



INTRODUCTION TO THE DAWN ALLIANCE MEMBERS AGREEMENT

Dawn Alliance was created in 2010 as a diverse and informal group of small businesses operating in transport related markets. We work together to help individual members access opportunities across a wider customer base and share market intelligence that would otherwise be difficult for small businesses to collect individually. Members often agree to work together to create joint project offers that would not be feasible working alone. Members are also encouraged where appropriate to refer opportunities which are outside their area of direct interest to other Dawn Alliance members. New membership is offered by invitation only to small companies that can expand opportunities for Dawn Alliance members. Admission of new members requires the unanimous support of existing members.

At this stage of development, Dawn alliance is a not for profit group which does not trade in its own right, however in order to protect the interests and potential liability of members, it was decided in 2013 to incorporate. As part of this process we developed our Members Agreement (MA) which is a formal contract between the members of Dawn Alliance and also Dawn Alliance Pty Ltd. This is necessary as the company is a legal entity and it is important that the relationships between the parties are formally documented.

While the MA is a formal document and has legal effect as a contract, it has been carefully drafted to achieve certain ends and is limited in its scope to the interactions of members with each other and between members and the company. As this agreement guides these relationships, it is necessary that each new member accede to the Members' Agreement. While the MA may seem legalistic and daunting, its real impact is merely to serve as a vehicle for the good management of Dawn Alliance.

The Members Agreement sets out matters relating to the following areas:

a) **Decision making**

Given that the incorporation of Dawn Alliance is intended to facilitate the group's activities (e.g. so that the group can operate a bank account), all decisions of substance (i.e. not of a merely administrative nature) require a member vote.

So-called 'policy resolutions', i.e. votes on all major decisions, require a 2/3rds majority. The company is then required to give effect to those decisions.

Votes on admitting new members require a unanimous decision to be successful.

b) **Shareholding**

As the company's prime purpose is as a facilitator and it is not intended to be a profit making entity, shareholding is simply a necessary mechanism for members to retain control. It is not anticipated that the company will ever become valuable in its own right or pay dividends. This means that the shares are treated rather differently than for a normal company:

- (i) Each member must hold a share, while a member and must surrender the share on ceasing to be a member.
- (ii) The value of the share is permanently set at \$1.
- (iii) A share may not be traded or disposed of except to return it to the company on cessation of membership.
- (iv) It is not anticipated that the company would use shares as a means of raising capital.

c) **Funding**

A bi-annual membership fee is levied on all members (and potentially associates), the amount is agreed at each annual general meeting. The fee is intended to cover the operations of the company, e.g. any marketing undertaken on behalf of members, member meetings, insurances etc.

The fee will result in the company holding a small positive balance in its bank account but it is not intended to accumulate large permanent surpluses.



d) **Office-holders**

- (i) Three office-holders are elected annually. These officers hold the positions of Chairperson, Secretary and Treasurer. Each office holder is also a director in the company (i.e. a formal company director registered with ASIC).
- (ii) The offices are honorary positions.
- (iii) Elections are held at the annual general meeting. The MA sets out the election mechanism and also covers circumstances where it is necessary replace an officer outside of the normal election process.

e) **Member conduct**

A key issue for members is that the quality and standards of members be of the highest level. This is important to preserve the reputations of all members. Therefore, the MA places obligations on members in relation to their conduct:

- (i) Conduct – members are required to maintain high professional standards so as not to bring the group into disrepute.
- (ii) Competition – it is important that members understand and comply with all competition laws. The MA sets out a mechanism for members working together appropriately that complies with all laws. The MA also prohibits certain interactions that might be considered illegal, e.g. price fixing or market rigging, and places obligations on members with regard to confidentiality where appropriate. The Dawn Alliance maintains a register of member activities in order to prevent potential conflicts of interest.
- (iii) Participation – members are expected to participate in group activities, e.g. meetings. While it is recognised that not all members will attend every event, persistent failure to participate without good reason may lead to expulsion from the group.

This document should be read in conjunction the MA and Constitution and is merely explanatory in nature. It is not intended to have legal consequences or form part of any contractual relationship