High Street & Glenferrie Road MALVERN VIC 3144	PO Box 21 PRAHRAN VIC 3181	(03) 8290 1150		9.76%	20
<b>Yarra City Council</b> 333 Bridge Road RICHMOND VIC 3121	PO Box 168 RICHMOND VIC 3121	(03) 8417 6666		9.76%	20

**SCHEDULE 2**  
**CONSTITUTION OF THE COMPANY**

**Dated**

**Constitution**

**CORPORATIONS ACT 2001**  
**COMPANY LIMITED BY SHARES**

**REGIONAL KITCHEN Pty Ltd**

## TABLE OF CONTENTS

<b>1.</b>	<b>DEFINITIONS .....</b>	<b>47</b>
<b>2.</b>	<b>STATUS OF THIS CONSTITUTION.....</b>	<b>48</b>
<b>3.</b>	<b>NAME OF THE COMPANY.....</b>	<b>48</b>
<b>4.</b>	<b>LIABILITY OF MEMBERS .....</b>	<b>48</b>
<b>5.</b>	<b>LIMITATIONS ON COMPANY .....</b>	<b>48</b>
5.1	Members .....	48
5.2	Subscription.....	48
5.3	Deposits .....	48
5.4	Partly Paid Shares.....	48
<b>6.</b>	<b>REPLACEABLE RULES.....</b>	<b>48</b>
<b>7.</b>	<b>SHARE CAPITAL AND VARIATION OF RIGHTS .....</b>	<b>49</b>
7.1	General .....	49
7.2	Preference Shares .....	49
7.3	Class Rights .....	49
7.4	Recognition of Shares Held on Trust .....	50
7.5	Entitlement to Share Certificates .....	50
7.6	Lost or Destroyed Certificates.....	50
<b>8.</b>	<b>ALTERATION OF CAPITAL .....</b>	<b>50</b>
8.1	Larger Nominal Value .....	50
8.2	Smaller Nominal Value .....	50
<b>9.</b>	<b>GENERAL MEETINGS .....</b>	<b>51</b>
9.1	General .....	51
9.2	Circulating Resolutions .....	51
9.3	Notices .....	51
9.4	Cancellation of Meeting .....	52
<b>10.</b>	<b>PROCEEDINGS AT GENERAL MEETINGS.....</b>	<b>53</b>
10.1	General .....	53
10.2	Quorum not Present .....	53
10.3	Chair.....	54
10.4	Adjournment of Meeting.....	54
10.5	Resolutions at Meetings .....	54
10.6	Poll at Meetings .....	55
10.7	Casting Vote of Chair.....	55
10.8	Votes by Members.....	55
10.9	Entitlement to Vote .....	55
10.10	Objections to Qualification to Vote .....	55
10.11	Proxies .....	56
10.12	Time Within Which Proxies to be Lodged .....	56
10.13	Validity of Votes made by Proxy .....	57
<b>11.</b>	<b>DIRECTORS .....</b>	<b>57</b>
11.1	Remuneration of Directors .....	57
11.2	Additional Circumstances for Vacation of Office .....	57



11.3	Conflict of Interest.....	58
<b>12.</b>	<b>POWERS AND DUTIES OF DIRECTORS .....</b>	<b>58</b>
12.1	Attorney for Company.....	58
12.2	Execution of Cheques and Bills of Exchange.....	59
<b>13.</b>	<b>PROCEEDINGS OF DIRECTORS .....</b>	<b>59</b>
13.1	General .....	59
13.2	Director Interested in Contract with Company.....	59
13.3	Deputy Chair .....	59
13.4	Delegation by Directors .....	60
13.5	Committees of Directors .....	60
13.6	Resolutions of Directors.....	60
13.7	Validity of Acts of Directors.....	61
<b>14.</b>	<b>SECRETARY .....</b>	<b>61</b>
<b>15.</b>	<b>SEAL.....</b>	<b>61</b>
15.1	Custody of Seal .....	61
15.2	Use of Seal.....	61
<b>16.</b>	<b>ACCOUNTS .....</b>	<b>61</b>
<b>17.</b>	<b>DIVIDENDS AND RESERVES .....</b>	<b>62</b>
17.1	Declaration of Dividends .....	62
17.2	Interim Dividends.....	62
17.3	Interest on Dividends .....	62
17.4	Reserves .....	62
17.5	Entitlement to Dividends .....	62
17.6	Deductions from Dividends.....	63
17.7	Dividends Paid from Specific Assets.....	63
17.8	Payment of Dividends.....	63
<b>18.</b>	<b>NOTICES .....</b>	<b>63</b>
<b>19.</b>	<b>WINDING UP .....</b>	<b>64</b>
19.1	Division of Property .....	64
19.2	Vesting of Property .....	64
<b>20.</b>	<b>INDEMNITY.....</b>	<b>64</b>
20.1	Definition of Liability and Officer .....	64
20.2	Indemnity of Officers.....	64
20.3	Indemnity for proceedings .....	64
<b>21.</b>	<b>INTERPRETATION .....</b>	<b>65</b>
21.1	Persons .....	65
21.2	Legislation .....	65
21.3	This Document, Clauses and Headings .....	65
21.4	Business Day .....	65
21.5	Number and Gender .....	65
	<b>SCHEDULE .....</b>	<b>66</b>

## CONSTITUTION

---

### CORPORATIONS ACT 2001

#### REGIONAL KITCHEN PTY LTD A COMPANY LIMITED BY SHARES

#### 1. DEFINITIONS

---

In this Constitution:

**Act** means the Corporations Act 2001 (Commonwealth).

**ASIC** means the Australian Securities and Investment Commission.

**Business Day** means a day (other than a Saturday or Sunday) on which banks (as defined in the Banking Act 1959 (Commonwealth)) are generally open for business.

**Constitution** means this Constitution and any supplementary, substitute or amended Constitution for the time being in force.

**Company** means the abovenamed company.

**Delegate** means a person appointed as a delegate of the Directors in accordance with clause 13.4.

**Director** means a Director for the time being of the Company.

**Directors** means all Directors for the time being of the Company and if there is only one Director, that Director.

**Member** means a holder of Shares.

**Members** means all Members for the time being of the Company and if there is only one Member, that Member.

**Nominated Interest Rate** means the interest rate per annum calculated as the National Australia Bank Limited Base Rate plus 2% per annum.

**Seal** means the common seal of the Company and includes any official seal of the Company.

**Secretary** means any person appointed to perform the duties of a secretary of the Company.

**Shares** means shares in the capital of the Company.

Except so far as the contrary intention appears in this Constitution, an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Act, the same meaning as in that provision of the Act.

## **2. STATUS OF THIS CONSTITUTION**

---

- 2.1 In the event that all Members execute a Shareholders' Agreement relating to the Company and terms of that agreement are inconsistent with the terms of this Constitution, the terms of the Shareholders' Agreement will apply to the extent of the inconsistency.
- 2.2 The business of the Company will be conducted as described in the Shareholders' Agreement.

## **3. NAME OF THE COMPANY**

---

The name of the Company is specified at the top of page one of this Constitution.

## **4. LIABILITY OF MEMBERS**

---

The liability of Members is limited.

## **5. LIMITATIONS ON COMPANY**

---

### **5.1 Members**

The Company limits to not more than 50 the number of its Members, counting joint holders of Shares as one person and not counting any person who is employed by the Company or any of its subsidiaries or any person who was while so employed and since then has continued to be, a Member of the Company.

### **5.2 Subscription**

The Company prohibits:

- 5.2.1 any invitation to the public to subscribe for; and
- 5.2.2 any offer to the public to accept subscriptions for
- any Shares in, or debentures of, the Company.

### **5.3 Deposits**

The Company prohibits any invitation to the public to deposit money with, and any offer to the public to accept deposits of, money with the Company for fixed periods or payable at call, whether bearing or not bearing interest.

### **5.4 Partly Paid Shares**

The Company will not issue partly paid Shares.

## **6. REPLACEABLE RULES**

---

Each of the sections or sub-sections of the Act which would apply to the Company as replaceable rules within the meaning of the Act, if not for this clause, are displaced and do not apply to the Company.



## **7. SHARE CAPITAL AND VARIATION OF RIGHTS**

---

### **7.1 General**

- 7.1.1 Shares issued will be of a class specified in the Schedule or any other class permitted by this Constitution, provided that the class of shares to be issued is approved at a meeting of Directors.
- 7.1.2 Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares but subject to the Act, Shares may only be issued with the approval of the Directors and any such Shares may be issued with such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors determine.

### **7.2 Preference Shares**

Subject to the Act and this Constitution, the Directors may by unanimous agreement issue any preference Shares on the terms that they are, or at the option of the Company are, liable to be redeemed.

### **7.3 Class Rights**

- 7.3.1 The rights attached to Shares in a class of shares may be varied or cancelled only by special resolution of the Company and:
  - 7.3.1.1 by special resolution passed at a meeting of the class of Members holding Shares in the class; or
  - 7.3.1.2 with the written consent of Members with at least 75% of the votes in the class.
- 7.3.2 If the Shares in a class of Shares are divided into further classes, and after division the rights attached to all of those Shares are not the same:
  - 7.3.2.1 the division is taken to vary the rights attached to every Share, that was in the class existing before the division; and
  - 7.3.2.2 Members who hold Shares to which the same rights are attached after the division form a separate class.
- 7.3.3 If the rights attached to some of the Shares in a class of Shares are varied:
  - 7.3.3.1 the variation is taken to vary the rights attached to every other Share that was in the class existing before the variation; and
  - 7.3.3.2 Members who hold Shares to which the same rights are attached after the variation form a separate class.



## **7.4 Recognition of Shares Held on Trust**

- 7.4.1 Except as required by the Act, the Company shall not recognise a person as holding a Share upon any trust.
- 7.4.2 The Company is not bound by or compelled in any way to recognise (whether it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any Share or unit of a Share or (except as otherwise provided by this Constitution or by the Act) any other right in respect of a Share except an absolute right of ownership in the registered holder.

## **7.5 Entitlement to Share Certificates**

- 7.5.1 A person whose name is entered as a Member in the register of Members is entitled to receive a certificate in respect of his or her Shares in accordance with the Act but, in respect of a Share or Shares held jointly by several persons, the Company is not bound to issue more than one certificate.
- 7.5.2 Delivery of a certificate for a Share to one of several joint holders is sufficient delivery to all such holders.

## **7.6 Lost or Destroyed Certificates**

Upon the loss or destruction of a Share certificate, it may be renewed upon payment of a fee not exceeding the prescribed amount pursuant to the Act and on provision of:

- 7.6.1 a statement in writing that the certificate has been lost or destroyed, and has not been pledged, sold or otherwise disposed of and, if lost, that proper searches have been made; and
- 7.6.2 an undertaking in writing that if it is found or received by the owner it will be returned to the Company.

# **8. ALTERATION OF CAPITAL**

---

## **8.1 Larger Nominal Value**

The Company may by resolution consolidate and divide all or any of its Share capital into Shares of larger nominal value than its existing Shares.

## **8.2 Smaller Nominal Value**

The Company may by resolution subdivide all or any of its Shares into Shares of smaller nominal value (a subdivision must not alter the proportion between the amount paid and the amount (if any) unpaid on the Shares concerned).

## **9. GENERAL MEETINGS**

---

### **9.1 General**

- 9.1.1 Any two Directors, whenever they think fit, may convene a general meeting of Members.
- 9.1.2 The Members agree that, notwithstanding sections 249B and 249F of the Act, a general meeting of Members may only be called by Members if such a meeting is called by Members with at least 25% of the votes that may be cast at the general meeting.

### **9.2 Circulating Resolutions**

- 9.2.1 If all the Members have signed a document containing a statement that they are in favour of a resolution of the Members in terms set out in the document, a resolution in those terms shall be deemed to have been passed at a general meeting held on the day, and at the time at which, the document was last signed by a Member.
- 9.2.2 For the purposes of clause 9.2.1, 2 or more separate documents containing statements in identical terms each of which is signed by one or more Members shall together be deemed to constitute one document containing a statement in those terms signed by those Members on the respective days on which they signed the separate documents.
- 9.2.3 A reference in clause 9.2.1 to all the Members does not include a reference to a Member who would not be entitled to vote on the resolution.
- 9.2.4 The resolution pursuant to clause 9.2.1 will not be deemed to be passed unless, where a Share is held jointly, each joint Member has signed the document.

### **9.3 Notices**

- 9.3.1 Subject to the Act and any requirement of the Act pertaining to the passing of a special resolution, at least 21 days written notice must be given of any general meeting. However, the Company may call a general meeting on shorter notice if Members with at least 95% of the vote that may be cast at the meeting agree beforehand, except at a general meeting at which a resolution will be moved to remove the Company's auditor (if any) pursuant to Section 329 of the Act.
- 9.3.2 Subject to the Act, any general meeting or any proceeding at the meeting is not invalid only because of:
  - 9.3.2.1 the non-receipt of a notice of meeting by any person entitled to such notice; or
  - 9.3.2.2 a defect in such a notice given.
- 9.3.3 Written notice of every general meeting pursuant to clause 9.3.1 must be given individually to:

- 9.3.3.1 each Member entitled to attend and vote at the meeting and in the case of joint holders to the joint holder whose name appears first in the register of Members in respect of the registered Share jointly held;
- 9.3.3.2 each Director;
- 9.3.3.3 the Company's auditor (if any) for the time being; and
- 9.3.3.4 every person known to the Company as being entitled to a Share in consequence of the death, bankruptcy or mental incapacity of a Member who would otherwise be entitled to receive notice of the meeting.
- 9.3.4 No other person shall be entitled to receive notices of general meetings.
- 9.3.5 Each notice of a general meeting shall:
  - 9.3.5.1 specify the place, the day, and the hour of the meeting, and if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this;
  - 9.3.5.2 state the general nature of the business to be transacted at the meeting;
  - 9.3.5.3 if a special resolution is to be proposed at the meeting, set out an intention to propose a special resolution and state the resolution; and
  - 9.3.5.4 if a member is entitled to appoint a proxy contain a statement setting out the following information:
    - 9.3.5.4.1 that the Member has a right to appoint a proxy;
    - 9.3.5.4.2 whether or not the proxy needs to be a Member of the Company;
    - 9.3.5.4.3 that a Member who is entitled to cast 2 or more votes may appoint 2 proxies and specify the proportion or number of votes each proxy is appointed to exercise; and
    - 9.3.5.4.4 comply with any other disclosure requirements of the Act.

#### **9.4 Cancellation of Meeting**

Subject to the Act and this Constitution, the Directors with the prior written approval of the Members, as they see fit, may cancel a general meeting which has been notified to the Members any time before the meeting.



## **10. PROCEEDINGS AT GENERAL MEETINGS**

---

### **10.1 General**

- 10.1.1 A general meeting may be held at 2 or more venues using any electronic means that gives the Members as a whole a reasonable opportunity to participate.
- 10.1.2 The quorum required for the purposes of a general meeting shall be:
  - 10.1.2.1 a Member or Members representing not less than one half of the voting rights of all Members having the right to vote at the general meeting; or
  - 10.1.2.2 a Member or Members holding Shares conferring a right to vote at the general meeting being Shares on which an aggregate sum has been paid equal to not less than one half of the total sum paid up on all the Shares conferring that right.
- 10.1.3 For the purpose of determining whether a quorum is present, a person attending as a proxy, or as representing a body corporate that is a Member, shall be deemed to be a Member.
- 10.1.4 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business.
- 10.1.5 A reference to a Member being personally present at a meeting includes a reference to a Member participating in a meeting by electronic means.
- 10.1.6 If there is a failure of the electronic means which results in the disconnection of any or all of the Members participating in the meeting, the meeting shall be adjourned until the failure of the electronic means has been rectified. If that is not possible within 60 minutes of the initial failure, the Chairman must adjourn the meeting until such time, date and place that is considered to give the Members as a whole a reasonable opportunity to participate in the meeting.

### **10.2 Quorum not Present**

If a quorum is not present within 30 minutes from the time appointed for the meeting:

- 10.2.1 where the meeting was convened upon the requisition of Members, the meeting shall be dissolved; and
- 10.2.2 in any other case:
  - 10.2.2.1 the meeting stands adjourned to such day, and at such time and place, as the Directors determine or, if no determination is made by the Directors, to the same day in the next week at the same time and place; and



- 10.2.2.2 if at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting the meeting shall be dissolved.

### **10.3 Chair**

- 10.3.1 The chair of the board of Directors shall preside as chair at every general meeting.
- 10.3.2 If the Directors have elected one of the number as deputy chair, the deputy chair shall preside as chair at a general meeting if the Director elected as chair is absent or not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act.
- 10.3.3 Where a general meeting is held and both the chair of the board of Directors and the deputy chair elected as provided by clause 10.3.2 are absent or not present within 15 minutes after the time appointed for the holding of the meeting or are unwilling to act the Members present shall elect another Director of the Company to be chair of the meeting.

### **10.4 Adjournment of Meeting**

- 10.4.1 The chair may with the consent of any meeting at which a quorum is present, and must if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 10.4.2 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- 10.4.3 Except as provided by clause 10.4.2, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **10.5 Resolutions at Meetings**

- 10.5.1 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
  - 10.5.1.1 by the chair;
  - 10.5.1.2 by a Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or
  - 10.5.1.3 by a Member or Members holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

10.5.2 Unless a poll is so demanded, a declaration by the chair that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

10.5.3 The demand for a poll may be withdrawn.

## **10.6 Poll at Meetings**

10.6.1 If a poll is duly demanded, it shall be taken in such manner and (subject to clause 10.6.2) either at once or after an interval or adjournment or otherwise as the chair directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded.

10.6.2 A poll demanded on the election of a chair or on a question of adjournment shall be taken immediately.

## **10.7 Casting Vote of Chair**

In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting at which the show of hands takes place or at which the poll is demanded, in addition to his or her deliberative vote (if any), has a casting vote.

## **10.8 Votes by Members**

Subject to any rights or restrictions attached to any class or classes of Shares:

10.8.1 at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or attorney; and

10.8.2 on a show of hands every person present who is a Member or a representative of a Member has one vote, and on a poll every person present in person or by proxy or attorney shall have one vote for each share he or she holds.

## **10.9 Entitlement to Vote**

A Member shall not be entitled to vote at a general meeting unless all calls and other sums presently payable by that Member in respect of Shares in the Company have been paid.

## **10.10 Objections to Qualification to Vote**

10.10.1 An objection may be raised to the qualification of a voter only at the meeting or adjourned meeting at which the vote objected to is given or tendered.

10.10.2 Any such objection shall be referred to the chair of the meeting, whose decision shall be final.

- 10.10.3 A vote not disallowed pursuant to such an objection shall be valid for all purposes.

### **10.11 Proxies**

- 10.11.1 An appointment of a proxy is valid if it is signed by the Member of the Company making the appointment and contains the following information:
- 10.11.1.1 the Member's name and address;
  - 10.11.1.2 the Company's name;
  - 10.11.1.3 the proxy's name or the name of the office held by the proxy; and
  - 10.11.1.4 the meetings at which the appointment may be used.
- 10.11.2 An appointment may specify the way in which the proxy is to vote on a particular resolution and, where an appointment so provides, the proxy shall not be entitled to vote in the resolution except as specified in the appointment.
- 10.11.3 A proxy appointed to attend and vote for a member has the same rights as a member to speak at the meeting or join in demanding a poll.

### **10.12 Time Within Which Proxies to be Lodged**

- 10.12.1 For an appointment of a proxy to be effective, the following documents must be received by the Company at least 48 hours before the meeting:
- 10.12.1.1 the proxy's appointment; and
  - 10.12.1.2 if the appointment is signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.
- 10.12.2 If a meeting has been adjourned an appointment and any authority received by the Company at least 48 hours before the resumption of the meeting are effective for the resumed part of the meeting.
- 10.12.3 A Company receives an appointment authority when it is received at any of the following:
- 10.12.3.1 the Company's registered office;
  - 10.12.3.2 a fax number at the Company's registered office; or
  - 10.12.3.3 a place, fax number or electronic address specified for the purpose in the notice of meeting.



### **10.13 Validity of Votes made by Proxy**

- 10.13.1 A proxy who is not entitled to vote on a resolution as a Member may vote as a proxy for another Member who can vote if their appointment specifies the way they are to vote on the resolution and they vote that way.
- 10.13.2 Unless the Company has received written notice of the matter before the start or resumption of the meeting at which a proxy votes, a vote cast by the proxy will be valid even if before the proxy votes:
  - 10.13.2.1 the Member revokes the proxy's appointment;
  - 10.13.2.2 the Member revokes the authority under which the proxy was appointed by a third party; or
  - 10.13.2.3 the Member transfers the share in respect of which the proxy was given.

## **11. DIRECTORS**

---

### **11.1 Remuneration of Directors**

- 11.1.1 The Directors shall be paid such remuneration as shall from time to time be determined by the Company in general meeting and as included in the Company's annual business plan and approved at a general meeting of Members..
- 11.1.2 That remuneration shall be deemed to accrue from day to day.
- 11.1.3 The Directors may also be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

### **11.2 Additional Circumstances for Vacation of Office**

In addition to the circumstances in which the office of a Director shall become vacant by virtue of the Act, the office of a Director shall become vacant if the Director;

- 11.2.1 becomes of unsound mind or becomes a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- 11.2.2 resigns his or her office by notice in writing to the Company;
- 11.2.3 is absent without the consent of the Directors from meetings of the Directors held during a period of 6 months;
- 11.2.4 without the consent of the Company in general meeting holds any other office of profit under the Company except that of managing Director or principal executive officer or executive Director; or



- 11.2.5 has, subject to clause 11.3, a conflict of interest and fails to declare the nature of his or her interest as required by the Act.

### **11.3 Conflict of Interest**

- 11.3.1 A Director who has a material personal interest in a matter that relates to the affairs of the Company must, unless that Director is the sole Director, give the other Directors notice of the interest held at a meeting of Directors as soon as practicable after the Director becomes aware of their interest in the matter.
- 11.3.2 The Director shall declare the full details of the nature and extent of the interest and its relation to the affairs of the Company.
- 11.3.3 The Secretary shall record the declaration of a Director's interest in the minutes of the meeting.
- 11.3.4 The Director may give the other Directors standing notice of the nature and extent of the interest in the matter either at a Directors' meeting or to the other Directors individually and in writing.
- 11.3.5 If standing notice is given to the other Directors individually in writing, it must be tabled at the next meeting of Directors after it is given.
- 11.3.6 Notwithstanding any rule of law or equity to the contrary but subject to clause 11.2.5, no Director shall be or become disqualified from his or her office by contracting with the Company either as vendor or purchaser, or promoter or otherwise or from being employed or performing any service for or on behalf of the Company in any capacity, professional or otherwise, nor shall any such contract or arrangement be liable to be impeached, affected or avoided by reason of that Director being a party to or otherwise interested in that contract or arrangement, nor shall that Director be liable to account to the Company for any profit realised by or in respect of such contract or arrangement.

## **12. POWERS AND DUTIES OF DIRECTORS**

---

### **12.1 Attorney for Company**

- 12.1.1 The Directors may, by power of attorney, appoint any corporation, firm, person or persons to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the Directors), for such period and subject to such conditions as they think fit.
- 12.1.2 Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in him or her.

## **12.2 Execution of Cheques and Bills of Exchange**

All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by any 2 Directors or if the Company has only one Director, by that Director or in such other manner as the Directors determine.

## **13. PROCEEDINGS OF DIRECTORS**

---

### **13.1 General**

13.1.1 The Directors may meet together by electronic means or otherwise for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.

13.1.2 If there is a failure of the electronic means used in conducting a meeting of directors, the meeting shall be adjourned until the failure can be rectified. If that is not possible within one hour of the initial failure, the Directors who are able to communicate with each other must adjourn the meeting to a time, date and place determined by those Directors.

### **13.2 Director Interested in Contract with Company**

Subject to clause 11.3, a Director may vote in respect of any contract or arrangement in which he or she is interested and may attest the affixing of the Seal to any document relating to any such contract or arrangement.

### **13.3 Deputy Chair**

13.3.1 The Directors may elect one of their number as deputy chair of their meetings and may determine the period of office for which that Director is to hold office.

13.3.2 The deputy chair shall chair the meetings of the Directors where the chair is absent or not present within 10 minutes after the time appointed for the time of the meeting or is unwilling to act.

13.3.3 Where a meeting of Directors is held and:

13.3.3.1 a chair has not been elected by the Members and a deputy chair has not been elected as provided by clause 13.3.1; or

13.3.3.2 the chair and the deputy chair are both absent or not present within 10 minutes after the time appointed for the holding of the meeting or are unwilling to act,

the Directors present shall elect one of their number to be the chair of the meeting.

### 13.4 Delegation by Directors

- 13.4.1 The Directors may by resolution delegate any of their powers to a committee or committees of directors, a Director, an employee of the Company or any other person, consisting of such of their number as they think fit.
- 13.4.2 A Delegate must exercise the powers delegated in accordance with any directions of the Directors.
- 13.4.3 The exercise of the power of the Delegate is as effective as if the Directors had exercised it.
- 13.4.4 Directors who delegate their powers are responsible for the exercise of the power by the delegate as if the power had been exercised by the Directors themselves.
- 13.4.5 The Directors may specify the person to act as chair of any committee appointed under clause 13.4.1, or may specify that the members of that committee may appoint its chair.

### 13.5 Committees of Directors

- 13.5.1 If the Directors have specified under clause 13.4 that a committee may appoint its own chair, the Members of that committee may elect one of their number as chair of their meetings.
- 13.5.2 Where such a meeting is held and:
  - 13.5.2.1 a chair has not been elected as provided by clause 13.5.1; or
  - 13.5.2.2 the chair is not present within 10 minutes after the time appointed for the holding of the meeting or is unwilling to act,

the Members present may elect one of their number to be chair of the meeting.
- 13.5.3 A committee may meet and adjourn as it thinks proper.
- 13.5.4 Questions arising at a meeting of a committee shall be determined by a majority of votes of the Members present and voting.
- 13.5.5 In the case of an equality of votes, the chair, in addition to his or her deliberative vote (if any), shall have a casting vote.

### 13.6 Resolutions of Directors

- 13.6.1 If all the Directors have signed a document containing a statement that they are in favour of a resolution of the Directors in terms set out in the document, a resolution in those terms shall be deemed to have been passed at a meeting of the Directors held on the day on which the document was signed and at the time at which the document was last signed by a Director or, if the Directors signed the document on



different days, on the day on which, and at the time at which, the document was last signed by a Director.

13.6.2 For the purposes of clause 13.6.1, 2 or more separate documents containing statements in identical terms each of which is signed by one or more Directors shall together be deemed to constitute one document containing a statement in those terms signed by those Directors on the respective days on which they signed the separate documents.

13.6.3 A reference in clause 13.6.1 to all the Directors does not include a reference to a Director who, at a meeting of Directors, would not be entitled to vote on the resolution.

### **13.7 Validity of Acts of Directors**

All acts done by any meeting of the Directors or of a Delegate or by any person acting as a Director are effective even if the appointment or the continuance of the appointment of the Director is invalid because the Company or Director did not comply with the Constitution or any provision of the Act.

## **14. SECRETARY**

---

Subject to the Act the Company is not required to appoint a Secretary. However, any Secretary appointed shall hold office on such terms and conditions, as to remuneration and otherwise, as included in the Company's annual business plan and approved at a general meeting of Members.

## **15. SEAL**

---

### **15.1 Custody of Seal**

If the Directors resolve to have a Seal, the Directors shall provide for the safe custody of the Seal.

### **15.2 Use of Seal**

The Seal shall be used only by the authority of the Directors, or of a committee of the Directors authorised by the Directors to authorise the use of the Seal, and every document to which the Seal is affixed shall be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

## **16. ACCOUNTS**

---

16.1 The Directors shall cause proper accounting and other records to be kept and also distribute copies of balance sheets as required by the Act.

16.2 The Directors shall ensure that sufficient accounting and other reports and information are provided to the Members in order to meet, and enable them to meet, the requirements of the Local Government Act 1989 (Vic).



## **17. DIVIDENDS AND RESERVES**

---

### **17.1 Declaration of Dividends**

Subject to the provisions of the Act and any special rights and restrictions attached to any Shares, the Directors may declare and pay a dividend at any time as appears to the Directors to be justified by the profits of the Company.

### **17.2 Interim Dividends**

The Directors may declare and pay at any time such interim dividends as appear to the Directors to be justified by the profits of the Company.

### **17.3 Interest on Dividends**

Interest shall not be payable by the Company in respect of any dividend.

### **17.4 Reserves**

17.4.1 The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

17.4.2 Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit.

17.4.3 The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

### **17.5 Entitlement to Dividends**

17.5.1 Subject to clause 17.5.4 and the rights of persons (if any) entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid.

17.5.2 All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but, if any Share is issued on terms providing that it will rank for dividend as from a particular date, that Share ranks for dividend accordingly.

17.5.3 An amount paid or credited as paid on a Share in advance of a call shall not be taken for the purposes of this clause 17.5 to be paid or credited as paid on the Share.

17.5.4 Where more than one class of Shares has been issued, the Directors may declare and pay a dividend or make a distribution of capitalised profits:

17.5.4.1 on the Shares of any one or more classes to the exclusion of any other class; or

17.5.4.2 on the Shares of any one class at the same rate, or a higher or lower rate than the dividend declared and paid or distribution made on the Shares of other classes.

#### **17.6 Deductions from Dividends**

The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him or her to the Company on account of calls or otherwise in relation to Shares in the Company.

#### **17.7 Dividends Paid from Specific Assets**

17.7.1 The Directors when declaring a dividend may, by resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up Shares in, or debentures of, any other corporation.

17.7.2 Where a difficulty arises in regard to such a distribution, the Directors may settle the matter as they consider expedient and fix the value for distribution of the specific assets or any part of those assets and may determine that cash payments will be made to any Members on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the Directors consider expedient.

#### **17.8 Payment of Dividends**

17.8.1 Any dividend, interest or other money payable in cash in respect of Shares may be paid by cheque sent through the post directed to:

17.8.1.1 the address of the holder as shown in the register of Members, or in the case of joint holders, to the address shown in the register of Members as the address of the joint holder just first named in that register; or

17.8.1.2 to such other address as the holder or joint holders in writing directs or direct.

17.8.2 Any one of 2 or more joint holders may give effective receipts for any dividends, interest or other money payable in respect of the Shares held by them as joint holders.

### **18. NOTICES**

A document may be served on the Company by leaving it at, or by sending it by post to, the registered office of the Company.

## **19. WINDING UP**

---

### **19.1 Division of Property**

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Members in kind the whole or any part of the property of the Company and may for that purpose set such value as he or she considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Members or different classes of Members.

### **19.2 Vesting of Property**

The liquidator may, with the sanction of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Member shall be compelled to accept any Shares or other securities in respect of which there is any liability.

## **20. INDEMNITY**

---

### **20.1 Definition of Liability and Officer**

In this clause 20:

20.1.1 Liability means costs, losses, liabilities and expenses.

20.1.2 Officer means a Director, secretary or other officer of the Company.

20.1.3 References to Officers include references to former Officers.

### **20.2 Indemnity of Officers**

Every Officer of the Company must be indemnified out of the assets of the Company against any Liability incurred by that Officer in the person's capacity as an Officer of the Company by reason of any act or thing done or omitted to be done by that person in that capacity or in any way in the discharge of that person's duties or by reason of or relating to the person's status as an Officer of the Company, but excluding any Liability from or against which the Company is not permitted by the Act to exempt or indemnify the Officer.

### **20.3 Indemnity for proceedings**

Without limiting clause 20.2, every Officer of the Company must be indemnified out of the assets of the Company against any Liability incurred by that person in defending proceedings, whether civil or criminal, in respect of any act or thing done by the Officer in that person's capacity as such Officer but excluding any Liability from or against which the Company is not permitted by the Act to exempt or indemnify the Officer.



## **21. INTERPRETATION**

---

### **21.1 Persons**

In this Constitution, a reference to a person includes a firm, partnership, joint venture, association, corporation or other corporate body.

### **21.2 Legislation**

In this Constitution, a reference to a statute includes regulations under it and consolidations, amendments, re-enactments or replacements of any of them.

### **21.3 This Document, Clauses and Headings**

In this Constitution:

- 21.3.1 a reference to this or any other document includes the document as varied or replaced regardless of any change in the identity of the parties;
- 21.3.2 a reference to a clause, schedule or appendix is a reference to a clause, schedule or appendix in or to this Constitution;
- 21.3.3 a reference to writing includes all modes of representing or reproducing words in a legible, permanent and visible form; and
- 21.3.4 headings and sub-headings are inserted for ease of reference only and do not affect the interpretation of this Constitution.

### **21.4 Business Day**

If a payment or other act is required by this Constitution to be made or done on a day which is not a Business Day, the payment or act must be made or done on the next following Business Day.

### **21.5 Number and Gender**

In this Constitution, a reference to:

- 21.5.1 the singular includes the plural and vice versa; and
- 21.5.2 a gender includes the other genders.



# Schedule

---

## SHARE CLASSES

### 1. CLASSES OF SHARES

---

Subject to the provisions of clauses 7.1 and 7.2, the Directors may elect to issue shares of the following classes:

- 1.1 Ordinary Shares;
- 1.2 'A' class Shares;
- 1.3 'B' class Shares;
- 1.4 'C' class Shares;
- 1.5 'D' class Shares;
- 1.6 'E' class Shares;
- 1.7 'F' class Shares;
- 1.8 'G' class Shares;
- 1.9 'H' class Shares; and
- 1.10 Redeemable Preference Shares.

### 2. RIGHTS AND RESTRICTIONS APPLICABLE TO SHARES OF DIFFERENT CLASSES

---

#### 2.1 Ordinary Shares

Holders of Ordinary Shares will possess the following rights and be subject to the following restrictions:

- 2.1.1 a right to receive notice of any general meeting of the Company under clause 9.3;
- 2.1.2 voting rights as specified in clause 10.8;
- 2.1.3 dividends as determined from time to time in accordance with this Constitution; and
- 2.1.4 the right to participate in the distribution of surplus assets on winding up.

#### 2.2 'A', 'B' and 'C' Class Shares

Holders of 'A', 'B' and 'C' class Shares will possess the following rights and be subject to the following restrictions:

- 2.2.1 a right to receive notice of any general meeting of the Company under clause 9.3;
- 2.2.2 voting rights as specified in clause 10.8;
- 2.2.3 dividends as determined from time to time in accordance with this Constitution; and
- 2.2.4 the right to participate in the distribution of surplus assets on winding up.

### **2.3 'D', 'E' and 'F' Class Shares**

Holders of 'D', 'E' and 'F' class Shares will possess the following rights and be subject to the following restrictions:

- 2.3.1 no right to receive notice of any general meeting;
- 2.3.2 no voting rights at any general meeting of the Company;
- 2.3.3 dividends as determined from time to time in accordance with this Constitution; and
- 2.3.4 no right to participate in the distribution of surplus assets on a winding up.

### **2.4 'G' Class Shares**

Holders of 'G' class Shares will possess the following rights and be subject to the following restrictions:

- 2.4.1 a right to receive notice of any general meeting of the Company under clause 9.3;
- 2.4.2 voting rights as specified in clause 10.8;
- 2.4.3 no right to specific dividends;
- 2.4.4 no right to participate in the distribution of surplus assets on winding up.

### **2.5 'H' Class Shares**

Holders of 'H' class Shares will possess the following rights and be subject to the following restrictions:

- 2.5.1 no right to receive notice of any general meeting of the Company;
- 2.5.2 no voting rights;
- 2.5.3 dividends as determined from time to time in accordance with this Constitution;
- 2.5.4 the right to participate in the distribution of surplus assets on winding up.

### 3. SPECIAL PROVISIONS APPLICABLE TO REDEEMABLE PREFERENCE SHARES

---

#### 3.1 Redeemable Preference Shares

Holders of Redeemable Preference Shares (RP Shares) will possess the following rights and be subject to the following restrictions:

- 3.1.1 The right to receive notice of any general meeting of the Company under clause 9.3;
- 3.1.2 The same voting rights as the holders of Ordinary Shares, but only where the following special circumstances occur:
  - 3.1.2.1 a dividend or part of a dividend is in arrears with respect to the RP Shares;
  - 3.1.2.2 a reduction of capital is proposed;
  - 3.1.2.3 a resolution to ratify the terms of a buy-back agreement is proposed;
  - 3.1.2.4 any other proposal is put forward that affects rights which flow from ownership of the RP Shares;
  - 3.1.2.5 it is proposed that the Company be wound up;
  - 3.1.2.6 it is proposed that the whole of the Company's property, business and undertaking be disposed of.
- 3.1.3 As determined by the Directors at the date of issue:
  - 3.1.3.1 the right to a fixed cumulative dividend at a yearly rate fixed by the Directors at the date of issue;
  - 3.1.3.2 the right to a fixed non cumulative dividend at a yearly rate fixed by the Directors at the date of issue;
  - 3.1.3.3 the right to a cumulative dividend at a rate or rates determined by the Directors at any time; or
  - 3.1.3.4 the right to a non cumulative dividend at a rate or rates determined by the Directors at any time.
- 3.1.4 The right to be paid their dividends before any dividends are paid on the other classes of Shares;
- 3.1.5 The right, on a winding up or capital reduction, to a return of capital at the issue price of the RP Shares (together with any unpaid dividends on RP Shares) in priority to any other Shares which have been issued.
- 3.1.6 RP shareholders will not otherwise possess the right to participate in any surplus assets or profits.

### **3.2 Redemption of RP Shares**

Subject to sections 254J and 254K of the Act, the RP Shares will be redeemable at the option of the Company, upon payment to the RP Share holders of the aggregate issue price of the RP Shares, together with any accumulated dividends.

### **3.3 Notice**

The option to redeem will be exercised by providing notice in writing to the RP Shareholders at their respective registered addresses. A bank cheque to each of the RP Shareholders for the amount payable on redemption will accompany each notice.



**SCHEDULE 3**  
**DEED OF ACCESSION**

**THIS DEED** dated

BY

**[Name of party]** of **[address]** ("the Acceding Party")

**RECITAL**

This deed is supplemental to a Shareholders' Agreement entered into between # and the Company ("the Company") on **[date]**.

**OPERATIVE PART**

**1. Acceding Party to be Bound**

The Acceding Party confirms that it has been provided with a copy of the Shareholders' Agreement and covenants with all present parties to that agreement (whether original parties or parties by accession) to observe, perform and be bound by all the terms and conditions of the Shareholders' Agreement and the constitution of the Company so that the Acceding Party is deemed, from the date on which it is registered as a member of the Company, to be a party to the Shareholders' Agreement.

**2. Representations and Warranties**

The Acceding Party represents and warrants to the parties to the Shareholders' Agreement that:

- 2.1 it is a Council;
- 2.2 it has corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.3 it has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.4 neither the execution and performance by the Acceding Party of this deed nor any transaction contemplated by the Shareholders' Agreement will violate in any respect any provision of:
  - 2.4.1 its constituent documents; or
  - 2.4.2 any other document, agreement or arrangement binding upon it.

3. **Address for Legal Process and Notices**

The address of the Acceding Party for the purposes of notices given under clause 26 of the Shareholders' Agreement is:

[address]

4. **Governing Law**

This deed is governed by the laws of the State of Victoria.

**Executed as a deed**



Regional Kitchen Pty Ltd

ABN: 7813047 1206

## DEED OF ACCESSION

THIS DEED dated 13 / 6 / 2008

BY

**Moonee Valley City Council of 9 Kellaway Avenue Moonee Ponds Victorian 3039** ("the Acceding Party")

### RECITAL

This deed is supplemental to a Shareholders' Agreement entered into between **Banyule City Council, Greater Dandenong City Council, Darebin City Council, Greater Geelong City Council, Hobsons Bay City Council, Hume City Council, Melton Shire Council, Moreland City Council, Stonnington City Council, Yarra City Council** and **Regional Kitchen Pty Ltd** ("the Company") on 4 April 2008.

### OPERATIVE PART

#### 1. Acceding Party to be Bound

The Acceding Party confirms that it has been provided with a copy of the Shareholders' Agreement and covenants with all present parties to that agreement (whether original parties or parties by accession) to observe, perform and be bound by all the terms and conditions of the Shareholders' Agreement and the constitution of the Company so that the Acceding Party is deemed, from the date on which it is registered as a member of the Company, to be a party to the Shareholders' Agreement.

#### 2. Representations and Warranties

The Acceding Party represents and warrants to the parties to the Shareholders' Agreement that:

- 2.1 It is a Council;
- 2.2 it has corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.3 it has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transactions contemplated by the Shareholders' Agreement;

2.4 neither the execution and performance by the Acceding Party of this deed nor any transaction contemplated by the Shareholders' Agreement will violate in any respect any provision of:

2.4.1 its constituent documents; or

2.4.2 any other document, agreement or arrangement binding upon it.

3. **Address for Legal Process and Notices**

The address of the Acceding Party for the purposes of notices given under clause 26 of the Shareholders' Agreement is:

**Moonee Valley City Council, PO Box 126, Moonee Ponds, VIC 3039**

4. **Governing Law**

This deed is governed by the laws of the State of Victoria.

**Executed as a deed**

The **COMMON SEAL** of the **MOONEE VALLEY CITY COUNCIL** was hereto affixed on the 16 JUNE 2004 with the authority of Council

47F

Councillor

47F

Chief Executive





COPY

52



Maddocks

Date 7 112 /2007

Lawyers  
140 William Street  
Melbourne Victoria 3000 Australia  
Telephone 61 3 9288 0555  
Facsimile 61 3 9288 0666  
Email [info@maddocks.com.au](mailto:info@maddocks.com.au)  
[www.maddocks.com.au](http://www.maddocks.com.au)  
DX 259 Melbourne

## Shareholders Agreement for Incorporated Joint Venture

The Parties named in the Schedule  
and

RFK Pty Ltd

## CONTENTS

1.	<u>Definitions and Interpretation</u> .....	2
2.	<u>Conditions Precedent</u> .....	7
3.	<u>Objectives</u> .....	7
4.	<u>Structure of the Company</u> .....	9
5.	<u>Board of Directors</u> .....	11
6.	<u>Decision Making</u> .....	15
7.	<u>Management</u> .....	17
8.	<u>Financial Reporting</u> .....	18
9.	<u>Accounts</u> .....	20
10.	<u>Funding</u> .....	20
11.	<u>Agreements Between Company and Shareholders</u> .....	22
12.	<u>Transfer of Shares</u> .....	22
13.	<u>Procedure on Transfer of Shares</u> .....	24
14.	<u>Determination of Sale Price</u> .....	27
15.	<u>Publicity and Confidentiality</u> .....	28
16.	<u>Dispute Resolution</u> .....	30
17.	<u>Acknowledgments and Warranties</u> .....	31
18.	<u>Termination</u> .....	32
19.	<u>Default</u> .....	32
20.	<u>Right of First Refusal</u> .....	33
21.	<u>Non-Competition</u> .....	33
22.	<u>Assignment</u> .....	34
23.	<u>Counterparts</u> .....	34
24.	<u>Entire Agreement</u> .....	35
25.	<u>Further Action</u> .....	35
26.	<u>Choice of Jurisdiction and Law</u> .....	35
27.	<u>Non-Merger</u> .....	35
28.	<u>Notices</u> .....	35
29.	<u>Waiver</u> .....	36
30.	<u>Variation</u> .....	36
31.	<u>Costs</u> .....	36
32.	<u>Paramountcy</u> .....	37
33.	<u>No Partnership or Agency</u> .....	37
34.	<u>Severability</u> .....	37
35.	<u>Consent</u> .....	37

## SCHEDULES

1. SHAREHOLDERS
2. CONSTITUTION
3. DEED OF ACCESSION

This **SHAREHOLDERS AGREEMENT** is made the                      day of                      2007.

**BETWEEN:**

The parties named in Schedule 1 hereto

("Shareholders")  
of the one part

and

**RFK PTY LTD**

("the Company")  
of the other part

**RECITALS:**

- A. The Parties are or will on the date hereof become the legal owners of all of the issued shares in the Company in the proportions listed in the attached Schedule.
- B. The Shareholders wish to record their agreement on the shareholdings in the Company, the aims and objects in relation to the Company and to provide for the operation and administration of the Company.
- C. The Shareholders have agreed to enter an Incorporated Joint Venture to undertake the Business on the basis as set out in this Agreement and for the Company to manage and operate a Regional Food Kitchen facility in one or more locations in the best interests of the Shareholders on the terms of this Agreement.
- D. A number of the Shareholders have undertaken a feasibility study on the benefits of a separate legal entity constructing a purpose built Regional Food Kitchen Facility suitable for the production of meals and entering into a long term lease of that facility with this Company.

THE SHAREHOLDERS AGREE as follows:

1. Definitions and Interpretation

- 1.1. In this Agreement, including the recitals, unless the context otherwise requires, the following terms have the following meanings:

**'Act'** means the *Corporations Act 2001 (Cth)*;

**'Agreement'** means this shareholders agreement, including the schedules;

**'Auditor'** means the registered company auditor appointed by the Company for auditing its accounts;

**'Board'** means the board of Directors, and includes any committee of that board;

**'Board meeting'** means a meeting of the Board (or any committee of the Board) duly convened and held in accordance with this Agreement and the articles;

**'Business'** means the meal production operation which involves the food production process and deals with purchasing, production, menu development, finance, administration, logistics, sales and marketing, supply of meals suitable for "Meals on Wheels", customer liaison, research, the acquisition by agreement, license, lease or purchase of all equipment necessary to fit-out any required facilities and includes taking over existing meal production facilities run by Municipal Councils who are Shareholders and operating them through the Company for the benefit of the Shareholders and entering into commercial leases or other agreements for suitable premises.

**'Business day'** means any day other than a Saturday, Sunday, bank holiday or public holiday in Victoria, Australia;



**'Business plan'** means the program current from time to time for the conduct of the Business during a Financial year consisting of:

- (a) a business plan specifying the finance arrangements, capital expenditures and activities of the Business during that Financial year; and
- (b) a budget specifying an estimate of the income to be received and the expenses to be incurred in carrying out that business plan;

**'Chairman'** means the chairman of the Board from time to time appointed under clause 5;

**'Company'** means RFK Pty Ltd.

**'Conditions'** means the conditions set out in clause 2;

**'Confidential information'** means the information, forms, specifications, processes, statements, formulae, trade secrets, drawings and data (and copies and extracts made of or from that information and data) concerning:

- (a) the operations and dealings of the Company, the Business or a Shareholder;
- (b) the organisation, finance, customers, markets, suppliers, intellectual property and know-how of the Company, a Shareholder, a related body corporate of that company or a related body corporate of a Shareholder; or
- (c) the operations and transactions of a Shareholder concerning the Business and that Shareholder's shareholding in the Company,

which is not in the public domain (except by the failure of a Shareholder to perform and observe its covenants and obligations under this Agreement) and which has been obtained through or by being a member of the Company;

**'Constitution'** means the Constitution of the Company as set out in Schedule 2 and as amended in accordance with this Agreement;

**'Control'** in relation to the control of a Shareholder, has the meaning given to it in section 50AA of the *Corporations Act 2001* (Cth);

**'Council'** means an entity within the definition of the *Local Government Act 1989* (Vic);

**'Directors'** means the directors of the Company for the time being and  
**'Director'** means one of them;

**'Effective date'** means the date sixty (60) days after the Conditions have all been satisfied;

**'Eligibility Criterion'** has the meaning set out in clause 5.2.4.

**'Event of default'** means an event specified in clause 19;

**'Financial year'** means a period of 12 consecutive calendar months ending on 30 June or on another day decided by the Board;

**'Incorporated Joint Venture'** means this Shareholders Agreement initially between Municipal Councils set-up for the purpose of supplying meals to the Shareholders and includes any business or undertaking acquired or assumed by the Company pursuant to the terms of this Agreement and includes the Business and any activity involving or connected with the development of the Business for the time being carried on by the Company including, without limitation, the development of the Business and its scope of applications and any other commercial activity or undertaking that the Company shall from time to time determine be undertaken and which is for the time being carried on by the Company;

**'Independent Director'** means a Director who is not an employee or elected Councillor of a Council;

**'Interest rate'** means the interest rate per annum calculated as the National Australia Bank Limited Base Rate plus 2%;

**'Lease'** means any Lease which the Company intends entering into;

**'Meal Supply Agreement'** means a contract between the Company and a member Council for the supply of meals to the Council;

**'Minister's Consent'** means the consent of the Minister to the Project pursuant to the *Local Government Act 1989 (Vic)*;

**'Month'** means calendar month;

**'Notice'** written notice under this Agreement shall include notice by facsimile or email;

**'Office'** means the registered office of the Company from time to time;

**'Ordinary Director'** means a Director other than an Independent Director;

**'Respective proportion'** means, in respect of a Shareholder, the proportion of the issued capital of the Company held by that Shareholder from time to time;

**'Shareholders'** means initially the Municipal Councils which hold Shares from time to time;

**'Shares'** means fully paid ordinary shares in the capital of the Company;

**'Simple Majority'** means:

- (a) in relation to a meeting of Directors, a majority of the Directors present at the meeting; and
- (b) in relation to a meeting of Shareholders, a majority that together holds not less than 51% of the total voting rights of all Shareholders present and entitled to vote;

**'Transfer'** means to sell, assign, transfer, convey or otherwise dispose of.

**1.2.** In this Agreement except to the extent that the context otherwise specifies:

**1.2.1.** any term defined in the statement of the names and descriptions of the Shareholders has the meaning there defined;

**1.2.2.** reference to any legislation or any provision of any legislation includes any modification or re-enactment of the legislation or any legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;

**1.2.3.** words denoting the singular include the plural and vice versa;

**1.2.4.** words denoting individuals or persons include bodies corporate and trusts and vice versa;

**1.2.5.** words denoting any gender include any and all genders;

**1.2.6.** headings are for convenience only and do not affect interpretation;

**1.2.7.** reference to a clause, paragraph or schedule is a reference to a clause, paragraph or schedule of this Agreement

**1.2.8.** reference to any document or agreement includes reference to that document or agreement as amended, notated, supplemented, varied or replaced from time to time;

**1.2.9.** where any word or phrase is given a definite meaning in this Agreement any part of speech or other grammatical form of that word or phrase has a corresponding meaning;



1.2.10. reference to an amount of money is a reference to the amount in the lawful currency of the Commonwealth of Australia; and

1.2.11. reference to the rights, duties, obligations and liabilities of more than one Shareholder will in every case be a reference to rights, duties, obligations and liabilities that are several and not joint or joint and several.

## 2. Conditions Precedent

The parties acknowledge and agree that no conditions precedent are required for this Agreement.

## 3. Objectives

3.1. The Shareholders have agreed to establish an Incorporated Joint Venture to be known as the Regional Food Kitchen Incorporated Joint Venture for undertaking and performing all matters and things necessarily incidental to the purposes of the Business as described in this Agreement. Each Shareholder acknowledges and agrees that it has met the requirements of s. 193 of the *Local Government Act 1989* (Vic).

3.2. In establishing the Incorporated Joint Venture, the Shareholders have agreed that the objectives of the Business include the following:-

3.2.1 providing meals that maximise the use of fresh produce and are of high quality, safe, nutritional meals for citizens requiring support under community care programs;

3.2.2 providing meals options that meet individual needs, special dietary requirements and religious and cultural backgrounds;

3.2.3 at a minimum, providing meals that conform to the HACCC Food Services Guidelines 1998 and the Victorian and Commonwealth Dietary regulations and standards, and any ensuing relevant standards;

- 3.2.4 being responsive to changing needs, undertaking regular menu and dietary planning reviews, supportive of innovation and working with Shareholders to meet local and specific needs;
  - 3.2.5 producing as cost effectively as possible, a flexible range of menu options that assist citizens to maintain good health and independence;
  - 3.2.6 establishing an environmentally sustainable operation maximising energy efficient production methods and minimising packaging;
  - 3.2.7 undertaking continuous improvement strategies to ensure the service remains relevant as the nature of demand changes over time as a result of shifting community needs and expectations; and
  - 3.2.8 establishing and operating a Regional Food Kitchen facility utilizing up to date technology, audited quality management systems, and production methods, to achieve the above objectives.
- 3.3 In order to fulfill the objectives listed in clause 3.3, each Shareholder must:
- 3.3.1 co-operate and use the Shareholder's best endeavors to ensure that the Company successfully carries on the Business;
  - 3.3.2 Not use Confidential information in a way which damages or is reasonably likely to damage the Company or any of the other Shareholders;
  - 3.3.3 Not unreasonably delay an action, approval, direction, determination or decision which is required of the Shareholder;
  - 3.3.4 Make approvals or decisions that are required of the Shareholder in good faith and in the best interests of the Company and the carrying on of the Business as a commercial venture; and

**3.2.5** Be just and faithful in the Shareholder's activities and dealings with the other Shareholders.

**4. Structure of the Company**

**4.1** The Shareholders must procure that on the Effective date the issued capital of the Company is held legally and beneficially. The initial equity of each Shareholder (being the proportionate shareholding, initial contribution of capital and provision of any Guarantee) shall be determined in accordance with the following formula:

$$E = \frac{M}{TM} \times 100\%$$

Where:

E is the equity of the Shareholder;

M is the number of three course meals supplied by that Shareholder to its customers in the 12 month period ending on 30 June 2007; and

TM is the total number of three course meals supplied by all Shareholders to their customers in the 12 month period ending on 30 June 2007.

Name of Council	Number of Shares held	Amount Subscribed	Percentage Shareholding
<b>Banyule City Council</b> 275 Upper Heidelberg Road IVANHOE VIC 3079	921	\$92.10	9.21%
<b>Brimbank City Council</b> Alexandra Avenue SUNSHINE VIC 3020	718	\$71.80	7.18%
<b>Greater Dandenong City Council</b> 39 Clow Street DANDENONG VIC 3175	683	\$68.30	6.83%

Name of Council	Number of Shares held	Amount Subscribed	Percentage Shareholding
<b>Darebin City Council</b> 274 Gower Street, PRESTON VIC 3072	1332	\$133.20	13.32%
<b>Greater Geelong City Council</b> 30 Gheringhap Street GEELONG VIC 3220	1051	\$105.10	10.51%
<b>Hobsons Bay City Council</b> 115 Civic Parade ALTONA VIC 3018	635	\$63.50	6.35%
<b>Hume City Council</b> 1079 Pascoe Vale Rd BROADMEADOWS VIC 3047	329	\$32.90	3.29%
<b>Macedon Ranges Shire Council</b> 129 Mollison Street KYNETON VIC 3444	201	\$20.10	2.01%
<b>Maribyrnong City Council</b> Corner Hyde & Napier Streets FOOTSCRAY VIC 3011	660	\$66.00	6.60%
<b>Melton Shire Council</b> 232 High Street MELTON VIC 3337	231	\$23.10	2.31%
<b>Moonee Valley City Council</b> 9 Kellaway Avenue MOONEE PONDS VIC 3039	1039	\$103.90	10.39%
<b>Moreland City Council</b> 90 Bell Street COBURG VIC 3058	1358	\$135.80	13.58%
<b>Stonnington City Council</b> Corner of High Street & Glenferrie Road MALVERN VIC 3144	342	\$34.20	3.42%
<b>Yarra City Council</b> 333 Bridge Road RICHMOND VIC 3121	500	\$50.00	5.00%

And for this purpose each Shareholder must subscribe at par for the number of Shares specified above.



- 4.2 Notwithstanding the provisions of clause 4.1 no Shareholder alone can hold more than 49% of the total shareholding.
- 4.3 On or about 30 June of each year the Board will recalculate equity in accordance with the formula set out in clause 4.1 (except that the period for calculation of meals will be the 12 month period immediately prior to the equity recalculation) and will issue such Shares as are necessary to achieve the recalculated equity proportion.
- 4.4 The formula to be used for the recalculation of equity proportions may be changed at any time by a resolution passed by Shareholders holding at least 75% of the shareholding of the members present.
- 4.5 The Shareholders agree that within three years of the date of this Agreement, the formula for recalculation of equity proportions will be changed to a formula that is based upon the value of meals that the relevant Shareholder has ordered from the Company.
- 4.6 If a Shareholder wishes to cease to hold Shares it may notify the Board of this fact and the Board may, in its discretion, decide to buy-back or cancel the Shares held by that Shareholder (subject to any prior approval of the Shareholders required under the *Corporations Act 2001*) for consideration (if any) as decided by the Board.

5. Board of Directors

- 5.1 The number of Directors (excluding alternate Directors) will be five (5), unless the Shareholders otherwise unanimously determine.
- 5.2 The Directors shall be appointed by the Shareholders on the following basis:-
- 5.2.1 Each Shareholder is entitled to vote on the basis of its shareholding.
- 5.2.2 In nominating Directors each Shareholder agrees that it may nominate one person to be an Ordinary Director and one person

to be an Independent Director but undertakes only to nominate persons who possess the appropriate commercial skills for the position of Director.

**5.2.3** Only persons who meet the Eligibility Criterion may be nominated for and hold the position of Ordinary Director, other than in the circumstances described in clause 5.14.1.

**5.2.4** To meet the Eligibility Criterion a person must be:

5.2.4.1 a current serving councillor of a Shareholder;

5.2.4.2 a current employee of a Shareholder; or

5.2.4.3 a person who is in a current contractual relationship with a Shareholder.

**5.2.5** Two (2) Independent Directors shall be appointed. In addition to nominations under clause 5.2.2, this selection process shall be through the appointment of a reputable human resources consultant who shall provide recommendations for the positions from nominations received from the Shareholders and pursuant to a brief prepared and submitted by the Shareholders or a committee to be selected by the Shareholder. In the event that the human resources consultant determines that none of the nominations are deemed suitable then the human resource consultant has the capacity to recommend to the Board that they conduct a market search on a normal commercial basis for a suitable candidate or candidates.

**5.2.6** Three (3) Ordinary Directors shall be appointed. In addition to nominations under clause 5.2.2, this selection process shall be through the appointment of a reputable human resources consultant who shall provide recommendations for these positions pursuant to a brief prepared and submitted by the Shareholder or a committee to be selected by the Shareholders.

5.2.7 With effect from the date that the Company commences producing meals from the facility referred to in Recital D, a person who is employed by a Shareholder or otherwise represents that Shareholder may only be appointed as a Director and serve as a Director whilst that Shareholder is a party to a valid and subsisting Meal Supply Agreement.

5.3 The term of office of each Director will be as follows:

5.3.1 Subject to clause 5.3.2, the Directors shall be elected for a period of three (3) years and be eligible for re-election thereafter.

5.3.2 At the second annual general meeting after the appointment of the initial Board, one Ordinary Director and one Independent Director must resign and the Shareholders must, in accordance with clause 5.2, elect two Directors. The Directors who have resigned will be eligible for re-election.

5.3.3 The Directors to resign under clause 5.3.2 are to be determined by a Simple Majority vote at a Board meeting.

5.4 Every appointment of a Director takes effect when the Director is elected by the Shareholders or when the written consent to act as a Director is received by the Company if that is later than the date of election.

5.5 The Chairman of the Board will:

5.5.1 Be appointed annually by the Shareholders; and

5.5.2 In the event that there is an even number of Directors on the Board, have a casting vote as Chairman in addition to any vote she or he may otherwise have as a Director.

5.6 In any Board meetings each Director on the Board will be entitled to exercise one vote.

## 5.7

5.7.1 At least four (4) Board meetings must take place each Financial year.

5.7.2 a Board meeting may be held with the parties via the medium of telephone or video conferencing;

5.7.3 Any Board meetings in addition to those referred to in sub-clause 5.7.1 may be convened at the written request of any two Directors. The agenda for a Board meeting convened under this sub-clause 5.7.3 must be determined by the Directors convening the meeting.

5.8 A Board meeting will require at least five (5) Business days prior written notice to be given to all Directors unless otherwise agreed by all Directors. That notice must include an agenda and, unless all Directors otherwise agree, a Board meeting may only resolve matters specifically referred to in that agenda. Subject to sub-clause 5.7.3, the agenda must be determined by the Chairman or/and the Company secretary after consultation with the Board.

5.9 A quorum for Board meetings is constituted by the attendance of at least three Directors.

5.10 Any Director may retire from office on giving written notice to the Company of his or her intention to retire. Any resignation of a Director will take effect from the date specified in the notice or if the date of resignation is earlier than the date of service of the notice, the resignation will take effect from the date of service.

5.11 The Directors may at any time appoint any person to be a Director to fill a casual vacancy but so that the total number of Directors does not at any time exceed the number specified in clause 5.1.

5.12 Any Director so appointed under clause 5.11 shall hold office only until the next general meeting when the Company must in accordance with clause 5.2 resolve:



5.12.1 to confirm the appointment of that Director; or

5.12.2 to appoint another person to replace that Director.

5.13 The Company in general meeting, may by resolution remove any Director before the expiration of his or her period of office.

5.14 If, at any time, an Ordinary Director ceases to meet the Eligibility Criterion then that Ordinary Director:

5.14.1 must, within 7 days of the date that he or she ceased to meet the Eligibility Criterion (Cessation Date), notify the Company in writing of the fact that he or she no longer meets the Eligibility Criterion; and

5.14.2 will, with effect from the date occurring 7 days after the Cessation Date, cease to be a Director of the Company.

5.15 If a person (Former Director) ceases to be a Director pursuant to clause 5.14.2 then the Board may fill that casual vacancy under clause 5.11 and the Former Director may, at the discretion of the Board, be re-appointed by the Board to fill that casual vacancy.

## 6. Decision Making

6.1 Subject to the Act and this Agreement, all decisions of the Board or the Shareholders in general meeting will be made by Simple Majority vote.

6.2 All decisions in respect of the following matters when they are not included in the Business plan must be made by the Shareholders holding at least 75% of the shareholding of the members present;

6.2.1 appointment of the Chairman;

- 6.2.2 the submission of any tender, bid or proposal relating to any contract or commitment with a value of \$50,000 or more for each Financial year;
- 6.2.3 execution of any contract or entering into any commitment with a value of \$50,000 or more for each Financial year;
- 6.2.4 incurring any capital expenditure or liability of \$50,000 or more, for an individual transaction or for a series of transactions in aggregate in any Financial year;
- 6.2.5 the acquisition of any freehold land with a value of \$50,000 or more;
- 6.2.6 entering into any Lease of real property for more than a twelve month term;
- 6.2.7 provision of guarantees by the Company to any third party that exceeds the limits determined by the Shareholders by Simple Majority vote;
- 6.2.8 obtaining new or increasing existing external borrowings where the total of all external borrowings exceeds the limits determined by the Shareholders by Simple Majority vote;
- 6.2.9 sale of the whole or part of any material undertaking of the Company including, without limitation, the sale of any assets with a value of \$50,000 or more;
- 6.2.10 entering into any transaction which is not proposed on a commercial 'arms length' basis or of any unusual or onerous nature or which is outside the ordinary course of the Business;
- 6.2.11 execution of any service, employment or consultancy contract with a term of more than 12 months, or a financial commitment of \$50,000 or more;

6.2.12 provision of any encumbrance by the Company over any of its assets, property, undertaking or uncalled capital securing an amount in excess of \$50,000;

6.2.13 any transaction which is governed by the provisions of the Local Government Act 1989 (Vic);

6.2.14 execution of contracts between the Company and any Shareholder or its related body corporate pursuant to clause 11;

6.2.15 any modification, variation or amendment to any agreement or arrangement (other than this Agreement) referred to in this sub-clause 6.2; or

6.2.16 determination of the matters referred to in clause 10.

6.3 In the event that a resolution relating to any matter listed in sub-clause 6.2 is defeated, any Director may ask for such proposed resolution to be submitted as early as possible as a special resolution at a Shareholders meeting convened for that purpose.

6.4 The Shareholders acknowledge and agree that, notwithstanding any other clause in this Agreement or in the Constitution, on and from 1 July 2010 no Shareholder will be entitled to exercise its voting rights as a Shareholder unless, at the time that such rights are to be exercised, that Shareholder is a party to a valid and subsisting Meal Supply Agreement.

## 7. Management

7.1. Any day-to-day requirements will be managed by the Board who may delegate such activities as it may decide.

### 7.2. **Management of the Business**

7.2.1. The Shareholders agree that the Business will be managed on the following conditions;

- 7.2.1.1. an initial assessment of the management task for the Business will be prepared by the Board of Directors and a copy made available to the Shareholders;
- 7.2.1.2. a Business plan will be prepared by the Board of Directors based on the assessment. This will involve a detailed budget and must be approved by a majority of the Shareholders at a meeting of the Shareholders;
- 7.2.1.3. any budget for additional costs is to be submitted to the Board and subject to the terms of clause 6.2 approved by a majority of Shareholders at a meeting of the Shareholders.

## 8. Financial Reporting

- 8.1. The Shareholders must ensure that the Board considers and adopts a Business plan in accordance with the following procedure:
  - 8.1.1. at least three months before the beginning of each Financial year, the Board must cause a draft Business plan to be prepared for the following Financial year; and
  - 8.1.2. the Board must consider the draft Business plan and approve a Business plan before the beginning of the following Financial year.
- 8.2. If the Board fails to adopt a Business plan in accordance with clause 8.1, until a new Business plan is adopted under clause 8.1 the Business must be conducted on the basis of the then current Business plan.
- 8.3. The Company must provide to the Directors sufficient management and financial information and reports to allow them to monitor the efficient conduct of the Business project, including:
  - 8.3.1. within 21 Business days after the end of March, June, September and December in each Financial year:



8.3.1.1. an unaudited profit and loss statement and cash flow statement (with revised projections for the following 12 months) for the three months just elapsed;

8.3.1.2. a balance sheet as at the expiry of that three month period; and

8.3.1.3. comparisons of the actual results with the projections set out in the current Business plan and explanations for any variations,

each prepared in reasonable detail and using generally accepted Australian accounting principles consistently applied, which comply with the provisions of the Act.

8.3.2. within 60 Business days after the end of each Financial year, a profit and loss statement and cash flow statement for the immediately preceding Financial year and balance sheet as at the end of that Financial year, audited by the Company's Auditors; and

8.3.3. any other reports or statements that the Board may require.

8.4. Should it appear to any Director that there is likely to be any material variation or adjustment to the Business, then that Director may request a Board of Directors meeting on an urgent basis to examine and review if necessary the Business plan for the Company.

8.5. The Company must ensure that sufficient accounting and other reports and information are provided to the Shareholders in order to meet, and to enable them to meet, the requirements of the *Local Government Act* 1989 (Vic).

## 9. Accounts

- 9.1. The Shareholders must ensure that the records and accounting books of the Company are kept in accordance with the law, generally and specifically in accordance with the Local Government Act 1989 (Vic) and the Corporations Act 2001 (Commonwealth), are audited yearly and reflect generally accepted Australian accounting principles, procedures and practices consistently applied.
- 9.2. After giving at least two (2) Business days notice to the Company, each Shareholder will be entitled to full access during the Company's normal business hours through an accountant, agent or employee of that Shareholder and at that Shareholder's cost to inspect all the books, accounts, records and facilities of the Company for the purpose of auditing, valuing the Company, making copies or any other reasonable purpose.
- 9.3. Before an inspection occurs or access is permitted under clause 9.2, an accountant, agent or employee appointed by a Shareholder must sign a confidentiality agreement in the form approved by the Board.
- 9.4. Each Shareholder must use its reasonable efforts to:
  - 9.4.1. complete an inspection under clause 9.2 within five Business days of its commencement; and
  - 9.4.2. minimise any disruption to the Company's operations.

## 10. Funding

- 10.1. Each Shareholder must contribute its Respective proportion of the funding requirements of the Company, as determined by the Shareholders from time to time. The Shareholders must ensure that on the Effective date they have advanced to the Company, their funding obligations in accordance with their Respective proportions.

- 10.2. The obligation referred to in clause 10.1 ('funding obligation') must be satisfied by a subscription for Shares by each Shareholder in accordance with its Respective proportion.
- 10.3. The Board must determine the number of new fully paid Shares to be issued and allotted under sub-clause 10.2 in order to satisfy each contribution.
- 10.4. The Shareholders must not provide their shares as security, or create or give any encumbrance over their shares in favour of any party without the prior written consent of all Shareholders which may be withheld by each of them at their absolute discretion. This clause 10.4 does not apply to any floating charge over the assets of a Shareholder that is in existence on or before the date of this Agreement.
- 10.5. Subject to clauses 10.4 and 10.6, this clause 10 does not prohibit external borrowings by the Company, on terms and conditions determined by the Board.
- 10.6. The Shareholders must ensure that the Company does not undertake any activity including (without limitation) entering into a contract or arrangement to provide services or obtaining external borrowings from a financial institution (or other third party) that requires the Shareholders to give a guarantee, bond or other security without the prior written consent of each Shareholder. Where the Shareholders agree to provide such security and the Shareholders agree with the financial institution or third party that any liability is to be assumed severally by them under that security, the Shareholders agree that:
- 10.6.1. the amount of such liability will be apportioned between the Shareholders in their Respective proportions; and
- 10.6.2. notwithstanding any agreement with or action by the beneficiary of such guarantee, undertaking or obligation, the Shareholders, between themselves, shall be liable to make contribution to each other and indemnify each other so that any such liability is

ultimately borne by the Shareholders in their Respective proportions.

- 10.7. Any guarantee, bond, undertaking or other security given severally by the Shareholders is irrevocable except with the written consent of all Shareholders, such consent not to be unreasonably withheld. In the event that all Shareholders agree to release any exiting Shareholders from any such obligation then they will use their best endeavours to obtain such discharge. All costs associated with the work in obtaining a discharge shall be paid by the exiting Shareholder.

## 11. Agreements Between Company and Shareholders

- 11.1. Each Shareholder acknowledges that the Company may wish to enter into certain agreements or arrangements with any Shareholder (or related body corporate). Those agreements or arrangements must:

11.1.1. be negotiated on an arm's length basis;

11.1.2. be finalised on normal commercial terms;

11.1.3. not be entered into without the prior unanimous approval of the Board;

11.1.4. not be considered, nor voted upon, by Directors who have any relationship with the Shareholder (or any related body corporate) proposing to enter into the agreement or arrangement; and

11.1.5. not be performed unless an agreement has been entered into in accordance with this clause.

## 12. Transfer of Shares

- 12.1. Unless all the Shareholders otherwise agree, a Shareholder must not transfer shares except in accordance with this clause 12 and clauses 13 or 19.



## 12.2.

12.2.1. A Shareholder may transfer all (but not part) of its shares to a wholly-owned subsidiary or a wholly-owned subsidiary of that Shareholder's ultimate holding company (for the purposes of this clause only, 'subsidiary') if, in addition to complying with clause 12.6, the Shareholder and the subsidiary agree that the shares must be re-transferred to the Shareholder if the subsidiary ceases to be wholly-owned by the Shareholder.

12.2.2. A Shareholder will remain liable for the performance of the duties, responsibilities and obligations assumed by any subsidiary, except that performance by the subsidiary will, to the extent so performed, discharge the Shareholder from the performance of those duties, responsibilities and obligations.

12.3. Subject to clause 12.2, a Shareholder must not transfer, directly or indirectly, its shares except by first issuing a transfer notice (in a form specified by the Board) to the Board in accordance with clause 13. Such transfer notice must be accompanied by the share certificate relating to the Shares to be transferred and both documents must be delivered to the registered Office of the Company.

12.4. If there is a change in Control of a Shareholder other than an amalgamation of local municipal Councils then the Shareholder is deemed to have issued, by operation of clause 12.5 a transfer for all its shares and clause 13 applies to the transfer of those shares.

12.5. A deemed transfer of shares arises, and a transfer notice is deemed to be issued, by operation of clauses 12.4 or 19 and clause 13 will apply to the sale of those shares and each Shareholder waives any rights it may have against the other Shareholder to claim relief from forfeiture or to claim that the operation of this clause or clause 19 is a penalty.

12.6. Unless all the other Shareholders agree, a transfer will not be effective, unless the following conditions of transfer are satisfied:

12.6.1. the transfer relates to all of the shares held by the Shareholder;

**12.6.2.** where shares are proposed to be transferred to another local municipal Council third party must enter into and deliver to each other Shareholder a deed of accession; and

**12.6.3.** subject to compliance with the law, all loans from the Company to the Shareholder transferring its shares are repaid in full.

**12.7.** No transfer of shares may be made to a third party if, in the reasonable opinion of the Shareholders (other than the Shareholder transferring its shares), the third party is not of good standing, financial substance and reputation.

**12.8.** No transfer of shares may be made to a third party who is not a Municipal Council.

**12.9.** Nothing in this clause shall prevent any Council which has amalgamated with another Council from transferring their shareholding to the new amalgamated entity which will on signing a Deed of Accession in Schedule 3 become a Shareholder and party to this Agreement.

#### **12(a) Issue of New Shares**

The Board may, by a Simple Majority vote, cause the Company to issue new Shares to any Council provided that Council has signed a Deed of Accession as annexed in Schedule 3. The number of Shares to be issued and the applicable terms and conditions as to price and provisions of any guarantees will be as the Board may reasonably determine.

#### **13. Procedure on Transfer of Shares**

**13.1.** A transfer notice:

**13.1.1.** is to be deemed to be issued, by operation of clauses 12.4 or 19, on the first date that a Director is aware of the circumstances that cause clauses 12.4 or 19 to operate in respect of a Shareholder, and

13.1.2. is issued under clause 12.3 on the date the Board receives a transfer notice from the seller.

13.2. A transfer notice constitutes the Board as the agent of the Shareholder that issues or is deemed to have issued a transfer notice ('seller') for the sale of all its shares ('sale shares') to Shareholders (other than the seller) in accordance with this clause at a price per sale share determined under clause 14 ('sale price'). The sale price will be final and binding upon the seller and the transferee.

13.3. On or within fourteen (14) Business days of the sale price being determined, the Board must offer for sale to each Shareholder (other than the seller) ('recipient'), at the sale price a number of the sale shares calculated in accordance with the following formula ('round 1 offer'):

$$A \times \frac{B}{(C - A)}$$

Where:

A = the number of sale shares the subject of the transfer notice.

B = the number of shares held by that recipient on the date of the round 1 offers.

C = the total number of issued shares on the date of the round 1 offers.

13.4. On or within fourteen (14) Business days after receipt of its round 1 offer, each recipient must notify the Board whether it accepts or rejects its round 1 offer. If a recipient accepts its round 1 offer, the seller is bound to sell, and each accepting recipient ('accepting Shareholder') is bound to purchase, the total number of sale shares contained in its round 1 offer at the sale price and otherwise on the terms specified in the round 1 offers.

- 13.5. Subject to clauses 12.7 and 12.8, if any recipient rejects the round 1 offer or fails to notify the Board during the fourteen (14) day period after receipt of that offer pursuant to clause 13.4, the seller may withdraw the transfer notice and may sell all the shares referred to in that offer to a third party on terms no more favourable to the third party than those offered to the recipients and at a price not less than the price set out in the transfer notice.
- 13.6. Completion of the sale of shares or remaining sale shares must take place within ten (10) Business days after the date of the recipient's notice of acceptance under clauses 13.4 and 13.5 at a time and place to be agreed by the seller and the recipient or failing agreement at the Office at 10 am on the next Business day after expiry of that fourteen (14) Business day period.
- 13.7. At completion of the sale of the sale shares or remaining sale shares:
- 13.7.1. the accepting Shareholder must pay the sale price to the seller for the sale shares or remaining sale shares that it has agreed to purchase; and
  - 13.7.2. the seller must deliver to the accepting Shareholder the certificates relating to the sale shares or remaining sale shares and a transfer of the sale shares or remaining sale shares duly executed by the seller.
- 13.8. If a Shareholder defaults in completing the transfer of its shares in accordance with this clause ('defaulting Shareholder'), the Board must on written direction from the proposed transferee ('buyer'):
- 13.8.1. receive the purchase price from the buyer on behalf of the defaulting Shareholder;
  - 13.8.2. give to the buyer a valid receipt of the purchase price on behalf of the defaulting Shareholder;
  - 13.8.3. execute transfers of the defaulting Shareholder's shares in favour of the buyer;



13.8.4. ensure that the buyer's name is entered in the Company's register of members as the holder of the defaulting Shareholder's shares; and

13.8.5. take all further action necessary to complete the transfer of the defaulting Shareholder's shares as required under this Agreement.

13.9. The defaulting Shareholder hereby irrevocably appoints the Company as attorney for the defaulting Shareholder to do all acts and things which may ought to be done by the defaulting Shareholder here under and without limiting the generality of the foregoing and the attorney shall have power in the name of the defaulting Shareholder to sign and negotiate any documents or instruments as the attorney shall think fit to effect the transfer of the defaulting Shareholder's shares.

#### 14. Determination of Sale Price

14.1. Within five (5) Business days of a transfer notice being issued or deemed to be issued under clause 13.1, the Board must agree on a person ('valuer') to value the sale shares, or failing agreement procure that the President of the Real Estate Institute of Victoria nominates a valuer, and the Board must instruct the valuer chosen or nominated to value the shares of the Company, adopting the method of valuation that the valuer considers appropriate, but in valuing the shares the valuer must:

14.1.1. assume that a reasonable time is available in which to obtain a sale of the shares to another local government entity;

14.1.2. have regard to any other factors (including the assets and liabilities of the Company) which the valuer believes should properly be taken into account; and

14.1.3. act as an expert and not as an arbitrator.

14.2. The sale price will be final and binding upon the seller and the transferee.

14.3. The cost of the valuer's determination must be borne by the seller.

15. **Publicity and Confidentiality**

15.1. Subject to clause 15.2, no Shareholder will make a public announcement relating to this Agreement without the prior written consent of the other Shareholders which consent may not be unreasonably withheld.

15.2. A Shareholder is entitled to make a public announcement relating to this Agreement if required to do so by law, an order of a court of competent jurisdiction or by stock exchange rules.

15.3. Each Shareholder ('recipient') agrees in relation to Confidential Information of another Shareholder or the Company ('owner'):

15.3.1. to use the Confidential Information only for the purposes of the Business; and

15.3.2. to keep that Confidential Information confidential and not disclose it or allow it to be disclosed to any third party except:

15.3.2.1. with the consent of the owner;

15.3.2.2. with the consent of the Company and the Shareholders with respect to Confidential Information of the Company; or

15.3.2.3. to officers, employees and consultants or advisers of the recipient and of the recipients related bodies corporate who have a need to know (and only to the extent that each has a need to know) and are aware that the Confidential Information must be kept confidential,

and the Shareholders must take or cause to be taken reasonable precautions necessary to maintain the secrecy and confidentiality and to prevent the disclosure of the Confidential Information.

- 15.4. The obligations of confidentiality under this Agreement do not extend to information that (whether before or after this Agreement is executed):

15.4.1. is disclosed to a recipient under or in relation to this Agreement, but at the time of disclosure is rightfully known to or in the possession or control of the recipient and not subject to an obligation of confidentiality on the recipient;

15.4.2. is public knowledge (otherwise than as a result of a breach of this Agreement); or

15.4.3. is required by law to be disclosed and the recipient required to make the disclosure has taken all reasonable steps to oppose or prevent the disclosure and to limit, as far as reasonably possible, the extent of the disclosure.

- 15.5. on ceasing to be a Shareholder on the termination of this Agreement each Shareholder must:

15.5.1. continue to keep confidential all Confidential Information of each other Shareholder and the Company; and

15.5.2. at each owner's option, return to that owner or destroy and certify the destruction of that owner's Confidential Information.

- 15.6. The rights and obligations of the Shareholders set out in this Agreement with respect to Confidential Information will survive termination of this Agreement.

## 16. Dispute Resolution

- 16.1. A Shareholder will not start arbitration or court proceedings (except proceedings seeking interlocutory relief) in respect of a dispute arising out of this Agreement ('dispute') unless it has complied with this clause.
- 16.2. A Shareholder claiming that a dispute has arisen must notify the other Shareholders, giving details of the dispute.
- 16.3. During the twenty-one (21) day period after a notice is given under clause 16.2 (or longer period agreed in writing by the parties to the dispute) ('initial period') each party to the dispute ('disputant') must use its best efforts to resolve the dispute.
- 16.4. If the disputants are unable to resolve the dispute within the initial period, each disputant agrees that the dispute must be referred for mediation in accordance with the Mediation Rules of the Law Institute of Victoria, at the request of any disputant, to:
  - 16.4.1. a mediator agreed on by the disputants; or
  - 16.4.2. if the disputants are unable to agree on a mediator within seven (7) days after the end of the initial period, a mediator nominated by the then president of Law Institute of Victoria.
- 16.5. The role of any mediator is to assist in negotiating a resolution of the dispute. A mediator may not make a decision that is binding on a disputant unless that disputant has so agreed in writing.
- 16.6. Any information or documents disclosed by a disputant under this clause:
  - 16.6.1. must be kept confidential; and
  - 16.6.2. may not be used except to attempt to resolve the dispute.



- 16.7. Each disputant must bear its own costs of complying with this clause and the disputants must bear equally the costs of any mediator engaged.
- 16.8. After the initial period, a disputant that has complied with clauses 16.1, 16.2 and 16.3, may terminate the dispute resolution process by giving notice to each other disputant.
- 16.9. If in relation to a dispute a disputant breaches any provision of clauses 16.1 to 16.6, each other disputant need not comply with clause 16.1 to 16.6 in relation to that dispute.

17. **Acknowledgments and Warranties**

- 17.1. Each of the Shareholders severally represents and warrants to all Shareholders that it is a 'Council' within the meaning of the Local Government Act 1989 (Vic) and has all requisite powers to own property and has the necessary power to bind itself in the manner contemplated by this Agreement and to execute, deliver and perform this Agreement and to become bound thereby.
- 17.2. Each of the Shareholders severally represents and warrants to each other that this Agreement has been validly executed and delivered by it and constitutes the valid, binding and enforceable obligations of it in accordance with its terms, subject to the discretionary authority of a court in granting equitable remedies and all applicable bankruptcy and insolvency laws
- 17.3. Each of the Shareholders severally agrees that no Shareholder makes any representation or warranty to any other Shareholder other than as expressly referred to in this Agreement and each Shareholder enters into this Agreement and (where applicable) becomes a Shareholder or acquires shares entirely on the basis of its own investigations and decisions and not in reliance on any act or representation made by any other Shareholder.

- 17.4. Each of the Shareholders severally represents and warrants that the consent of the Minister pursuant to the Local Government Act 1989 (Vic) has been sought and consent has or will be given.

## 18. Termination

- 18.1. Subject to clause 18.3, this Agreement will be terminated:

18.1.1. by mutual agreement in writing of all Shareholders;

18.1.2. for any Shareholder - when it ceases to hold, directly or indirectly, any shares;

18.1.3. when the Company is wound up by an order of a court.

- 18.2. Termination of this Agreement will be without prejudice to any accrued rights of the Shareholders.

- 18.3. Each Shareholder agrees that after termination of this Agreement the obligations under clause 15 continue in force.

## 19. Default

- 19.1. If any of the events specified in clause 19.2 occurs in relation to a Shareholder ('defaulting Shareholder'), then the defaulting Shareholder is deemed to have issued a transfer notice in accordance with clauses 12.4 and 13.1 for all its shares, and clause 13 applies to the sale of those shares save and except that the Shareholder agrees that in such case, the sale price shall be seventy-five percent (75%) of the sale price as determined by clause 14.

- 19.2. The events referred to in clause 19.1 are:

19.2.1. if a Shareholder breaches any provision of this Agreement, then another Shareholder may give to each of the other Shareholders notice of the default and in the event that an aggregate Respective proportion of 75% of the Shareholders agree, the

defaulting Shareholder will be given a notice in writing giving them thirty (30) days in which to rectify that breach and if this breach is not so remedied, a default is deemed to have occurred; or

19.2.2. if a Shareholder has an administrator, trustee, liquidator or provisional liquidator appointed for all or any part of its assets or undertaking.

20. Right of First Refusal

20.1. Each Shareholder agrees that before entering into any agreement with a party other than the Company for the purchase of meals it will first allow the Company the option to make an offer concerning provision of those meals and agrees to negotiate with the Company on a bona fide basis for a period of not less than thirty (30) days in relation to the terms of an agreement for the provision of such meals.

20.2. For the avoidance of doubt this clause is not to provide an opportunity for a Shareholder to avoid its obligations under this Agreement by requesting a variation to an existing meal type.

20.3. Each Shareholder has a duty to act reasonably in exercising its rights under this clause.

21. Non-Competition

21.1. This clause has effect as if it were separate clauses each one being severable from the others, such separate clause consisting of the covenant set out in clause 21.2 combined with each separate period referred to in clause 21.3 combined with each separate area referred to in clause 21.4 and if any of these separate clauses are invalid or unenforceable for any reason such invalidity or unenforceability will not affect the validity or enforceability of any other separate clause.

21.2. Each Shareholder covenants that it will not (except as Shareholder in a company the shares in which are quoted on an Australian Stock

Exchange and for existing investment at the time of signing this Agreement) directly or indirectly without the previous consent in writing of the Company be concerned or interested or employed, manage or operate or participate in the management or operation or marketing of any products or services in competition with the Company's activities, products and services or likely to be competitive with that carried on by the Company at that time, during the periods and in the areas specified in this clause. For the avoidance of doubt any party who was a Shareholder to this Agreement but is no longer a Shareholder is entitled to provide meals for itself notwithstanding the provisions of this Agreement.

21.3. The periods specified are:

21.3.1. the term of this Agreement;

21.3.2. any extension or variation to the term of this Agreement.

21.4. The area specified is anywhere in the State of Victoria.

## 22. Assignment

22.1. A party must not assign, declare itself a trustee of, create any encumbrance in respect of or dispose of, any of its rights and interests under this Agreement:

22.1.1. except with the prior written consent of each Shareholder which each Shareholder may withhold at its sole discretion; or

22.1.2. unless this Agreement expressly provides otherwise.

## 23. Counterparts

This agreement may be executed in any number of counterparts and all such counterparts when executed and taken together will constitute this Agreement.



24. Entire Agreement

This agreement comprises the entire agreement between the Shareholders and no earlier agreement, understanding or representation, whether oral or in writing, in relation to any matter dealt with in this Agreement will have any effect from the date of this Agreement.

25. Further Action

Each Shareholder must do or cause to be done or refrain from doing all such things necessary to give effect to this Agreement.

26. Choice of Jurisdiction and Law

This agreement will be governed by and construed in accordance with the law from time to time in force in Victoria, Australia and the Shareholders submit to the non-exclusive jurisdiction of the courts of that state.

27. Non-Merger

None of the terms or conditions of this Agreement, or any act, matter or thing done or by virtue of this Agreement or any other agreement, instrument or document, or judgment or order of any court or judicial proceeding, will operate as a merger of any of the rights and remedies of the Shareholders under this Agreement, and those rights and remedies will at all times continue in force.

28. Notices

28.1. Any notice given by a Shareholder under this Agreement must be in writing and addressed to the recipient at its address specified in Schedule 1 or as otherwise notified to the other Shareholders in writing from time to time.

28.2. A notice must be given by hand delivery, by post or sent by facsimile. Where a notice is sent by facsimile, the sending Shareholder must also send a copy of the notice by letter posted on the same or the following day, and the recipient must acknowledge receipt in writing.

28.3. A notice which is sent by post or facsimile will be deemed to be received on the day that the notice or the transmission of the facsimile is received by the recipient.

28.4. A notice which is given by hand delivery before 4 pm on a Business day will be deemed to have been received on that day and, in any other case of hand delivery, will be deemed to have been received on the Business day next following.

## 29. Waiver

29.1. The failure, delay or omission by a Shareholder to exercise any power or right conferred upon that Shareholder by this Agreement will not operate as a waiver of that power or right, nor will any single exercise of any such power or right preclude any other or future exercise of the power, or the exercise of any other power or right under this Agreement.

29.2. A waiver of any provision of this Agreement, or consent to any departure by a Shareholder from any provision of this Agreement, must be in writing and signed by all Shareholders and is effective only to the extent that it is given.

## 30. Variation

This Agreement may not be changed or modified in any way after its execution except in writing signed by all the Shareholders.

## 31. Costs

Each party must bear their own legal and other costs and expenses of and incidental to the preparation and execution of this Agreement.

### 32. Paramountcy

The provisions of this Agreement will prevail over any inconsistent section in the Constitution and the Shareholders agree that the Constitution will be amended to remove any inconsistency.

### 33. No Partnership or Agency

33.1. The rights, duties and obligations and liabilities of the Shareholders under this Agreement are several and not joint or collective. Each Shareholder will be individually responsible only for its obligations as specified in this Agreement.

33.2. Nothing contained or implied in this Agreement will create or constitute, or be deemed to create or constitute, a partnership between the Shareholders. A Shareholder must not act, represent or hold itself out as having authority to act as the agent of or in any way bind or commit the other Shareholders to any obligation.

### 34. Severability

Part or all of any clause of this Agreement that is illegal or unenforceable will be severed from this Agreement and will not affect the continued operation of the remaining provisions of this Agreement.

### 35. Consent

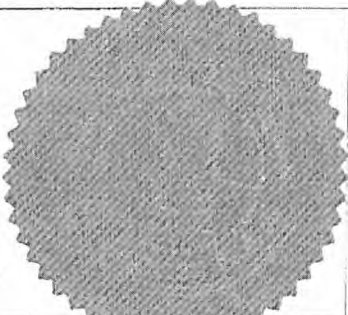

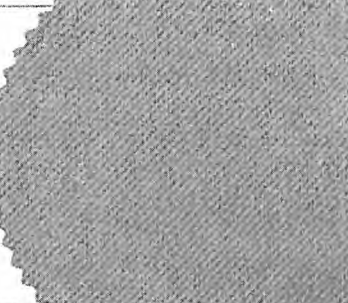
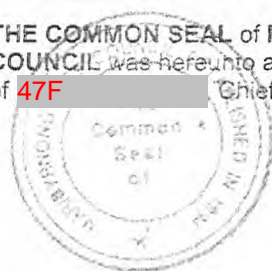
Where this Agreement provides that any particular transaction or matter requires the consent, approval or agreement of any Shareholder that consent, approval or agreement may be given subject to such terms and conditions as that Shareholder may impose and any breach of such terms and conditions by any person will be deemed to be a breach of the terms of this Agreement.


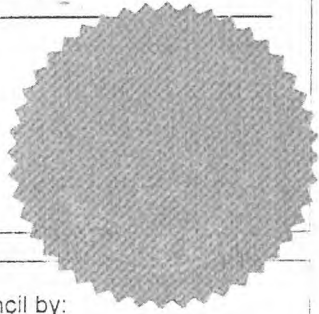
\*\*\*


IN WITNESS WHEREOF the parties have hereunto set their hands and seals on the day and year first hereinbefore written.

Name of Council	Signatories Block
Banyule City Council	<p>THE COMMON SEAL of BANYULE CITY COUNCIL is affixed</p> <p>47F [Redacted] ... COUNCILLOR</p> <p>47F [Redacted] ... CHIEF EXECUTIVE OFFICER</p>
Brimbank City Council	<p>The Common Seal of Brimbank City Council was affixed in the presence of:-</p> <p>47F [Redacted] ... Councillor</p> <p>47F [Redacted] ... Chief Executive Officer</p>
Greater Dandenong City Council	<p>The Common Seal of the GREATER DANDENONG CITY COUNCIL was hereunto affixed in the presence of:-</p> <p>47F [Redacted] ...</p> <p>47F [Redacted] Chief Executive Officer</p> <p>47F [Redacted] Mayor</p>
Darebin City Council	<p>THE COMMON SEAL of DAREBIN CITY COUNCIL was affixed in the presence of:-</p> <p>47F [Redacted] ...</p> <p>47F [Redacted] Chief Executive Officer</p>



<p>Greater Geelong City Council</p>	<p>THE COMMON SEAL of GREATER GEELONG CITY COUNCIL was affixed hereto in the presence of:</p> <p>47F [Redacted]</p> <p>_____ Chief Executive Officer</p>
<p>Hobsons Bay City Council</p>	<p>The COMMON SEAL of the HOBSONS BAY CITY COUNCIL was hereunto affixed in the presence of:</p> <p>47F [Redacted]</p> <p>_____ Councillor</p> <p>_____ Chief Executive Officer</p> 
<p>Hume City Council</p>	<p>THE COMMON SEAL of HUME CITY COUNCIL was hereto affixed on the</p> <p>47F [Redacted] the presence of:</p> <p>Councillor 47F [Redacted]</p> <p>Chief Executive Officer 47F [Redacted]</p> 
<p>Macedon Ranges Shire Council</p>	<p>THE COMMON SEAL of the MACEDON RANGES SHIRE COUNCIL was hereto affixed on the 8<sup>th</sup> Nov. 2007 in the presence of</p> <p>47F [Redacted]</p> <p>COUNCILLOR 47F [Redacted]</p> <p>CHIEF EXECUTIVE OFFICER 47F [Redacted]</p> 
<p>Maribyrnong City Council</p>	<p>THE COMMON SEAL of MARIBYRNONG CITY COUNCIL was hereunto affixed in the presence of 47F [Redacted] Chief Executive Officer</p> <p>47F [Redacted]</p> 

Melton Shire Council	<p><b>THE COMMON SEAL OF THE MELTON SHIRE COUNCIL</b> was hereunto affixed in the presence of: <b>47F</b> [redacted] <b>47F</b> [redacted]</p> <p>.....</p> <p>Chief Executive Officer</p> <p>Councillor</p> 
Moonee Valley City Council	<p>Signed by and on behalf, and with the authority of the Moonee Valley City Council, by <b>47F</b> [redacted] Chief Executive Officer, in the exercise of a power conferred by an Instrument of Delegation dated 17 October 2006, in the presence of:</p> <p><b>47F</b> [redacted]</p> <p>.....</p> <p>Witness</p>
Moreland City Council	<p><b>SIGNED</b> by <b>47F</b> [redacted] Director Social Development of the Moreland City Council, in the exercise of a power conferred by an Instrument of Delegation dated 14 November 2005 in the presence of:</p> <p><b>47F</b> [redacted] <b>CHIEF EXECUTIVE OFFICER</b> <b>47F</b> [redacted]</p> <p><b>47F</b> [redacted] Witness</p> 
Stonnington City Council	<p>Signed under delegation on behalf of Stonnington City Council by:</p> <p><b>47F</b> [redacted] Chief Executive Officer</p> <p><b>47F</b> [redacted]</p> <p>in the presence of</p> <p><b>47F</b> [redacted]</p> <p>Witness</p>

<p>Yarra City Council</p>	<p>FOR MAYOR and CEO</p> <p>THE COMMON SEAL of the YARRA CITY COUNCIL was affixed hereto in the presence of:</p> <p>47F</p> <p>... Mayor</p> <p>... Chief Executive Officer</p> 
---------------------------	---

**SCHEDULE 1**  
**THE SHAREHOLDERS**

Council	Postal Address	Fax Number	Shareholder Representative	Percentage of total shareholding	Number of Shares
<b>Banyule City Council</b> 275 Upper Heidelberg Road IVANHOE VIC 3079	PO Box 51 IVANHOE VIC 3079	(03) 9499 9475	<b>47F</b>	9.21%	921
<b>Brimbank City Council</b> Alexandra Avenue SUNSHINE VIC 3020	PO BOX 70 SUNSHINE VIC 3020	(03) 9249 4351		7.18%	718
<b>Greater Dandenong City Council</b> 39 Clow Street DANDENONG VIC 3175	PO Box 200 DANDENONG VIC 3175	(03) 9239 5196		6.83%	683
<b>Darebin City Council</b> 274 Gower Street, PRESTON VIC 3072	PO Box 91 PRESTON VIC 3072	(03) 8470 8877		13.32%	1332
<b>Greater Geelong City Council</b> 30 Gheringhap Street GEELONG VIC 3220	PO Box 104 GEELONG VIC 3220	(03) 52270258		10.51%	1051
<b>Hobsons Bay City Council</b> 115 Civic Parade ALTONA VIC 3018	PO Box 21 ALTONA VIC 3018	(03) 9932 1039		6.35%	635
<b>Hume City Council</b> 1079 Pascoe Vale Rd BROADMEADOWS VIC 3047	PO Box 119 DALLAS VIC 3047	(03) 9309 0109		3.29%	329



Council	Postal Address	Fax Number	Shareholder Representative	Percentage of total shareholding	Number of Shares
<b>Macedon Ranges Shire Council</b> 129 Mollison Street KYNETON VIC 3444	PO Box 151 KYNETON VIC 3444	(03) 54223623	47F	2.01%	201
<b>Maribyrnong City Council</b> Corner Hyde & Napier Streets FOOTSCRAY VIC 3011	PO Box 58 FOOTSCRAY VIC 3011	(03) 9687 7793		6.60%	660
<b>Melton Shire Council</b> 232 High Street MELTON VIC 3337	PO Box 21 MELTON VIC 3337	(03) 9743 9970		2.31%	231
<b>Moonee Valley City Council</b> 9 Kellaway Avenue MOONEE PONDS VIC 3039	PO Box 126 MOONEE PONDS VIC 3039	(03) 9377 2100		10.39%	1039
<b>Moreland City Council</b> 90 Bell Street COBURG VIC 3058	Locked Bag 10 MORELAND VIC 3058	(03) 9240 1212		13.58%	1358
<b>Stonnington City Council</b> Corner of High Street & Glenferrie Road MALVERN VIC 3144	PO Box 21 PRAHRAN VIC 3181	(03) 8290 1150		3.42%	342
<b>Yarra City Council</b> 333 Bridge Road RICHMOND VIC 3121	PO Box 168 RICHMOND VIC 3121	(03) 8417 6666		5.00%	500

**SCHEDULE 2**  
**CONSTITUTION OF THE COMPANY**

Dated

**Constitution**

**CORPORATIONS ACT 2001**  
**COMPANY LIMITED BY SHARES**

RFK Pty Ltd

## TABLE OF CONTENTS

1.	DEFINITIONS.....	47
2.	STATUS OF THIS CONSTITUTION.....	48
3.	NAME OF THE COMPANY.....	48
4.	LIABILITY OF MEMBERS .....	48
5.	LIMITATIONS ON COMPANY .....	48
5.1	Members .....	48
5.2	Subscription.....	48
5.3	Deposits .....	48
5.4	Partly Paid Shares.....	48
6.	REPLACEABLE RULES.....	48
7.	SHARE CAPITAL AND VARIATION OF RIGHTS .....	49
7.1	General .....	49
7.2	Preference Shares.....	49
7.3	Class Rights .....	49
7.4	Recognition of Shares Held on Trust.....	50
7.5	Entitlement to Share Certificates .....	50
7.6	Lost or Destroyed Certificates.....	50
8.	ALTERATION OF CAPITAL .....	50
8.1	Larger Nominal Value.....	50
8.2	Smaller Nominal Value .....	50
9.	GENERAL MEETINGS .....	51
9.1	General .....	51
9.2	Circulating Resolutions.....	51
9.3	Notices .....	51
9.4	Cancellation of Meeting .....	52
10.	PROCEEDINGS AT GENERAL MEETINGS.....	53
10.1	General .....	53
10.2	Quorum not Present .....	53
10.3	Chair.....	54
10.4	Adjournment of Meeting.....	54
10.5	Resolutions at Meetings .....	54
10.6	Poll at Meetings .....	55
10.7	Casting Vote of Chair.....	55
10.8	Votes by Members.....	55
10.9	Entitlement to Vote .....	55
10.10	Objections to Qualification to Vote .....	55
10.11	Proxies .....	56
10.12	Time Within Which Proxies to be Lodged .....	56
10.13	Validity of Votes made by Proxy .....	57
11.	DIRECTORS .....	57
11.1	Remuneration of Directors.....	57
11.2	Additional Circumstances for Vacation of Office .....	57

11.3	Conflict of Interest.....	58
<b>12.</b>	<b>POWERS AND DUTIES OF DIRECTORS .....</b>	<b>58</b>
12.1	Attorney for Company.....	58
12.2	Execution of Cheques and Bills of Exchange.....	59
<b>13.</b>	<b>PROCEEDINGS OF DIRECTORS .....</b>	<b>59</b>
13.1	General.....	59
13.2	Director Interested in Contract with Company.....	59
13.3	Deputy Chair .....	59
13.4	Delegation by Directors .....	60
13.5	Committees of Directors .....	60
13.6	Resolutions of Directors.....	60
13.7	Validity of Acts of Directors.....	61
<b>14.</b>	<b>SECRETARY .....</b>	<b>61</b>
<b>15.</b>	<b>SEAL.....</b>	<b>61</b>
15.1	Custody of Seal .....	61
15.2	Use of Seal.....	61
<b>16.</b>	<b>ACCOUNTS .....</b>	<b>61</b>
<b>17.</b>	<b>DIVIDENDS AND RESERVES .....</b>	<b>62</b>
17.1	Declaration of Dividends.....	62
17.2	Interim Dividends.....	62
17.3	Interest on Dividends .....	62
17.4	Reserves .....	62
17.5	Entitlement to Dividends .....	62
17.6	Deductions from Dividends.....	63
17.7	Dividends Paid from Specific Assets.....	63
17.8	Payment of Dividends.....	63
<b>18.</b>	<b>NOTICES .....</b>	<b>63</b>
<b>19.</b>	<b>WINDING UP .....</b>	<b>64</b>
19.1	Division of Property .....	64
19.2	Vesting of Property .....	64
<b>20.</b>	<b>INDEMNITY.....</b>	<b>64</b>
20.1	Definition of Liability and Officer .....	64
20.2	Indemnity of Officers.....	64
20.3	Indemnity for proceedings .....	64
<b>21.</b>	<b>INTERPRETATION .....</b>	<b>65</b>
21.1	Persons .....	65
21.2	Legislation .....	65
21.3	This Document, Clauses and Headings.....	65
21.4	Business Day .....	65
21.5	Number and Gender.....	65
	<b>SCHEDULE .....</b>	<b>66</b>



## CONSTITUTION

---

### CORPORATIONS ACT 2001

#### RFK PTY LTD A COMPANY LIMITED BY SHARES

#### 1. DEFINITIONS

---

In this Constitution:

**Act** means the Corporations Act 2001 (Commonwealth).

**ASIC** means the Australian Securities and Investment Commission.

**Business Day** means a day (other than a Saturday or Sunday) on which banks (as defined in the Banking Act 1959 (Commonwealth)) are generally open for business.

**Constitution** means this Constitution and any supplementary, substitute or amended Constitution for the time being in force.

**Company** means the abovenamed company.

**Delegate** means a person appointed as a delegate of the Directors in accordance with clause 13.4.

**Director** means a Director for the time being of the Company.

**Directors** means all Directors for the time being of the Company and if there is only one Director, that Director.

**Member** means a holder of Shares.

**Members** means all Members for the time being of the Company and if there is only one Member, that Member.

**Nominated Interest Rate** means the interest rate per annum calculated as the National Australia Bank Limited Base Rate plus 2% per annum.

**Seal** means the common seal of the Company and includes any official seal of the Company.

**Secretary** means any person appointed to perform the duties of a secretary of the Company.

**Shares** means shares in the capital of the Company.

Except so far as the contrary intention appears in this Constitution, an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Act, the same meaning as in that provision of the Act.

## **2. STATUS OF THIS CONSTITUTION**

---

- 2.1 In the event that all Members execute a Shareholders' Agreement relating to the Company and terms of that agreement are inconsistent with the terms of this Constitution, the terms of the Shareholders' Agreement will apply to the extent of the inconsistency.
- 2.2 The business of the Company will be conducted as described in the Shareholders' Agreement.

## **3. NAME OF THE COMPANY**

---

The name of the Company is specified at the top of page one of this Constitution.

## **4. LIABILITY OF MEMBERS**

---

The liability of Members is limited.

## **5. LIMITATIONS ON COMPANY**

---

### **5.1 Members**

The Company limits to not more than 50 the number of its Members, counting joint holders of Shares as one person and not counting any person who is employed by the Company or any of its subsidiaries or any person who was while so employed and since then has continued to be, a Member of the Company.

### **5.2 Subscription**

The Company prohibits:

- 5.2.1 any invitation to the public to subscribe for; and
- 5.2.2 any offer to the public to accept subscriptions for
- any Shares in, or debentures of, the Company.

### **5.3 Deposits**

The Company prohibits any invitation to the public to deposit money with, and any offer to the public to accept deposits of, money with the Company for fixed periods or payable at call, whether bearing or not bearing interest.

### **5.4 Partly Paid Shares**

The Company will not issue partly paid Shares.

## **6. REPLACEABLE RULES**

---

Each of the sections or sub-sections of the Act which would apply to the Company as replaceable rules within the meaning of the Act, if not for this clause, are displaced and do not apply to the Company.

## **7. SHARE CAPITAL AND VARIATION OF RIGHTS**

---

### **7.1 General**

- 7.1.1 Shares issued will be of a class specified in the Schedule or any other class permitted by this Constitution, provided that the class of shares to be issued is approved at a meeting of Directors.
- 7.1.2 Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares but subject to the Act, Shares may only be issued with the approval of the Directors and any such Shares may be issued with such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors determine.

### **7.2 Preference Shares**

Subject to the Act and this Constitution, the Directors may by unanimous agreement issue any preference Shares on the terms that they are, or at the option of the Company are, liable to be redeemed.

### **7.3 Class Rights**

- 7.3.1 The rights attached to Shares in a class of shares may be varied or cancelled only by special resolution of the Company and:
  - 7.3.1.1 by special resolution passed at a meeting of the class of Members holding Shares in the class; or
  - 7.3.1.2 with the written consent of Members with at least 75% of the votes in the class.
- 7.3.2 If the Shares in a class of Shares are divided into further classes, and after division the rights attached to all of those Shares are not the same:
  - 7.3.2.1 the division is taken to vary the rights attached to every Share, that was in the class existing before the division; and
  - 7.3.2.2 Members who hold Shares to which the same rights are attached after the division form a separate class.
- 7.3.3 If the rights attached to some of the Shares in a class of Shares are varied:
  - 7.3.3.1 the variation is taken to vary the rights attached to every other Share that was in the class existing before the variation; and
  - 7.3.3.2 Members who hold Shares to which the same rights are attached after the variation form a separate class.

#### **7.4 Recognition of Shares Held on Trust**

- 7.4.1 Except as required by the Act, the Company shall not recognise a person as holding a Share upon any trust.
- 7.4.2 The Company is not bound by or compelled in any way to recognise (whether it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any Share or unit of a Share or (except as otherwise provided by this Constitution or by the Act) any other right in respect of a Share except an absolute right of ownership in the registered holder.

#### **7.5 Entitlement to Share Certificates**

- 7.5.1 A person whose name is entered as a Member in the register of Members is entitled to receive a certificate in respect of his or her Shares in accordance with the Act but, in respect of a Share or Shares held jointly by several persons, the Company is not bound to issue more than one certificate.
- 7.5.2 Delivery of a certificate for a Share to one of several joint holders is sufficient delivery to all such holders.

#### **7.6 Lost or Destroyed Certificates**

Upon the loss or destruction of a Share certificate, it may be renewed upon payment of a fee not exceeding the prescribed amount pursuant to the Act and on provision of:

- 7.6.1 a statement in writing that the certificate has been lost or destroyed, and has not been pledged, sold or otherwise disposed of and, if lost, that proper searches have been made; and
- 7.6.2 an undertaking in writing that if it is found or received by the owner it will be returned to the Company.

### **8. ALTERATION OF CAPITAL**

---

#### **8.1 Larger Nominal Value**

The Company may by resolution consolidate and divide all or any of its Share capital into Shares of larger nominal value than its existing Shares.

#### **8.2 Smaller Nominal Value**

The Company may by resolution subdivide all or any of its Shares into Shares of smaller nominal value (a subdivision must not alter the proportion between the amount paid and the amount (if any) unpaid on the Shares concerned).



## **9. GENERAL MEETINGS**

---

### **9.1 General**

- 9.1.1 Any two Directors, whenever they think fit, may convene a general meeting of Members.
- 9.1.2 The Members agree that, notwithstanding sections 249B and 249F of the Act, a general meeting of Members may only be called by Members if such a meeting is called by Members with at least 25% of the votes that may be cast at the general meeting.

### **9.2 Circulating Resolutions**

- 9.2.1 If all the Members have signed a document containing a statement that they are in favour of a resolution of the Members in terms set out in the document, a resolution in those terms shall be deemed to have been passed at a general meeting held on the day, and at the time at which, the document was last signed by a Member.
- 9.2.2 For the purposes of clause 9.2.1, 2 or more separate documents containing statements in identical terms each of which is signed by one or more Members shall together be deemed to constitute one document containing a statement in those terms signed by those Members on the respective days on which they signed the separate documents.
- 9.2.3 A reference in clause 9.2.1 to all the Members does not include a reference to a Member who would not be entitled to vote on the resolution.
- 9.2.4 The resolution pursuant to clause 9.2.1 will not be deemed to be passed unless, where a Share is held jointly, each joint Member has signed the document.

### **9.3 Notices**

- 9.3.1 Subject to the Act and any requirement of the Act pertaining to the passing of a special resolution, at least 21 days written notice must be given of any general meeting. However, the Company may call a general meeting on shorter notice if Members with at least 95% of the vote that may be cast at the meeting agree beforehand, except at a general meeting at which a resolution will be moved to remove the Company's auditor (if any) pursuant to Section 329 of the Act.
- 9.3.2 Subject to the Act, any general meeting or any proceeding at the meeting is not invalid only because of:
  - 9.3.2.1 the non-receipt of a notice of meeting by any person entitled to such notice; or
  - 9.3.2.2 a defect in such a notice given.
- 9.3.3 Written notice of every general meeting pursuant to clause 9.3.1 must be given individually to:

- 9.3.3.1 each Member entitled to attend and vote at the meeting and in the case of joint holders to the joint holder whose name appears first in the register of Members in respect of the registered Share jointly held;
- 9.3.3.2 each Director;
- 9.3.3.3 the Company's auditor (if any) for the time being; and
- 9.3.3.4 every person known to the Company as being entitled to a Share in consequence of the death, bankruptcy or mental incapacity of a Member who would otherwise be entitled to receive notice of the meeting.
- 9.3.4 No other person shall be entitled to receive notices of general meetings.
- 9.3.5 Each notice of a general meeting shall:
  - 9.3.5.1 specify the place, the day, and the hour of the meeting, and if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this;
  - 9.3.5.2 state the general nature of the business to be transacted at the meeting;
  - 9.3.5.3 if a special resolution is to be proposed at the meeting, set out an intention to propose a special resolution and state the resolution; and
  - 9.3.5.4 if a member is entitled to appoint a proxy contain a statement setting out the following information:
    - 9.3.5.4.1 that the Member has a right to appoint a proxy;
    - 9.3.5.4.2 whether or not the proxy needs to be a Member of the Company;
    - 9.3.5.4.3 that a Member who is entitled to cast 2 or more votes may appoint 2 proxies and specify the proportion or number of votes each proxy is appointed to exercise; and
    - 9.3.5.4.4 comply with any other disclosure requirements of the Act.

#### **9.4 Cancellation of Meeting**

Subject to the Act and this Constitution, the Directors with the prior written approval of the Members, as they see fit, may cancel a general meeting which has been notified to the Members any time before the meeting.

## 10. PROCEEDINGS AT GENERAL MEETINGS

---

### 10.1 General

- 10.1.1 A general meeting may be held at 2 or more venues using any electronic means that gives the Members as a whole a reasonable opportunity to participate.
- 10.1.2 The quorum required for the purposes of a general meeting shall be:
  - 10.1.2.1 a Member or Members representing not less than one half of the voting rights of all Members having the right to vote at the general meeting; or
  - 10.1.2.2 a Member or Members holding Shares conferring a right to vote at the general meeting being Shares on which an aggregate sum has been paid equal to not less than one half of the total sum paid up on all the Shares conferring that right.
- 10.1.3 For the purpose of determining whether a quorum is present, a person attending as a proxy, or as representing a body corporate that is a Member, shall be deemed to be a Member.
- 10.1.4 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business.
- 10.1.5 A reference to a Member being personally present at a meeting includes a reference to a Member participating in a meeting by electronic means.
- 10.1.6 If there is a failure of the electronic means which results in the disconnection of any or all of the Members participating in the meeting, the meeting shall be adjourned until the failure of the electronic means has been rectified. If that is not possible within 60 minutes of the initial failure, the Chairman must adjourn the meeting until such time, date and place that is considered to give the Members as a whole a reasonable opportunity to participate in the meeting.

### 10.2 Quorum not Present

If a quorum is not present within 30 minutes from the time appointed for the meeting:

- 10.2.1 where the meeting was convened upon the requisition of Members, the meeting shall be dissolved; and
- 10.2.2 in any other case:
  - 10.2.2.1 the meeting stands adjourned to such day, and at such time and place, as the Directors determine or, if no determination is made by the Directors, to the same day in the next week at the same time and place; and

- 10.2.2.2 if at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting the meeting shall be dissolved.

### 10.3 Chair

- 10.3.1 The chair of the board of Directors shall preside as chair at every general meeting.
- 10.3.2 If the Directors have elected one of the number as deputy chair, the deputy chair shall preside as chair at a general meeting if the Director elected as chair is absent or not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act.
- 10.3.3 Where a general meeting is held and both the chair of the board of Directors and the deputy chair elected as provided by clause 10.3.2 are absent or not present within 15 minutes after the time appointed for the holding of the meeting or are unwilling to act the Members present shall elect another Director of the Company to be chair of the meeting.

### 10.4 Adjournment of Meeting

- 10.4.1 The chair may with the consent of any meeting at which a quorum is present, and must if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 10.4.2 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- 10.4.3 Except as provided by clause 10.4.2, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### 10.5 Resolutions at Meetings

- 10.5.1 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
  - 10.5.1.1 by the chair;
  - 10.5.1.2 by a Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or
  - 10.5.1.3 by a Member or Members holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.



10.5.2 Unless a poll is so demanded, a declaration by the chair that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

10.5.3 The demand for a poll may be withdrawn.

#### **10.6 Poll at Meetings**

10.6.1 If a poll is duly demanded, it shall be taken in such manner and (subject to clause 10.6.2) either at once or after an interval or adjournment or otherwise as the chair directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded.

10.6.2 A poll demanded on the election of a chair or on a question of adjournment shall be taken immediately.

#### **10.7 Casting Vote of Chair**

In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting at which the show of hands takes place or at which the poll is demanded, in addition to his or her deliberative vote (if any), has a casting vote.

#### **10.8 Votes by Members**

Subject to any rights or restrictions attached to any class or classes of Shares:

10.8.1 at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or attorney; and

10.8.2 on a show of hands every person present who is a Member or a representative of a Member has one vote, and on a poll every person present in person or by proxy or attorney shall have one vote for each share he or she holds.

#### **10.9 Entitlement to Vote**

A Member shall not be entitled to vote at a general meeting unless all calls and other sums presently payable by that Member in respect of Shares in the Company have been paid.

#### **10.10 Objections to Qualification to Vote**

10.10.1 An objection may be raised to the qualification of a voter only at the meeting or adjourned meeting at which the vote objected to is given or tendered.

10.10.2 Any such objection shall be referred to the chair of the meeting, whose decision shall be final.

- 10.10.3 A vote not disallowed pursuant to such an objection shall be valid for all purposes.

#### **10.11 Proxies**

- 10.11.1 An appointment of a proxy is valid if it is signed by the Member of the Company making the appointment and contains the following information:
- 10.11.1.1 the Member's name and address;
  - 10.11.1.2 the Company's name;
  - 10.11.1.3 the proxy's name or the name of the office held by the proxy; and
  - 10.11.1.4 the meetings at which the appointment may be used.
- 10.11.2 An appointment may specify the way in which the proxy is to vote on a particular resolution and, where an appointment so provides, the proxy shall not be entitled to vote in the resolution except as specified in the appointment.
- 10.11.3 A proxy appointed to attend and vote for a member has the same rights as a member to speak at the meeting or join in demanding a poll.

#### **10.12 Time Within Which Proxies to be Lodged**

- 10.12.1 For an appointment of a proxy to be effective, the following documents must be received by the Company at least 48 hours before the meeting:
- 10.12.1.1 the proxy's appointment; and
  - 10.12.1.2 if the appointment is signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.
- 10.12.2 If a meeting has been adjourned an appointment and any authority received by the Company at least 48 hours before the resumption of the meeting are effective for the resumed part of the meeting.
- 10.12.3 A Company receives an appointment authority when it is received at any of the following:
- 10.12.3.1 the Company's registered office;
  - 10.12.3.2 a fax number at the Company's registered office; or
  - 10.12.3.3 a place, fax number or electronic address specified for the purpose in the notice of meeting.

### 10.13 Validity of Votes made by Proxy

- 10.13.1 A proxy who is not entitled to vote on a resolution as a Member may vote as a proxy for another Member who can vote if their appointment specifies the way they are to vote on the resolution and they vote that way.
- 10.13.2 Unless the Company has received written notice of the matter before the start or resumption of the meeting at which a proxy votes, a vote cast by the proxy will be valid even if before the proxy votes:
  - 10.13.2.1 the Member revokes the proxy's appointment;
  - 10.13.2.2 the Member revokes the authority under which the proxy was appointed by a third party; or
  - 10.13.2.3 the Member transfers the share in respect of which the proxy was given.

## 11. DIRECTORS

---

### 11.1 Remuneration of Directors

- 11.1.1 The Directors shall be paid such remuneration as shall from time to time be determined by the Company in general meeting and as included in the Company's annual business plan and approved at a general meeting of Members..
- 11.1.2 That remuneration shall be deemed to accrue from day to day.
- 11.1.3 The Directors may also be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

### 11.2 Additional Circumstances for Vacation of Office

In addition to the circumstances in which the office of a Director shall become vacant by virtue of the Act, the office of a Director shall become vacant if the Director:

- 11.2.1 becomes of unsound mind or becomes a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- 11.2.2 resigns his or her office by notice in writing to the Company;
- 11.2.3 is absent without the consent of the Directors from meetings of the Directors held during a period of 6 months;
- 11.2.4 without the consent of the Company in general meeting holds any other office of profit under the Company except that of managing Director or principal executive officer or executive Director; or

- 11.2.5 has, subject to clause 11.3, a conflict of interest and fails to declare the nature of his or her interest as required by the Act.

### **11.3 Conflict of Interest**

- 11.3.1 A Director who has a material personal interest in a matter that relates to the affairs of the Company must, unless that Director is the sole Director, give the other Directors notice of the interest held at a meeting of Directors as soon as practicable after the Director becomes aware of their interest in the matter.
- 11.3.2 The Director shall declare the full details of the nature and extent of the interest and its relation to the affairs of the Company.
- 11.3.3 The Secretary shall record the declaration of a Director's interest in the minutes of the meeting.
- 11.3.4 The Director may give the other Directors standing notice of the nature and extent of the interest in the matter either at a Directors' meeting or to the other Directors individually and in writing.
- 11.3.5 If standing notice is given to the other Directors individually in writing, it must be tabled at the next meeting of Directors after it is given.
- 11.3.6 Notwithstanding any rule of law or equity to the contrary but subject to clause 11.2.5, no Director shall be or become disqualified from his or her office by contracting with the Company either as vendor or purchaser, or promoter or otherwise or from being employed or performing any service for or on behalf of the Company in any capacity, professional or otherwise, nor shall any such contract or arrangement be liable to be impeached, affected or avoided by reason of that Director being a party to or otherwise interested in that contract or arrangement, nor shall that Director be liable to account to the Company for any profit realised by or in respect of such contract or arrangement.

## **12. POWERS AND DUTIES OF DIRECTORS**

---

### **12.1 Attorney for Company**

- 12.1.1 The Directors may, by power of attorney, appoint any corporation, firm, person or persons to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the Directors), for such period and subject to such conditions as they think fit.
- 12.1.2 Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in him or her.



## **12.2 Execution of Cheques and Bills of Exchange**

All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by any 2 Directors or if the Company has only one Director, by that Director or in such other manner as the Directors determine.

## **13. PROCEEDINGS OF DIRECTORS**

---

### **13.1 General**

13.1.1 The Directors may meet together by electronic means or otherwise for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.

13.1.2 If there is a failure of the electronic means used in conducting a meeting of directors, the meeting shall be adjourned until the failure can be rectified. If that is not possible within one hour of the initial failure, the Directors who are able to communicate with each other must adjourn the meeting to a time, date and place determined by those Directors.

### **13.2 Director Interested in Contract with Company**

Subject to clause 11.3, a Director may vote in respect of any contract or arrangement in which he or she is interested and may attest the affixing of the Seal to any document relating to any such contract or arrangement.

### **13.3 Deputy Chair**

13.3.1 The Directors may elect one of their number as deputy chair of their meetings and may determine the period of office for which that Director is to hold office.

13.3.2 The deputy chair shall chair the meetings of the Directors where the chair is absent or not present within 10 minutes after the time appointed for the time of the meeting or is unwilling to act.

13.3.3 Where a meeting of Directors is held and:

13.3.3.1 a chair has not been elected by the Members and a deputy chair has not been elected as provided by clause 13.3.1; or

13.3.3.2 the chair and the deputy chair are both absent or not present within 10 minutes after the time appointed for the holding of the meeting or are unwilling to act,

the Directors present shall elect one of their number to be the chair of the meeting.

### 13.4 Delegation by Directors

- 13.4.1 The Directors may by resolution delegate any of their powers to a committee or committees of directors, a Director, an employee of the Company or any other person, consisting of such of their number as they think fit.
- 13.4.2 A Delegate must exercise the powers delegated in accordance with any directions of the Directors.
- 13.4.3 The exercise of the power of the Delegate is as effective as if the Directors had exercised it.
- 13.4.4 Directors who delegate their powers are responsible for the exercise of the power by the delegate as if the power had been exercised by the Directors themselves.
- 13.4.5 The Directors may specify the person to act as chair of any committee appointed under clause 13.4.1, or may specify that the members of that committee may appoint its chair.

### 13.5 Committees of Directors

- 13.5.1 If the Directors have specified under clause 13.4 that a committee may appoint its own chair, the Members of that committee may elect one of their number as chair of their meetings.
- 13.5.2 Where such a meeting is held and:
  - 13.5.2.1 a chair has not been elected as provided by clause 13.5.1; or
  - 13.5.2.2 the chair is not present within 10 minutes after the time appointed for the holding of the meeting or is unwilling to act,

the Members present may elect one of their number to be chair of the meeting.
- 13.5.3 A committee may meet and adjourn as it thinks proper.
- 13.5.4 Questions arising at a meeting of a committee shall be determined by a majority of votes of the Members present and voting.
- 13.5.5 In the case of an equality of votes, the chair, in addition to his or her deliberative vote (if any), shall have a casting vote.

### 13.6 Resolutions of Directors

- 13.6.1 If all the Directors have signed a document containing a statement that they are in favour of a resolution of the Directors in terms set out in the document, a resolution in those terms shall be deemed to have been passed at a meeting of the Directors held on the day on which the document was signed and at the time at which the document was last signed by a Director or, if the Directors signed the document on

different days, on the day on which, and at the time at which, the document was last signed by a Director.

13.6.2 For the purposes of clause 13.6.1, 2 or more separate documents containing statements in identical terms each of which is signed by one or more Directors shall together be deemed to constitute one document containing a statement in those terms signed by those Directors on the respective days on which they signed the separate documents.

13.6.3 A reference in clause 13.6.1 to all the Directors does not include a reference to a Director who, at a meeting of Directors, would not be entitled to vote on the resolution.

### **13.7 Validity of Acts of Directors**

All acts done by any meeting of the Directors or of a Delegate or by any person acting as a Director are effective even if the appointment or the continuance of the appointment of the Director is invalid because the Company or Director did not comply with the Constitution or any provision of the Act.

## **14. SECRETARY**

---

Subject to the Act the Company is not required to appoint a Secretary. However, any Secretary appointed shall hold office on such terms and conditions, as to remuneration and otherwise, as included in the Company's annual business plan and approved at a general meeting of Members.

## **15. SEAL**

---

### **15.1 Custody of Seal**

If the Directors resolve to have a Seal, the Directors shall provide for the safe custody of the Seal.

### **15.2 Use of Seal**

The Seal shall be used only by the authority of the Directors, or of a committee of the Directors authorised by the Directors to authorise the use of the Seal, and every document to which the Seal is affixed shall be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

## **16. ACCOUNTS**

---

- 16.1 The Directors shall cause proper accounting and other records to be kept and also distribute copies of balance sheets as required by the Act.
- 16.2 The Directors shall ensure that sufficient accounting and other reports and information are provided to the Members in order to meet, and enable them to meet, the requirements of the Local Government Act 1989 (Vic).

## **17. DIVIDENDS AND RESERVES**

---

### **17.1 Declaration of Dividends**

Subject to the provisions of the Act and any special rights and restrictions attached to any Shares, the Directors may declare and pay a dividend at any time as appears to the Directors to be justified by the profits of the Company.

### **17.2 Interim Dividends**

The Directors may declare and pay at any time such interim dividends as appear to the Directors to be justified by the profits of the Company.

### **17.3 Interest on Dividends**

Interest shall not be payable by the Company in respect of any dividend.

### **17.4 Reserves**

17.4.1 The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

17.4.2 Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit.

17.4.3 The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

### **17.5 Entitlement to Dividends**

17.5.1 Subject to clause 17.5.4 and the rights of persons (if any) entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid.

17.5.2 All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but, if any Share is issued on terms providing that it will rank for dividend as from a particular date, that Share ranks for dividend accordingly.

17.5.3 An amount paid or credited as paid on a Share in advance of a call shall not be taken for the purposes of this clause 17.5 to be paid or credited as paid on the Share.

17.5.4 Where more than one class of Shares has been issued, the Directors may declare and pay a dividend or make a distribution of capitalised profits:



17.5.4.1 on the Shares of any one or more classes to the exclusion of any other class; or

17.5.4.2 on the Shares of any one class at the same rate, or a higher or lower rate than the dividend declared and paid or distribution made on the Shares of other classes.

#### **17.6 Deductions from Dividends**

The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him or her to the Company on account of calls or otherwise in relation to Shares in the Company.

#### **17.7 Dividends Paid from Specific Assets**

17.7.1 The Directors when declaring a dividend may, by resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up Shares in, or debentures of, any other corporation.

17.7.2 Where a difficulty arises in regard to such a distribution, the Directors may settle the matter as they consider expedient and fix the value for distribution of the specific assets or any part of those assets and may determine that cash payments will be made to any Members on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the Directors consider expedient.

#### **17.8 Payment of Dividends**

17.8.1 Any dividend, interest or other money payable in cash in respect of Shares may be paid by cheque sent through the post directed to:

17.8.1.1 the address of the holder as shown in the register of Members, or in the case of joint holders, to the address shown in the register of Members as the address of the joint holder first named in that register; or

17.8.1.2 to such other address as the holder or joint holders in writing directs or direct.

17.8.2 Any one of 2 or more joint holders may give effective receipts for any dividends, interest or other money payable in respect of the Shares held by them as joint holders.

### **18. NOTICES**

A document may be served on the Company by leaving it at, or by sending it by post to, the registered office of the Company.

## **19. WINDING UP**

---

### **19.1 Division of Property**

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Members in kind the whole or any part of the property of the Company and may for that purpose set such value as he or she considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Members or different classes of Members.

### **19.2 Vesting of Property**

The liquidator may, with the sanction of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Member shall be compelled to accept any Shares or other securities in respect of which there is any liability.

## **20. INDEMNITY**

---

### **20.1 Definition of Liability and Officer**

In this clause 20:

20.1.1 Liability means costs, losses, liabilities and expenses.

20.1.2 Officer means a Director, secretary or other officer of the Company.

20.1.3 References to Officers include references to former Officers.

### **20.2 Indemnity of Officers**

Every Officer of the Company must be indemnified out of the assets of the Company against any Liability incurred by that Officer in the person's capacity as an Officer of the Company by reason of any act or thing done or omitted to be done by that person in that capacity or in any way in the discharge of that person's duties or by reason of or relating to the person's status as an Officer of the Company, but excluding any Liability from or against which the Company is not permitted by the Act to exempt or indemnify the Officer.

### **20.3 Indemnity for proceedings**

Without limiting clause 20.2, every Officer of the Company must be indemnified out of the assets of the Company against any Liability incurred by that person in defending proceedings, whether civil or criminal, in respect of any act or thing done by the Officer in that person's capacity as such Officer but excluding any Liability from or against which the Company is not permitted by the Act to exempt or indemnify the Officer.

## **21. INTERPRETATION**

---

### **21.1 Persons**

In this Constitution, a reference to a person includes a firm, partnership, joint venture, association, corporation or other corporate body.

### **21.2 Legislation**

In this Constitution, a reference to a statute includes regulations under it and consolidations, amendments, re-enactments or replacements of any of them.

### **21.3 This Document, Clauses and Headings**

In this Constitution:

- 21.3.1 a reference to this or any other document includes the document as varied or replaced regardless of any change in the identity of the parties;
- 21.3.2 a reference to a clause, schedule or appendix is a reference to a clause, schedule or appendix in or to this Constitution;
- 21.3.3 a reference to writing includes all modes of representing or reproducing words in a legible, permanent and visible form; and
- 21.3.4 headings and sub-headings are inserted for ease of reference only and do not affect the interpretation of this Constitution.

### **21.4 Business Day**

If a payment or other act is required by this Constitution to be made or done on a day which is not a Business Day, the payment or act must be made or done on the next following Business Day.

### **21.5 Number and Gender**

In this Constitution, a reference to:

- 21.5.1 the singular includes the plural and vice versa; and
- 21.5.2 a gender includes the other genders.

## Schedule

---

### SHARE CLASSES

#### 1. CLASSES OF SHARES

---

Subject to the provisions of clauses 7.1 and 7.2, the Directors may elect to issue shares of the following classes:

- 1.1 Ordinary Shares;
- 1.2 'A' class Shares;
- 1.3 'B' class Shares;
- 1.4 'C' class Shares;
- 1.5 'D' class Shares;
- 1.6 'E' class Shares;
- 1.7 'F' class Shares;
- 1.8 'G' class Shares;
- 1.9 'H' class Shares; and
- 1.10 Redeemable Preference Shares.

#### 2. RIGHTS AND RESTRICTIONS APPLICABLE TO SHARES OF DIFFERENT CLASSES

---

##### 2.1 Ordinary Shares

Holders of Ordinary Shares will possess the following rights and be subject to the following restrictions:

- 2.1.1 a right to receive notice of any general meeting of the Company under clause 9.3;
- 2.1.2 voting rights as specified in clause 10.8;
- 2.1.3 dividends as determined from time to time in accordance with this Constitution; and
- 2.1.4 the right to participate in the distribution of surplus assets on winding up.

##### 2.2 'A', 'B' and 'C' Class Shares

Holders of 'A', 'B' and 'C' class Shares will possess the following rights and be subject to the following restrictions:



- 2.2.1 a right to receive notice of any general meeting of the Company under clause 9.3;
- 2.2.2 voting rights as specified in clause 10.8;
- 2.2.3 dividends as determined from time to time in accordance with this Constitution; and
- 2.2.4 the right to participate in the distribution of surplus assets on winding up.

### **2.3 'D', 'E' and 'F' Class Shares**

Holders of 'D', 'E' and 'F' class Shares will possess the following rights and be subject to the following restrictions:

- 2.3.1 no right to receive notice of any general meeting;
- 2.3.2 no voting rights at any general meeting of the Company;
- 2.3.3 dividends as determined from time to time in accordance with this Constitution; and
- 2.3.4 no right to participate in the distribution of surplus assets on a winding up.

### **2.4 'G' Class Shares**

Holders of 'G' class Shares will possess the following rights and be subject to the following restrictions:

- 2.4.1 a right to receive notice of any general meeting of the Company under clause 9.3;
- 2.4.2 voting rights as specified in clause 10.8;
- 2.4.3 no right to specific dividends;
- 2.4.4 no right to participate in the distribution of surplus assets on winding up.

### **2.5 'H' Class Shares**

Holders of 'H' class Shares will possess the following rights and be subject to the following restrictions:

- 2.5.1 no right to receive notice of any general meeting of the Company;
- 2.5.2 no voting rights;
- 2.5.3 dividends as determined from time to time in accordance with this Constitution;
- 2.5.4 the right to participate in the distribution of surplus assets on winding up.

### 3. SPECIAL PROVISIONS APPLICABLE TO REDEEMABLE PREFERENCE SHARES

---

#### 3.1 Redeemable Preference Shares

Holders of Redeemable Preference Shares (RP Shares) will possess the following rights and be subject to the following restrictions:

- 3.1.1 The right to receive notice of any general meeting of the Company under clause 9.3;
- 3.1.2 The same voting rights as the holders of Ordinary Shares, but only where the following special circumstances occur:
  - 3.1.2.1 a dividend or part of a dividend is in arrears with respect to the RP Shares;
  - 3.1.2.2 a reduction of capital is proposed;
  - 3.1.2.3 a resolution to ratify the terms of a buy-back agreement is proposed;
  - 3.1.2.4 any other proposal is put forward that affects rights which flow from ownership of the RP Shares;
  - 3.1.2.5 it is proposed that the Company be wound up;
  - 3.1.2.6 it is proposed that the whole of the Company's property, business and undertaking be disposed of.
- 3.1.3 As determined by the Directors at the date of issue:
  - 3.1.3.1 the right to a fixed cumulative dividend at a yearly rate fixed by the Directors at the date of issue;
  - 3.1.3.2 the right to a fixed non cumulative dividend at a yearly rate fixed by the Directors at the date of issue;
  - 3.1.3.3 the right to a cumulative dividend at a rate or rates determined by the Directors at any time; or
  - 3.1.3.4 the right to a non cumulative dividend at a rate or rates determined by the Directors at any time.
- 3.1.4 The right to be paid their dividends before any dividends are paid on the other classes of Shares;
- 3.1.5 The right, on a winding up or capital reduction, to a return of capital at the issue price of the RP Shares (together with any unpaid dividends on RP Shares) in priority to any other Shares which have been issued.
- 3.1.6 RP shareholders will not otherwise possess the right to participate in any surplus assets or profits.

### **3.2 Redemption of RP Shares**

Subject to sections 254J and 254K of the Act, the RP Shares will be redeemable at the option of the Company, upon payment to the RP Share holders of the aggregate issue price of the RP Shares, together with any accumulated dividends.

### **3.3 Notice**

The option to redeem will be exercised by providing notice in writing to the RP Shareholders at their respective registered addresses. A bank cheque to each of the RP Shareholders for the amount payable on redemption will accompany each notice.

**SCHEDULE 3**  
**DEED OF ACCESSION**

**THIS DEED** dated

**BY**

**[Name of party] of [address] ("the Acceding Party")**

**RECITAL**

This deed is supplemental to a Shareholders' Agreement entered into between # and the Company ("the Company") on [date].

**OPERATIVE PART**

**1. Acceding Party to be Bound**

The Acceding Party confirms that it has been provided with a copy of the Shareholders' Agreement and covenants with all present parties to that agreement (whether original parties or parties by accession) to observe, perform and be bound by all the terms and conditions of the Shareholders' Agreement and the constitution of the Company so that the Acceding Party is deemed, from the date on which it is registered as a member of the Company, to be a party to the Shareholders' Agreement.

**2. Representations and Warranties**

The Acceding Party represents and warrants to the parties to the Shareholders' Agreement that:

- 2.1 it is a Council;
- 2.2 it has corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.3 it has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transactions contemplated by the Shareholders' Agreement;
- 2.4 neither the execution and performance by the Acceding Party of this deed nor any transaction contemplated by the Shareholders' Agreement will violate in any respect any provision of:
  - 2.4.1 its constituent documents; or
  - 2.4.2 any other document, agreement or arrangement binding upon it.



3. **Address for Legal Process and Notices**

The address of the Acceding Party for the purposes of clause 12(6) of the Shareholders' Agreement is:

[address]

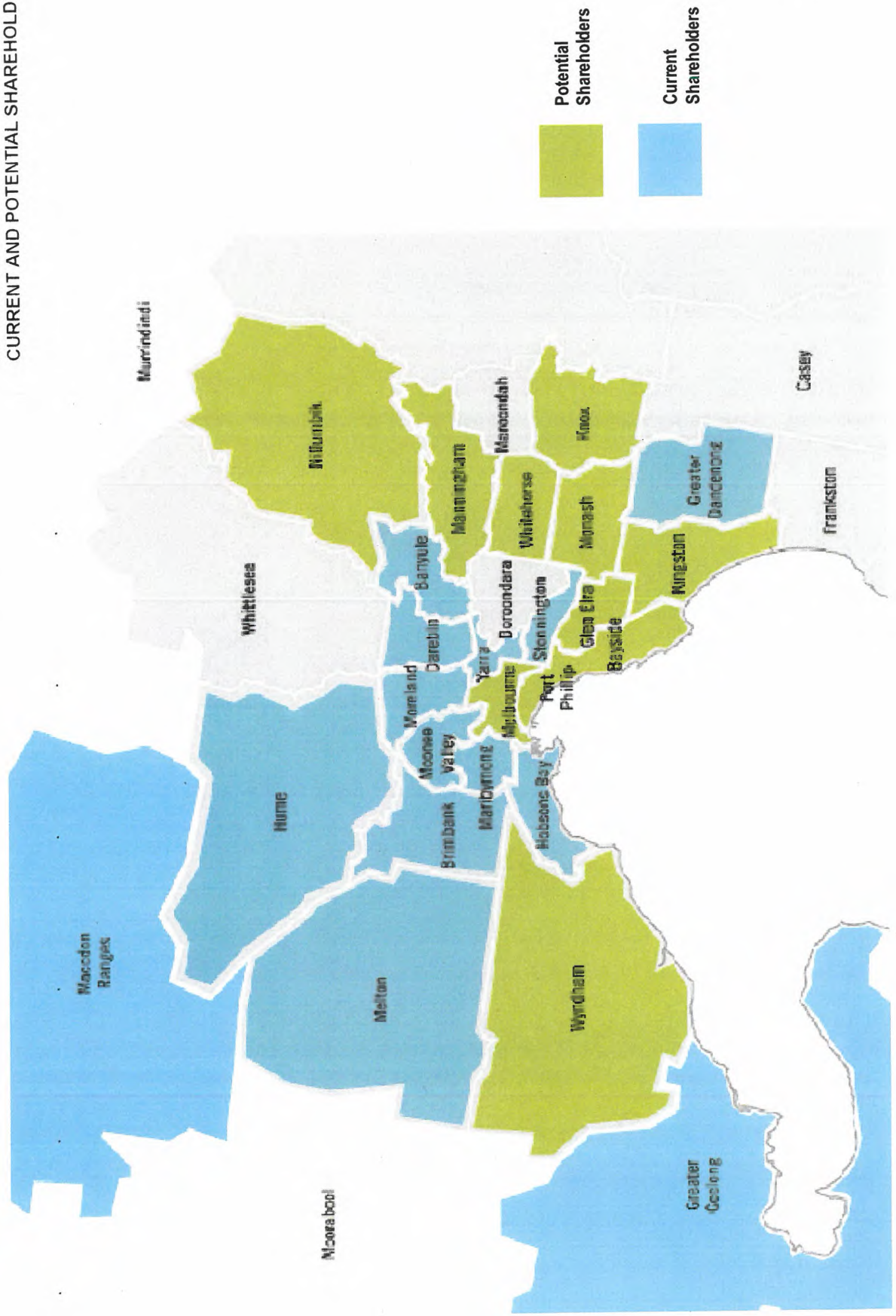
4. **Governing Law**

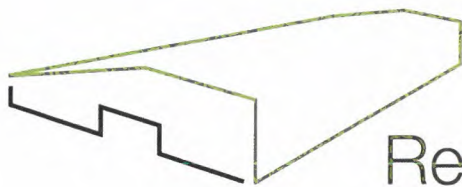
This deed is governed by the laws of the State of Victoria.

**Executed as a deed**

# REGIONAL KITCHEN PROJECT – CURRENT SHAREHOLDERS AND INTERESTED COUNCILS

ATTACHMENT M  
CURRENT AND POTENTIAL SHAREHOLDERS MAP





Regional Kitchen Pty Ltd

ABN: 78 130 471 206

## Annual Report 2007-08



Serving The Community Serving The Community Serving The Community Serving The Community Serving The Community Serving The Community Serving The Community Serving The Community Serving The Community Serving The Community

**SERVING THE COMMUNITY**





## Introduction

### From the Chairman

After three years of groundwork and discussion Regional Kitchen Pty Ltd became a reality on 4 April 2008.

Eleven councils converted their initial interest into an on-going commitment through a joint venture that will build and own a state of the art food production facility.

My thanks to my fellow board members for their outstanding contribution and to our CEO Hayden Raysmith and the staff who have managed to progress multiple tasks on time and on budget.

On behalf of the Interim Board, which has been charged with the responsibility of refining the design and costings ready to go to tender I have pleasure in presenting the first annual report to Shareholders.

**Bill Jaboor**  
Chairman

### From the CEO

In the year between completion of the business plan and incorporation of Regional Kitchen Pty Ltd significant changes occurred in the wider environment. The price of electricity, gas, fuel, steel, industrial land and food rose sharply and water and carbon emissions were of increasing importance. The challenge to get the design of the facility right and able to meet future challenges has raised the bar and required rigorous reappraisal of all design aspects.

Thank you to the board members, shareholders and professionals who have risen to this challenge and contributed to ensuring that the design of the facility will be the best possible within the constraints of cost and known technologies.

Many challenges lie ahead, but the continuing goodwill and collaboration will ensure that all are met.

**Hayden Raysmith**  
Chief Executive Officer



Serving

The

Community

## Our Organisation

### Regional Kitchen Pty Ltd

ABN: 78 130 471 206  
1st Floor, 104 Ferguson St,  
Williamstown VIC 3016

### Incorporation & Shareholders

Regional Kitchen Pty Ltd was incorporated on 4 April 2008 as a joint venture company limited by shares with eleven shareholders. A Shareholder Agreement and Constitution has been signed under seal by all shareholders. All shareholders purchased 20 x \$10,000 shares, with one shareholder opting to purchase an additional 5 shares. Voting is in accordance with shareholding. Shareholders are as follows:

Banyule City Council  
City of Greater Dandenong  
Darebin City Council  
City of Greater Geelong  
Hobsons Bay City Council  
Hume City Council  
Melton Shire Council  
Moonee Valley City Council  
Moreland City Council  
Stonnington City Council  
Yarra City Council

### Banking, Finance & Auditors

Banking services including transactional banking, investment, borrowing and financial advice was tendered in May 2008 with NAB being appointed as banker for Regional Kitchen. Apart from investments independent banking by Regional Kitchen did not come into effect in 2007-08. Under an administrative arrangement with Hobsons Bay City Council (HBCC) income and expenditure and financial statements were provided by HBCC reducing overhead costs for the company. Internal approval processes protect Regional Kitchen's financial interests and the board receives quarterly financial statements which are then circulated to shareholders.

Financial reporting is in accordance with the provisions of the Local Government Act 1989 and the Corporations Act 2001. The auditor is the Victorian Auditor General.

### General Meetings

The Annual General Meeting 14 November 2008 is the first general meeting since incorporation.

### Governance

An interim board was appointed at the inaugural shareholder meeting on 4 April 2008. The term of the interim board was extended to 30 June 2009 by unanimous agreement of shareholders.

Board members are as follows:

William Jaboor (Chair)  
John Bennie  
Michael Ulbrick  
Hadley Sides  
Gerard Naughtin

### Advisory Group

All shareholders are represented on the Advisory Group which meets monthly and reports directly to the Board via its chair, who is appointed by the Board. Mike Webb, previously of Darebin City Council and then Hume City Council chaired the Advisory Group from its inception, resigning in June 2008. Mary Rydberg from Greater Dandenong City Council was appointed in July.

### Communications Group & Launch

A Communications Group chaired by Trish Love from Darebin City Council prepared communication protocols, Q&A information sheets and media releases suitable for use by shareholder councils.

### Capital Raising

Capital raising exceeded the business plan forecast. The Victorian Government, through the Department of Human Services contributed \$6m out of its 2007-08 budget enabling those funds to be invested ahead of incurring capital costs.

The business plan assumption was that five councils would take up the offer to become shareholders contributing a total of \$1m. The final outcome was eleven councils contributing \$2.25m, which enabled operating costs and part of the cost of further design work and a due diligence study to be met without any additional shareholder contribution for 2008-09.



## Our Organisation

### Business Plan & Due Diligence

A combined business plan for Community Chef (food production company) and Regional Kitchen (land and building company) was developed during 2006, finalised in April 2007 and adopted at the general meetings to incorporate both companies in 2007 and 2008. In the ensuing twelve months the cost of steel, food, industrial land and borrowing rose necessitating a review of budgets and meal prices.

Over the same period the design of commercial kitchens, meal production methods and storage had developed and the need for a more environmentally sustainable facility had increased with fuel, water, electricity and gas becoming more precious and carbon emissions a major consideration.

The Board responded to this changed environment by;

- Sending Jill Fraser (Food Services Coordinator, Hobsons Bay) to Europe, Scandinavia and North America with Colin Willis (Total Construction) to examine the latest kitchen designs, production methods, packaging, equipment and trends in the industry and to meet with specialist kitchen architect François Tesniere of 3borne ARCHITECTES in Paris. They also visited and joined the internationally renowned Campden & Chorleywood Food Research Association in the UK.
- Commissioning Total Construction to undertake a due diligence study based on the original design and April 2007 business plan.

Three opportunities emerged from this work;

- The potential to reduce energy, operating costs, water use, waste and carbon emissions, based on innovative design features and new technology being used by François Tesniere in new kitchens being built in Europe by 3borne ARCHITECTES;
- The use of pasteurisers to preserve nutritional value, taste and appearance whilst increasing food safety and shelf life to thirty days with a resultant reduction in transport costs.
- The opportunity to improve working conditions by utilizing the 3borne design.

Plans were made to bring François Tesniere to Australia to meet leading experts and participate in a five day workshop with Total Construction and specialists from the food industry to assess whether the 3borne design was affordable and achievable in Australia.

The new knowledge also raised new logistical opportunities and the need to consider an integrated system including dispatch centres at the local level, together with storage capacity and frequency of delivery.

The Advisory Group has played a key role in addressing emerging opportunities and an in depth random survey of twenty meal recipients together with meal recipients meeting with the Advisory Group, has kept these considerations grounded and practical.

Once detailed design work and costing is completed the combined business plan will be divided. A new business plan for Regional Kitchen will be presented to shareholders in the first half of 2009 for endorsement, taking into consideration all of the above.

### Site Selection

A call for expressions of interest led to fourteen locations being put forward for consideration for the location of the new kitchen.

The Board established criteria against which each would be assessed, appointed a Site Selection Committee chaired by Sauro Antonelli from Banyule with two other independent members and engaged Spade Consultants to visit each site, interview applicants and provide a report against the criteria.

After short-listing to three sites a more detailed analysis was undertaken. The Site Selection Committee with the Board Committee, chaired by Michael Ulbrick from Darebin, visited the two preferred sites before making the final decision to locate the new facility at Lot 10 Drake Boulevard Altona, subject to a valuation, soil testing and other conditions.

All conditions were met and freehold title will be transferred from the City of Hobsons Bay to Regional Kitchen.

Serving The Community Serving The Community Serving The Community Ser  
Community Serving The Community Serving The Community Serving The Com  
Serving The Community Serving The Community Serving The Community Ser  
Community Serving The Community Serving The Community Serving The Com

## Financial Statements

**Audited financial statements are available to shareholders and funding bodies with a signed agreement.**

**For further information on Regional Kitchen please contact us**

1st Floor, 104 Ferguson St,  
Williamstown VIC 3016  
PO Box 21 Altona VIC 3018  
P: 03 9932 4039  
F: 03 9397 0110  
E: [rkq@hobsonsabay.vic.gov.au](mailto:rkq@hobsonsabay.vic.gov.au)





# Community Chef

ABN: 34 128 645 312

## Annual Report 2007-08



Serving The  
Community  
Serving The  
Community  
Serving The Community

**SERVING THE COMMUNITY**



After three years of groundwork and discussion  
Community Chef became a reality on 7 December  
2007.

Community

## Introduction

### From the Chairman

After three years of groundwork and discussion Community Chef became a reality on 7 December 2007.

Fourteen councils converted their initial interest into an ongoing commitment through a joint venture that promises to provide food security and high quality meals to older citizens and others in need of delivered meals.

My thanks to my fellow board members for their outstanding contribution and to our CEO Hayden Raysmith and the staff who have managed to progress multiple tasks on time and on budget.

On behalf of the Interim Board, which has been charged with the responsibility of further developing and implementing the business plan, I have pleasure in presenting the first annual report to shareholders.

**Bill Jaboor**  
Chairman

### From the CEO

The first seven months of operation as an incorporated company has required the continuing goodwill of shareholders, a shared vision and a strong sense of purpose.

Thank you to the board members, Mike Webb as chair of the Advisory Group, Trish Love, chair of the Communications Group and Pam West as the Project Coordinator. All have contributed beyond the call of duty and helped create a strong cooperative environment that has enabled this exciting project to progress.

Others have responded willingly to every call for assistance, sometimes pro bono, sometimes professionally but always with a commitment to making it work. It was particularly pleasing to have celebrity chef Gabriel Gaté launch the new brand name "Community Chef".

Many challenges lie ahead, but the continuing goodwill and collaboration will ensure that all are met.

**Hayden Raysmith**  
Chief Executive Officer

## Our Organisation

### RFK Pty Ltd t/a Community Chef

ABN: 34 128 645 312  
1st Floor, 104 Ferguson St,  
Williamstown VIC 3016

### Incorporation & Shareholders

RFK Pty Ltd was incorporated on 7 December 2007 as a joint venture company limited by shares with fourteen shareholders. A Shareholder Agreement and Constitution has been signed under seal by all shareholders. Shareholdings are in accordance with the number of meals delivered by each municipality in the previous financial year.

Shareholders are as follows:

Banyule City Council  
Brimbank City Council  
City of Greater Dandenong  
Darebin City Council  
City of Greater Geelong  
Hobsons Bay City Council  
Hume City Council  
Macedon Ranges Shire Council  
Maribyrnong City Council  
Melton Shire Council  
Moonee Valley City Council  
Moreland City Council  
Stonnington City Council  
Yarra City Council

### Banking, Finance & Auditors

Banking services including transactional banking, investment, borrowing and financial advice was tendered in May 2008 with NAB being appointed as banker for Community Chef. Independent banking by Community Chef did not come into effect in 2007-08. Under an administrative arrangement with Hobsons Bay City Council (HBCC) income and expenditure and the provision of financial statements were provided by HBCC reducing overhead costs for the company. Internal approval processes protect Community Chef's financial interests and the board receives quarterly financial statements.

Financial reporting is in accordance with the provisions of the Local Government Act 1989 and the Corporations Act 2001. The auditor is the Victorian Auditor General.

### Governance

An interim board was appointed at the inaugural shareholder meeting on 7 December 2007. The term of the interim board was extended to 30 June 2009 by unanimous agreement of shareholders.

William Jaboor (Chair)  
- Appointed 7th December 2007  
John Bennie  
- Appointed 7th December 2007  
Michael Ulbrick  
- Appointed 7th December 2007  
Hadley Sides  
- Appointed 7th December 2007  
Gerard Naughtin  
- Appointed 1st February 2008  
Justin Hanney  
- Appointed 7th December 2007  
- Resigned 10th January 2008

### General Meetings

The Annual General Meeting 14 November 2008 is the first general meeting since incorporation.

### Advisory Group

All shareholders are represented on the Advisory Group which meets monthly and reports directly to the Board via its chair, who is appointed by the Board. Mike Webb, previously of Darebin City Council and then Hume City Council chaired the Advisory Group from its inception, resigning in June 2008. Mary Rydberg from Greater Dandenong City Council was appointed in July.

### Communications Group & Launch

A Communications Group chaired by Trish Love from Darebin City Council prepared communication protocols, Q&A information sheets and media releases suitable for use by shareholder councils. The highlight of the year was the official launch of Community Chef by celebrity chef Gabriel Gaté in May 2008.



## Our Organisation

### Business Plan & Due Diligence

A combined business plan for Community Chef (food production company) and Regional Kitchen (land and building company) was developed during 2006, finalised in April 2007 and adopted at the general meetings to incorporate both companies in 2007 and 2008. In the ensuing twelve months the cost of steel, food, industrial land and borrowing rose necessitating a review of budgets and meal prices.

Over the same period the design of commercial kitchens, meal production methods and storage had developed and the need for a more environmentally sustainable facility had increased with fuel, water, electricity and gas becoming more precious and carbon emissions a major consideration.

The Board responded to this changed environment by;

- Sending Jill Fraser (Food Services Coordinator, Hobsons Bay) to Europe, Scandinavia and North America with Colin Willis (Total Construction) to examine the latest kitchen designs, production methods, packaging, equipment and trends in the industry and to meet with specialist kitchen architect François Tesniere of 3borne ARCHITECTES in Paris. They also visited and joined the internationally renowned Campden & Chorleywood Food Research Association in the UK.
- Commissioning Total Construction to undertake a due diligence study based on the original design and April 2007 business plan.

Three opportunities emerged from this work;

- The potential to reduce energy, operating costs, water use, waste and carbon emissions, based on innovative design features and new technology being used by François Tesniere in new kitchens being built in Europe by 3borne ARCHITECTES;
- The use of pasteurisers to preserve nutritional value, taste and appearance whilst increasing food safety and shelf life to thirty days with a resultant reduction in transport costs.
- The opportunity to improve working conditions by utilizing the 3borne design.

Plans were made to bring François Tesniere to Australia to meet leading experts and participate in a five day workshop with Total Construction and specialists from the food industry to assess whether the 3borne design was affordable and achievable in Australia.

The new knowledge also raised new logistical opportunities and the need to consider an integrated system including dispatch centres at the local level, together with storage capacity and frequency of delivery.

The Advisory Group has played a key role in addressing emerging opportunities and an in depth random survey of twenty meal recipients together with meal recipients meeting with the Advisory Group, has kept these considerations grounded and practical.

Once detailed design work and costing is completed the combined business plan will be divided. A new business plan for Community Chef will be presented to Shareholders in the first half of 2009 for endorsement, taking into consideration all of the above.

Council Meeting

27 August 2007

---

**7.2 Regional Food Production Facility**

**Author:** 47F Director, Community Services

**File Reference:** 12/08/02/001-01

---

**Report Summary**

A 2004 Department of Human Services (DHS) / Municipal Association of Victoria (MAV) Review of Food Services recommended a regional approach to service provision. In recognition of councils' concerns and in keeping with the DHS/MAV review, a number of councils formed the Regional Kitchen Project group in 2004.

Council has been actively involved in this project for over two years and in May 2007 committed to entering into an agreement with a food production company RFK Pty Ltd.

**Recommendation Summary**

This report recommends that Council endorses the appointment of the Regional Kitchen CEO Steering Group as the Interim Board of RFK Pty Ltd and continues the appointment of council officers in various capacities in relation to the project.



**Introduction**

Municipal meals tenders have increasingly revealed a very limited number of quality providers with some councils having to re-tender due to a lack of response. Contract fees are rising and councils are struggling to meet the increasingly complex needs of consumers. Some are unable to provide certain meal types; particularly those relevant to ethnic communities and high needs clients.

Some councils, like the City of Greater Dandenong, with stand alone kitchens also face significant costs for ongoing upgrades and do not have the economies of scale to easily provide a full range of meals. It is difficult to control risk compliance and food safety issues in older kitchens. A 2004 Department of Human Services (DHS) / Municipal Association of Victoria (MAV) Review of Food Services recommended a regional approach to service provision. In recognition of councils' concerns and in keeping with the DHS/MAV review, a number of councils formed the Regional Kitchen Project group in 2004.

Council has been actively involved in this project for over two years and after Councillor site visits and council briefings, council resolved at its meeting of 14 May 2007 that:

1. Council, having given the due consideration of the risks, liabilities and benefits as requested by Section 193 of the Local Government Act, confirms council's commitment to enter into an agreement to participate in RFK Pty Ltd for a period of three (3) years. This allows the formation of the Food Production Company and demonstrates commitment from each participating council by confirming their intention to participate in the project;
2. subject to Ministerial exemption from Section 186 of the Local Government Act, council becomes a shareholder in RFK Pty Ltd for the purposes of purchasing meals to meet the needs of the Meals on Wheels Program;
3. Council appoints Hobsons Bay City Council as the lead applicant on behalf of the 15 Councils involved in the project to apply for Ministerial exemption from section 186 of the Local Government Act that will enable City of Greater Dandenong to enter into a meals supply agreement with RFK Pty Ltd;
4. Council undertakes a process to identify a suitable candidate to nominate for the Board of RFK Pty Ltd and to sit on the Advisory Committee; and
5. Council reconfirms it's in principle support made at its February 2007 meeting to investing in the Regional Kitchen Facility subject to Government capital funding. A further report will be prepared when Government funding and final numbers of councils investing in the facility is known and financial contributions are established.

**Background**

Extensive research culminated in a recommendation to establish a new Food Production Facility owned and operated by local government. An independent risk assessment, rigorous review of construction costs and a financial audit of the business plan has verified the viability and sustainability of the venture.

Eleven councils have resolved to join the Production Company, with three more councils reporting in coming months. In addition, several interested council have also signed confidentiality agreements in order to receive preliminary project information.

Positive discussions have taken place with the Minister for Local Government, Mr Richard Wynne. An application for Section 186 exemption from tendering was lodged in April 2007 by Hobsons Bay on behalf of the fourteen councils. It is anticipated that Ministerial approval for exemptions from tendering will be received in the near future.

Capital Funding Applications (\$6 million State and \$2 million Federal) were lodged in May 2007. It is anticipated that capital funding will be available in July 2008 following consideration by the Expenditure Review Committee later this year. The purpose built kitchen could be operational by mid 2010.

**Governance Model**

After significant research and legal advice, two companies are proposed to be formed:

**1) Production Company – *currently referred to as RFK Pty Ltd,***

- Will be a local government owned entity with shareholding proportionate to meal orders; and
- Will lease the kitchen from the Building Company to produce meals for participating councils.

The organisational structure for RFK consists of a Board, an Advisory Committee with the CEO of RFK Pty Ltd reporting to the Board.

**2) Land and Building Company**

Councils who are shareholders in the Production Company have the option of joining the Land and Building Company:

- The Shareholding will be proportionate to the capital contribution; and
- The Land and Building Company will secure the site, build the facility and lease the kitchen to the food production company.

**Regional Food Production Facility (Cont.)****Proposal**

It is proposed that RFK, the production company will be formed by September this year. The early formation of RFK Pty Ltd will ensure:

- The opportunity to build meal volume;
- Confirmation of Ministerial support such as Section 186 exemptions; and
- Commitment to the project is clearly demonstrated to funding bodies and potential project partners.

**Interim Board**

The formation of RFK Pty Ltd requires the appointment of the Board as well as a Shareholders Representative to vote at shareholders meetings and an Advisory Committee Representative to provide advice to the Board.

It is recommended that the existing CEO Steering Group (which was formed over 12 months ago to provide overall advice and direction to the Regional Food Kitchen Project Working Group), be appointed as the interim Board until the outcome of the application for Department of Human Services capital funding is known. It is estimated that a decision on the funding application will be advised by July 2008. The interim Board positions will continue to be unpaid.

Upon confirmation of capital funding, Board selection from council nominations will be undertaken through an independent HR consultant and the permanent Board will be established.

**Land and Building**

Councils are encouraged to participate in both entities to allow greater control over leasing arrangements and facility security. The Business Plan is based on a collective capital contribution by councils of \$1 million. Capital contributions by councils greater than \$1 million may reduce borrowings and lower the meal price.

Land and building operational funding for 2007/2008 is budgeted at \$85,000. The contribution per council will be dependent upon the number of councils participating in the Land and Building Project Group.

**Business Plan Capital Costs**

<i>Costs</i>	<b>\$,000</b>
Land, Building and Start Up Costs	13,267
<i>Funding</i>	
Government Grants	6,000
Participating Council Capital Contribution	1,000
Interest / Commercial Borrowings	6,671
<b>Total Funding</b>	<b>\$13,671</b>
<i>Additional Contingency</i>	<b>\$404</b>

**Regional Food Production Facility (Cont.)**

The full Business Plan has been provided to Councillors during the briefing process.

**Broad Action Plan**

Timeline	Production Operation	Land and Building Group
Jul to Sept 07	Form RFK Pty Ltd	Form Project Group
Sept 07 to March 08	Design branding and marketing	Identify site
Sept 07 to Sept 08	Design menu and fit out requirements	Secure funding, form Company and progress building design
Sept 08 to July 2010	Start up preparation and commence operations	Secure site and construct kitchen

It is intended that RFK Pty Ltd, the Production Company, and the Land and Building Project Group will commence operations in September 2007. A marketing plan inclusive of branding will be completed by March 2008. Menu design to allow the confirmation of fit out requirements will take approximately 12 months.

A site will be identified and funding received by July 2008. The Land and Building Company will then be formed. Construction of the kitchen and 'start up' planning and preparation for a venture of this size will take 18 months to 2 years.

It is anticipated that deliveries to councils from the new state of the art facility will commence in July 2010.

**Representatives**

A Shareholder Representative will vote at RFK shareholder meetings. It is *recommended* they have the financial and commercial expertise regarding a 'Meals on Wheels' service at a senior management level. This is particularly critical in the early days whilst setting company standards and objectives.

An advisory committee representative will advise the Board on matters associated with the meals and menu requirements as well as local needs and trends in demand. *It is recommended* that this person be a senior officer from the Food Services area.

**Next Steps**

To ensure the above timeframes are met, the following is required:

- Council endorsement of the Interim Board Proposal;
- Identify council representatives; and
- Confirming council's intention to invest in the facility.



### **Conclusion**

Each council must now determine if it 'intends' to invest in the land and building asset.

By joining the Land and Building (L&B) Project Group, Council will have expressed an interest in, but not a commitment to becoming shareholders in the Land and Building (L&B) Company.

Criteria for membership of L&B Project Group includes a shareholding in RFK / an 'intention' to contribute capital / a willingness to contribute to the operational costs of the Project Group. The key objectives of the Regional Kitchen Land and Building Project Group is to progress the securing of land and construction of the building.

The Land and Building Company will be formed once capital funding is received. It is considered appropriate, given council's February and May resolutions, to confirm it in principle support to join the Land and Buildings Group.

The benefits of participating in the Land and Buildings Company are:

- Capital Growth / Reward for founding councils;
- Relatively low initial capital contribution by councils;
- Guaranteed rental revenue from a long term lease to RFK, the meal production company;
- Ability to contain costs whilst achieving a commercial return. Containing lease costs will directly impact on the meal price to councils; and
- The greater the number of councils in both entities the closer the alignment to the overall principles of the project.

In accordance with previous council resolutions, it is recommended that council join the Land and Building Project Group thus expressing an interest in, but not a commitment to providing capital funding towards construction of the regional kitchen.

Once the government's capital funding is received, a further report will determine if council will contribute capital and participate in the formation of the Land and Building Company.

It is recommended that the councils appoint an Interim Board consisting of a CEO Steering Group. The interim board positions will be unpaid and will not attract Directors' fees.

Upon confirmation of the capital funding, all Board positions will become vacant at a shareholders meeting and new Directors will be appointed in accordance with the Shareholders Agreement using an independent HR consultant.

As council's Shareholder Representative requires the financial and commercial expertise regarding a 'Meals on Wheels' service at a senior management level, it is recommended that Council's Director Community Services be appointed as the City of Greater Dandenong's Shareholder Representative for RFK Pty Ltd.

---

**Regional Food Production Facility (Cont.)**

As the Advisory Committee Representative will advise the Board on matters associated with the meals and menu requirements as well as local needs and trends in demand, it is recommended that Council's Manager Aged & Disability Services be appointed as the City of Greater Dandenong's Representative on the RFK Pty Ltd Advisory Committee.

**Recommendation**

**That Council:**

- 1) **endorses the appointment of the Regional Kitchen CEO Steering Group as the Interim Board of RFK Pty Ltd and that Council's Chief Executive Officer be acknowledged as a member of this Interim Board;**
- 2) **confirms the appointment of Council's Manager Aged & Disability Services as Advisory Group Representative for RFK Pty Ltd;**
- 3) **confirms the appointment of Council's Director Community Services as Shareholder Representative for RFK Pty Ltd;**
- 4) **endorses participation in the Regional Kitchen Land and Building Project Group; and**
- 5) **notes that Board appointments from council nominations will take place following receipt of capital funding.**

---

**MINUTE****7.2 COUNCILLORS** 47F

686

**That Council:**

1. **endorses the appointment of the Regional Kitchen CEO Steering Group as the Interim Board of RFK Pty Ltd and that Council's Chief Executive Officer be acknowledged as a member of this Interim Board;**
2. **confirms the appointment of Council's Manager Aged & Disability Services as Advisory Group Representative for RFK Pty Ltd;**
3. **confirms the appointment of Council's Director Community Services as Shareholder Representative for RFK Pty Ltd;**
4. **endorses participation in the Regional Kitchen Land and Building Project Group; and**
5. **notes that Board appointments from council nominations will take place following receipt of capital funding.**

**CARRIED (UNANIMOUSLY)**