



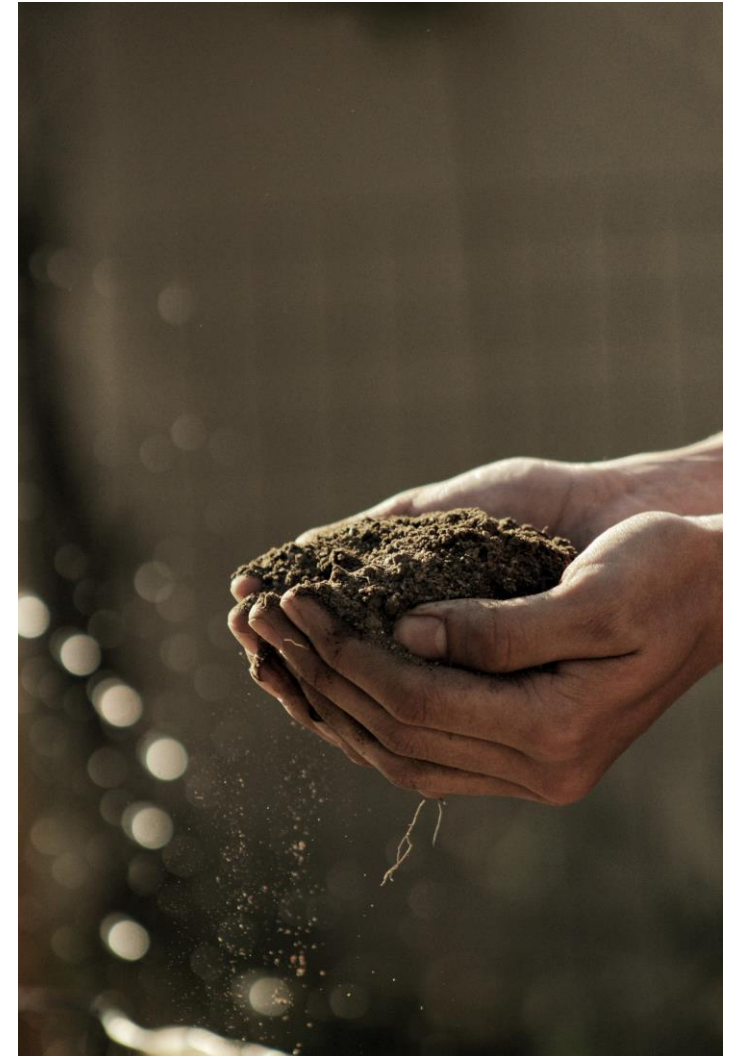
# Members' Communication Brief





# Background

- The Mullumbimby Rural Co-Operative Society Ltd (MRC) Board has taken steps to purchase Wards Landscape Supplies (WLS) business.
- This step marks an exceptional opportunity for MRC in terms of growth and strategic standing into the future
- This acquisition builds on step-change improvements made to the MRC business in recent years
- The operational position of WLS and the MRC is strong and integration would initially aim to sustain performance and protect financial outcomes
- This purchase presents a unique opportunity to build capability, grow its membership and safeguard MRC's future as a progressive presence in the community.



# Drivers for Change

- 1. Enhanced Profile** - Broadens Mullum Co-Op Service, product offerings and community presence across the region
- 2. Business synergies** – Minimises waste through effective integration of common processes, systems and products
- 3. Increased profit** – Improves return-on-investment through complementary business models and performance
- 4. Strategic Importance** – Provides a strong platform to capitalise on future growth opportunities



# Frequently Asked Questions (FAQs)

- When is the commencement date?
  - 1 May 2024
- Can I use my membership card when buying products from Wards Landscape Services (WLS)?
  - WLS business uses a different operating system to that of Mullumbimby Rural Co-Op Society (MRC)
  - Integration of systems to be investigated
  - Intent will be to accept member payments for purchases at Wards
- Will purchases at Wards contribute to any annual rebate?
  - Subject to system integration, the intent will be for all sales transactions (Mullum Co-Op or Wards) to contribute to annual rebate calculations
- Does this merger affect my share value?
  - The purchase of WLS will not affect MRC share-value





# Frequently Asked Questions (FAQs)

- Was there a reason why members were not consulted prior to finalising this decision?
  - Purchase had to be negotiated under a non-disclosure agreement that prevented broader discussion of WLS commercial-in-confidence information with the membership
  - The Co-Operation Federation was consulted and advised that this type of purchase by a Co-Operative was common and that it is the Board's prerogative to progress key decisions on behalf of the membership that they believe would be in the interests for its members
  - A lawyer was engaged to review and verify that the Board members' approach was in accordance with the Co-Operative National Law and MRC Rules
- How much was paid for the purchase?
  - Final costs relating to the purchase of WLS will be captured as part of the annual audit process
- Will WLS change its name?
  - While WLS will form part of the MRC Group, it will initially retain its current name
  - Over time, greater integration as a component of the MRC may involve a name change



# Frequently Asked Questions (FAQs)

- Is Mullum Co-Op membership expected to grow?
  - A growth in customer base should inherently bring about an increase in membership
  - Application of credit accounts would be subject to review to curtail potential liability
- What business changes do you envisage?
  - WLS and MRC are both strong going concerns
  - Intent would be to avoid transitional impact although any change would be managed as follows:
    - Strategic change – Work-shopped and progressed at Board level
    - Tactical change – Progressed at management level
- How will the audit process be managed?
  - MRC Audit for FY 24 will remain unchanged
  - MRC and WLS audit for FY25 (1 Jul 24 to 30 Jun 25) will apply



# Further Information



For more information, MRC Members are encouraged to see the related Business Plan via the Mullum Co-Op website or visit the Wards Landscape Services websites using the links below:

<https://mullumcoop.com.au/>

<http://www.wardslandscape.com.au/>

Your support during transition would be greatly appreciated

