



Rules

(Approved by special resolution at the Annual General Meeting on 22 November 2017)

The National Health Co-operative Ltd is registered as a non-distributing co-operative without shares, under the *Co-operatives National Law (ACT) Act 2017*

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1. Definitions

In these rules:

“Act” means the Co-operatives National Law (ACT) Act 2017;

“Active Member” has the meaning in section 145 of the CNL;

“Annual general meeting” means the general meeting held annually to review the previous financial year operations and elect directors;

“Board” means the board of the co-operative;

“CNL” means the Co-operatives National Law applying in the ACT;

“Dependant” means a person who is a dependant of a member and is aged under 18 years or is a dependant student aged 18 to under 21 years;

“General meeting” means other general meetings organised as the need arises;

“Member” means a member of the co-operative; i.e. a person having paid the co-operative joining fee (or deemed to have paid in accordance with rule 6(5)) and annual fee and entitled to access co-operative services;

“Membership year” means the 12 month period following a membership fee becoming due;

“Month” means calendar month;

“Registrar” means the person for the time being holding the office of Registrar of Co-operatives under the Act; and

“Regulations” means the Co-operatives National Regulations.

2. Co-operative principles and rules

- (1) These rules set out the rules and conditions for membership and operation of the National Health Co-operative Ltd. These rules build upon the principles that apply to the co-operative and its members as set out in section 10 of the CNL.
- (2) Any member is entitled to obtain from the co-operative a copy of the rules free of charge.

3. Alteration of the rules (CNL ss 59-63)

- (1) These rules may be altered by a special resolution in accordance with section 61 of the CNL or by a resolution of the Board in accordance with section 62 of the CNL.
- (2) A proposed alteration of these rules must be approved by the Registrar under section 60 of the CNL before the resolution altering the rules is passed.
- (3) An alteration of these rules does not take effect unless and until it is registered by the Registrar under section 63 of the CNL.

4. Name (CNL ss 220-222 and 224)

- (1) The name of the co-operative is the National Health Cooperative Ltd.
- (2) The co-operative may change its name in accordance with section 224 of the CNL.
- (3) The co-operative may abbreviate its name in accordance with section 222 of the CNL.

5. Primary Activity of the co-operative

The primary activity of the co-operative is to provide a wide range of affordable health and related services to members. Non-members will be charged for general practice medical services at commercial rates, or as determined from time to time by the Board.

6. Membership (CNL s 112)

- (1) To be a member of the co-operative a person must:
 - (a) be able to be an Active Member of the co-operative;
 - (b) pay the joining fee; and
 - (c) pay the annual fees as and when they become due.
- (2) A person is not qualified to be a member if there are reasonable grounds for believing that the person will not comply with the provisions of rule 6(1) and if rule 7(6) is not applicable.
- (3) If a person ceases to be a member under rule 9, the Board must, in accordance with Part 2.6 Division 4 of the CNL, declare the membership of the member cancelled and remove that members name from the Register.
- (4) Membership of the Co-op entitles a member to:
 - (a) access to the health services and related services provided by the co-operative; and
 - (b) voting rights.
- (5) For the purposes of rule 6(1), a person will have paid relevant fees when either paid by them personally or paid by third parties on their behalf.

7. Membership applications

- (1) An application for membership in the co-operative must be:
 - (a) lodged on a co-operative application form or in a form approved by the Board;
 - (b) lodged at the registered office or any clinic of the co-operative or its website (if available); and
 - (c) if it has not already been paid, accompanied by the relevant fee(s), (see rule 8) (or, if requesting that the Board waive fees due to financial hardship, the appropriate forms for this request).
- (2) At the time of lodging an application, the applicant must be granted limited membership rights on the same day.
 - (a) Access to membership rights under rule 7(2) equates to access to all health facilities of the co-operative.
 - (b) Access to voting rights under rule 7(2) will be available following the next Board meeting at which the Board will consider the application for membership.
- (3) The Board must consider each application for membership.
- (4) If the Board does not reject an application for membership the Board must ensure that the name of the person and any other information required by the CNL is entered in the register of members within 28 days of the Board's approval, in accordance with section 120 of the CNL.
- (5) The Board may reject an application for membership for reasons consistent with these Rules (such as under rules 6(2) or 10) and the CNL. If the Board rejects an application for membership, it must notify the applicant of its decision within 30 days of the Board meeting referred to in rule 7(4) and the whole of the money lodged in respect of the application must be refunded to the applicant.
- (6) An applicant may request that the Board waive joining and/or annual fees for reasons of financial hardship.
 - (a) The Board may agree to waive joining and/or annual fees. Memberships granted under these circumstances must be reviewed annually.
 - (b) Active membership for memberships approved under rule 7(6)(a) does not require compliance with rule 6(1).
- (7) Joining and annual fees are not refundable when a member ceases to be a member (except where rule 7(5) applies).

8. Fees (CNL s 124)

- (1) A joining fee is to be paid by or on behalf of a member at, or prior to, the time of joining the co-operative (subject to rule 7(6)). This is a one-off payment and is not refundable (except where rule 7(5) applies).
- (2) A membership year commences from the date of membership commencement and relates to the 12 monthly period thereafter.
- (3) An annual fee is to be paid by or on behalf of a member at, or prior to, the time of applying for membership (subject to rule 7(6)) and at, or prior to, the commencement of each subsequent membership year. The Board may allow the annual fee to be paid in instalments.
- (4) The Board must determine the rate of the joining fee and annual fee that will apply to all members. The Board, at its discretion, may set these fees at zero or any other rate.
- (5) Dependants (including children) as defined, do not pay fees but have access to all services of the co-operative through registration with their parent, guardian or carer who is a member.
- (6) Members whose fee(s) are paid for them by a third party in accordance with rule 6(5) have access to all services of the co-operative as a member.

9. Ceasing membership (CNL s 117)

- (1) A person ceases to be a Member in each of the following circumstances:
 - (a) if the Member's membership is cancelled under Part 2.6 of the CNL;
 - (b) if the Member is expelled in accordance with these rules (see rule 10);
 - (c) on the death of the Member;
 - (d) if the contract of membership is rescinded on the ground of misrepresentation or mistake;
 - (e) on notice in writing given by the member to the co-operative secretariat, of the Member's resignation from membership; or
 - (f) if the membership is deemed inactive and consequently cancelled as per rule 14.
- (2) A person may remain a Member of the co-operative if:
 - (a) the Member becomes bankrupt; or
 - (b) the Member's property becomes subject to control under the law relating to bankruptcy.
- (3) Members under a mental incapacity may remain a Member of the co-operative and the Board may make rules consistent with the CNL and these Rules to ensure that such Members can be represented.

10. Expulsion of members (CNL s 117)

A Member may be expelled from the co-operative by decision of the Board consistent with these rules and the CNL, if:

- (a) the Member has failed to discharge the Member's obligations to the co-operative under the CNL or these rules; or
- (b) the Member has acted in a manner that has:
 - (i) prevented or hindered the co-operative in carrying out any of its primary activities; or
 - (ii) brought the co-operative into disrepute; or
- (c) the Member has acted in a manner contrary to any of the co-operative principles and in so acting caused the co-operative harm; or
- (d) has failed to comply with provisions under rule 11 relating to a dispute to which they are a party.

11. Disputes (CNL s 129)

- (1) The grievance procedure set out in this rule applies to disputes under these rules between:
 - (a) a Member and another Member; or
 - (b) a Member and the co-operative.
- (2) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days after the dispute comes to the attention of all of the parties.
- (3) If the parties are unable to arrange a meeting or resolve the dispute at the meeting under sub-rule 11(2) or if a party fails to attend that meeting, then the parties must, within 10 days, hold a meeting in the presence of a mediator.
- (4) The mediator must be:
 - (a) a person chosen by agreement between the parties; or
 - (b) in the absence of agreement:
 - (i) in the case of a dispute between a Member and another Member, by the Board of the co-operative; or
 - (ii) in the case of a dispute between a Member and the co-operative, the Conflict Resolution Service or other mediator registered under the Court Procedures Act 2004
- (5) A Member of the co-operative can be a mediator.
- (6) The mediator cannot be a Member who is a party to the dispute.
- (7) A Member who fails to comply with these dispute resolution provisions is subject to expulsion under rule 10.

Note: Section 130 of the CNL applies if mediation does not resolve the dispute.

12. Fines (CNL s 126)

The co-operative must not impose a fine on a Member for any infringement of these rules but it will refer criminal matters for investigation by the appropriate authorities.

13. Liability of Members (CNL s 121)

A Member is not, as a Member, under any personal liability to the co-operative except for the amount of any charges payable by the Member to the co-operative as required by these rules.

14. Cancellation of membership of inactive Members (CNL ss 156 - 166)

- (1) Subject to sections 159 and 160 of the CNL, if:
 - (a) the whereabouts of the Member have not been known to the co-operative for at least two years; or
 - (b) after a Member's annual fee subscription has become due, the Member does not pay their new annual fee within two years and rule 7(6) has not been enacted, that Member is deemed to be an inactive Member.
- (2) If a Member has been deemed to be an inactive Member, the Board must, as required under section 161 of the CNL, give the Member at least 28 days' notice that their membership has become inactive and their name will be struck off the register if their annual fees are not paid.
- (3) If, within the 28 days following the issuing of a notice under sub-rule 14(2), the Member does not pay their annual fees or apply for waiver of fees under rule 7(6), then the membership of that inactive Member is cancelled and their name stricken off the register of members.
- (4) A person who has had their membership cancelled after being deemed an inactive Member may re-join the co-operative at any later time upon payment of a new joining fee and annual fee.

- (5) If a membership is cancelled, any amount due to the Member in respect of the cancellation must be dealt with in accordance with section 163 of the CNL.
- (6) There is no provision for memberships to be suspended; they can only be deemed inactive and cancelled in accordance with rules 14(1) to 14(5).

15. Annual general meetings (CNL s 252)

- (1) The annual general meeting of the co-operative must be held within:
 - (a) 5 months after the close of the financial year of the co-operative; or
 - (b) any further time that may be allowed by the Registrar or is prescribed.
- (2) The Board may determine the date, time and place of the annual general meeting.
- (3) All other meetings of the co-operative other than the annual general meeting must be general meetings.
- (4) If the Board does not hold an annual general meeting within the required time, the Members may requisition the meeting in accordance with section 257 of the CNL.

16. General meetings (CNL s 253)

- (1) A special general meeting of the co-operative may be convened at any time by the Board of directors.
- (2) In accordance with section 257 of the CNL, the Board must convene a general meeting of the co-operative on the written requisition of the number of Active Members of the co-operative who together are able to cast at least 20 % of the total number of votes able to be cast at a meeting of the co-operative.

17. Notice of general meetings (CNL ss 239, 254, 611)

- (1) The Board must give at least 14 days' notice of each general meeting.
- (2) The notice may be given in accordance with section 611 of the CNL.
- (3) The notice must specify the place, the day and the time of the meeting and if special business is to be transacted, set out generally the nature of the special business.
- (4) If a special resolution is to be proposed at the meeting at least 21 days' notice of that special resolution must be given to the Members of the co-operative in accordance with section 239 of the CNL.
- (5) A Member of the co-operative who wishes to propose a resolution at a general meeting must give the co-operative written notice of the resolution.
- (6) If notice of an ordinary resolution is given under sub-rule 17(5) at least 14 days before the Board gives notice of the meeting, the Board must include details of that resolution in the notice of the meeting.

18. Business at general meetings (CNL s 203)

- (1) The ordinary business of the annual general meeting must be:
 - (a) to confirm minutes of the last preceding general meeting (whether annual or general);
 - (b) to receive from the Board, auditors, or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of cash flows, and the state of affairs at the end of that year;
 - (c) to elect directors; and
 - (d) to approve any payments of fees, concessions or other benefits to directors.
- (2) The annual general meeting may also transact special business of which notice has been given to Members in accordance with these rules.
- (3) Other general meetings will cover special business or ordinary business that needs to be carried out before the next annual general meeting.

19. Quorum at general meetings (CNL s 255)

- (1) An item of business must not be transacted at a general meeting of the co-operative unless a quorum of Members entitled to vote is present during the transaction of that item.
- (2) Subject to sub-rule (3) the quorum of the co-operative is ten (10) Members entitled to vote at a meeting of the co-operative.
- (3) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting:
 - (a) if convened upon the requisition of Members, is abandoned; and
 - (b) in any other case is to be adjourned to the same day and time in the next week at the same place.
- (4) If at an adjourned meeting, under sub-rule (3)(b), a quorum is not present within half an hour after the time appointed for the meeting the meeting must be abandoned.

20. Presiding at general meetings

- (1) Subject to this rule, the chairperson of the Board presides at every general meeting of the co-operative.
- (2) If the chairperson of the Board is unable to preside or is not present within 15 minutes after the time appointed for the meeting, the Members present must select one of their number to preside.
- (3) The person selected under sub-rule (2) presides at that meeting until the time that the chairperson attends.

21. Adjournment of meetings

- (1) The person presiding may, with the consent of a majority of Members present at the meeting, adjourn the meeting from time to time and from place to place.
- (2) The person presiding must, if directed by a majority of Members present at the meeting, adjourn the meeting to a date and time agreed.
- (3) No business may be transacted at an adjourned meeting other than business unfinished at the meeting which was adjourned.
- (4) Rule 21 only applies if there is a quorum at the meeting to be adjourned.

22. Standing orders at meetings

- (1) Subject to sub-rule (3), the following standing orders must be observed at general meetings of the co-operative:
 - (a) the mover of a proposition must not speak for more than 10 minutes. Subsequent speakers are allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule;
 - (b) if an amendment to an original proposition is proposed, no second amendment may be considered until the first amendment is disposed of;
 - (c) if an amendment is carried, the proposition as so amended displaces the original proposition and may itself be amended;
 - (d) if an amendment is defeated, then a further amendment may be moved to the original proposition. However, only one amendment may be submitted to the meeting for discussion at one time;
 - (e) the mover of every original proposition, but not of an amendment, has the right to reply. Immediately after this the question must be put from the chair. No other Member may speak more than once on the same question, unless permission is

given for an explanation, or the attention of the chairperson is called to a point of order;

- (f) propositions and amendments must be submitted in writing, if requested by the chairperson; and
 - (g) any discussion may be closed by a resolution "that the question be now put" being moved seconded, and carried. That resolution must be put to the meeting without debate.
- (2) Any visitor invited to attend the meeting by the Board, may speak on any issue at a meeting with the permission of the chairperson subject to any conditions imposed by the chairperson.
 - (3) The standing orders may be suspended for any period by ordinary resolution.

23. Attendance and voting at general meetings (CNL ss 228, 229, 237 and 256)

- (1) The right to vote attaches to membership.
- (2) A Member of the co-operative is not entitled to vote at a meeting of the co-operative unless that person is an Active Member of the co-operative.
- (3) Subject to the CNL and this rule, every Member of the co-operative has only one vote at a meeting of the co-operative.
- (4) A Member of the co-operative who is under 18 years of age is not entitled to vote.
- (5) Subject to the CNL and these rules, a question for decision at a general meeting, other than a special resolution, must be determined by a majority of Members present at the meeting and voting.
- (6) In accordance with section 256(2) of the CNL, unless a poll is demanded by the chairperson of the meeting or at least 5 Members present at the meeting, a question for decision at a general meeting must be determined by a show of hands.
- (7) In the case of an equal or tied vote at a meeting of the co-operative, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded may call a second vote or exercise a casting vote.
- (8) Voting by proxy is not permitted at a general meeting.

24. Postal ballot (CNL ss 247 – 251)

- (1) The manner of voting must be in accordance with the Regulations.
- (2) A special postal ballot or a postal ballot must be held:
 - (a) when required by the CNL; or
 - (b) in accordance with section 250 of the CNL, on the written requisition of the number of Active Members of the co-operative who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative; or
 - (c) if approved by the Members by ordinary resolution.
- (3) The Board may make rules consistent with the CNL, and these rules, about the sending and filing of information and votes by facsimile or other electronic means.

25. Poll at general meetings (CNL s 256)

- (1) If a poll (or ballot) is demanded by at least 5 Members, it must be conducted in a manner specified by the person presiding and the result of the poll is the resolution of the meeting on that question.
- (2) A poll demanded for the election of a person presiding or on a question of adjournment must be taken immediately, but any other poll may be conducted at any time before the close of the meeting.

26. Special and ordinary resolutions (CNL ss 238, 239, 242)

- (1) A special resolution is a resolution which is passed in accordance with sections 239 and 240 of the CNL:
 - (a) by a two-thirds majority at a general meeting of Members; or by a two-thirds majority in a postal ballot (other than a special postal ballot) of Members; or
 - (b) by a three-quarters majority in a special postal ballot of Members.
- (2) An ordinary resolution is a resolution passed by a simple majority at a general meeting or in a postal ballot by Members.
- (3) A special resolution has effect from the date that it is passed unless it is required to be registered under section 242(2) of the CNL.

27. Board of directors (CNL s 172)

- (1) The total number of directors will be determined by the Board and will be made up of no less than five (5) and no more than nine (9) directors, including non-member directors, plus the chief executive officer if appointed as a director in accordance with sub-rule (5).
- (2) Any non-member director (see rule 28) may be appointed by the Board, for a period of one year, or until the next annual general meeting, whichever comes first.
- (3) A director must be:
 - (a) a natural person; and
 - (b) not less than 18 years of age.
- (4) The function of the Board is to manage the operations of the co-operative in accordance with the CNL and these rules.
- (5) The Board may appoint the chief executive officer as a director.

28. Qualifications and eligibility of directors

- (1) A person is not qualified to be a director unless he or she is:
 - (a) A Member of the co-operative; or
 - (b) A person qualified as an independent director, that is a person with:
 - (i) experience relevant to the primary activities of the co-operative; or
 - (ii) legal, accounting, finance, governance or extensive business expertise; or
 - (iii) considerable experience in relevant community activities; or
 - (iv) considerable experience / expertise in a field required by the co-operative that existing directors do not have.
- (2) In accordance with section 174(2) of the CNL, a majority of directors must be Member directors.
- (3) A person must not act as a director if the person is disqualified under section 181 of the CNL.
- (4) An employee of the co-operative, other than the chief executive officer, is ineligible to act as a director.
- (5) A former employee of the co-operative is ineligible to act as a director within three (3) years of the end of their employment unless approved by the Board.

29. Chief executive officer (CNL ss 172 and 178)

- (1) The Board may, if it considers appropriate, appoint a person to be responsible for the day to day management of the co-operative. The person may be a director or the secretary or a Member of the co-operative or some other person.
- (2) The appointed person is the chief executive officer of the co-operative, and may be called the chief executive officer or (if a director of the Board) the managing director.
- (3) The conditions and the period of appointment including termination must be decided by the Board.

- (4) The chief executive officer is not entitled to be present or to vote at a meeting of directors on a motion concerning the conditions of his or her own appointment, conditions of service or termination of service.
- (5) The chief executive officer cannot be required to be an Active Member of the co-operative.
- (6) In the event of any conflict between the terms of the appointment of a person as the chief executive officer and that person's obligations or privileges under the CNL, the terms of the CNL prevail over the terms of appointment.

30. Retirement of directors (CNL s 173)

- (1) At each annual general meeting one third of the directors (other than the chief executive officer) must retire from office, or, if that number is not whole, then the number of retiring directors must be rounded down to the nearest whole number.
- (2) The directors to retire at an annual general meeting are those who have been longest in office since their last election. If two (2) or more persons became directors on the same day, those to retire must be determined by lot unless they otherwise agree among themselves.
- (3) A retiring director retains office until the close of the meeting at which his or her successor is elected.
- (4) A retiring director is eligible for re-election.
- (5) If the chief executive officer is appointed as a director, their position as a director ceases with termination of their employment.

31. Election of directors (CNL s 173)

- (1) At least 6 weeks before an annual general meeting, the Board must post a notice on the co-operatives website, also advised by e-mail to Members and on display at all offices and clinics of the co-operative, inviting nominations of candidates for election as directors.
- (2) The notice must:
 - (a) Notify all Members of the number of directors retiring at the annual general meeting; and
 - (b) State that the following information and nomination form can be obtained from the premises of the co-operative:
 - (i) the duties and responsibilities of a director and
 - (ii) the nomination and election procedures.
- (3) Such nominations other than in the case of retiring directors must:
 - (a) Be signed by two (2) or more Members; and
 - (b) Provide details of the qualifications and experience of the person nominated; and
 - (c) Provide a signed declaration that the candidate:
 - (i) is not a bankrupt and
 - (ii) their property is not subject to control under the law relating to bankruptcy; and
 - (d) Be accompanied by a notice in writing signed by the candidate agreeing to his or her nomination.
- (4) Retiring directors must be deemed to have been nominated unless they notify the co-operative to the contrary.
- (5) The nomination and the notice referred to in the sub-rule (3) must be lodged at the registered office of the co-operative at least fourteen (14) days before the annual general meeting.
- (6) In the event of a ballot, the following details of each person who has been nominated must be given to Members with the ballot paper:

- (a) Name and
- (b) Qualifications and experience and
- (c) Length of any previous service as a director of the co-operative or with any other co-operative.

32. Manner of election (CNL s 173)

- (1) The ballot for the election of directors must be conducted at the annual general meeting in the manner that the Board directs.
- (2) Each director must be approved by a separate resolution, unless the meeting has first agreed to a resolution (without any vote against it), allowing two or more directors to be approved in a single resolution.
- (2) If, at the annual general meeting at which an election of directors ought to take place, the place of any retiring directors is not filled, the Board must treat any vacancy as a casual vacancy and must be filled in accordance with rule 33.

33. Casual vacancy (CNL s 173)

If there is a casual vacancy in the office of director under section 173 of the CNL, the Board may appoint a person to fill that vacancy but the person's appointment will terminate at the next annual general meeting unless it is ratified by the Members at the meeting.

34. Removal from the office of director (CNL s 180)

The co-operative may by resolution under section 180 of the CNL, with special notice as required by that section, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the removed director. The person appointed must retire when the removed director would otherwise have retired.

35. Remuneration (CNL s 203)

- (1) A director of the co-operative must not be paid any remuneration for the director's services as a director other than:
 - (a) fees, concessions and other benefits approved at a general meeting of the co-operative; and
 - (b) director's travelling and other expenses that the director properly incurs:
 - (i) in attending meetings of the board of directors of the co-operative or any meetings of committees of directors of the co-operative; and
 - (ii) in attending any general meetings of the co-operative.
- (2) In any financial year, the remuneration of directors must not exceed the aggregate amount (if any) that the general meeting determines by resolution.
- (3) The Board may determine the allocation of the aggregate amount of remuneration among the directors.

36. Delegation by Board (CNL s 178)

In accordance with section 178 of the CNL, the Board may, by resolution, delegate the exercise of such of the Board's functions (other than this power of delegation) as are specified in the resolution:

- (a) to a director; or
- (b) to a committee of 2 or more directors; or
- (c) to a committee of Members of the co-operative; or
- (d) to a committee of Members of the co-operative and other persons where Members comprise the majority of persons on the committee.

37. *Proceedings of the Board (CNL ss 175 and 176)*

- (1) Meetings of the Board are to be held as often as may be necessary for properly conducting the business of the co-operative and must in any case be held at least once every three months.
- (2) Questions arising at any meeting must be decided by a majority of votes.
- (3) In the case of a tied or equal vote, the chairperson can enact a second or casting vote.
- (4) A director may call a meeting of the Board of directors by giving notice individually to every other director.
- (5) Except in special circumstances determined by the chairperson, at least 48 hours' notice must be given to the directors of all meetings of the Board.
- (6) The Board may transact any of its business outside board meetings by circulation of papers among all of the directors, in accordance with section 176 of the CNL.

38. *Quorum for Board meetings (CNL s 175)*

- (1) The quorum for a meeting of the Board is 50% of the number of directors.
- (2) For a quorum, the number of Member directors must outnumber the non-member directors by at least one.

39. *Chairperson of Board*

- (1) The chairperson of the Board is to be elected at the first Board meeting after each annual general meeting.
- (2) If the chairperson of the Board is unable to preside or is not present within 15 minutes after the time appointed for meetings of the Board, the Members present must select one of their number to preside.
- (3) The person selected under sub-rule (2) presides at the Board meeting until the time that the chairperson attends.
- (4) The Board may by ordinary resolution remove the chairperson from office.

Note: sub-rule (4) does not affect the requirements of section 180 of the CNL about removal of a director.

40. *Financial year*

The financial year of the co-operative begins on 1 July and ends on 30 June in the following calendar year.

41. *Seal (CNL ss 49 and 223)*

- (1) This rule applies if the co-operative has a seal and chooses to authenticate a document under it.
- (2) The co-operative's name and registration number must appear on the common seal and any official seal. The common seal must be kept at the registered office in the custody that the board directs.
- (3) The co-operative may have one or more official seals for use outside the State or Territory in place of its common seal. Each of the additional seals must be a facsimile of the common seal with the addition on its face of the name of the place where it is to be used.
- (4) The seal of the co-operative must not be affixed to an instrument other than under a resolution of the board. Two directors, or one director and the secretary, must be present and must sign all instruments sealed while they are present.

42. *Custody and inspection of records (CNL ss 214 and 215, Regulation 3.4(2))*

A Member is entitled to make a copy of entries in a register specified in section 214(1) of the CNL, on payment of a fee of \$1 per page, to a maximum of the amount specified in the Co-operatives National Law (ACT) Regulation 2017. Inspections of the register are free of charge.

Note: The maximum amount payable at 1 May 2017 was \$24.

43. Accounts

- (1) The Board must ensure that:
 - (a) a banking account or accounts are kept in the name of the co-operative; and
 - (b) all money received by the co-operative is paid into that account or those accounts as soon as possible after it is received.
- (2) All cheques drawn on the accounts, and all drafts, bills of exchange, promissory notes and other negotiable instruments, of the co-operative must be signed by 2 authorised persons.
- (3) The operation of any electronic accounts must be restricted so that there is a requirement for authorisation by 2 authorised persons.
- (4) For the purposes of this rule, an “authorised person” is:
 - (a) a director; or
 - (b) a person approved by the Board.

44. Safekeeping of securities

The co-operative must keep the securities of the co-operative safely in the manner and with the provision for their safety that the Board directs.

45. Audit (CNL ss 276, Division 12)

- (1) The accounts of the co-operative must be audited in accordance with section 276 of the CNL and any regulations made under that section.
- (2) Auditors must be appointed in accordance with Division 12 of the CNL to audit the accounts of the co-operative.
- (3) Audits must be carried out annually.

46. Co-operative funds

- (1) Except for sub-rule (3), the funds and property of the co-operative must be applied solely towards the carrying out and promotion of its objects and no part may be paid or transferred directly or indirectly by way of discount, rebate or otherwise by way of profit to Members of the co-operative.
- (2) There must be no return or distribution on surplus to Members.
- (3) A part of the surplus not exceeding 10% arising in any year from the business of the co-operative may be applied for charitable purposes as agreed by the resolution of Members.

47. Provision for loss

The Board may resolve to retain part of the surplus arising from the business of the co-operative in any year to be applied to meet any loss on the transactions of the co-operative.

48. Reporting to Members (CNL Part 3.3)

The co-operative must prepare financial reports and statements in accordance with the CNL, the Regulations and these rules.

49. Winding up

- (1) The winding up of the co-operative must be in accordance with part 4.5 of the CNL.
- (2) If, on the winding up or dissolution of the co-operative, any property remains after the satisfaction of all its debts and liabilities and the costs, expenses and charges of the winding up, that property:
 - (a) must not be paid to or distributed among the Members; and
 - (b) must be given or transferred to an institution:

- (i) which has objects similar to those of the co-operative; and
- (ii) whose constitution prohibits the distribution of property among its Members; and
- (iii) which has been chosen by the Members of the co-operative at or before the time of dissolution.

50. *Deductible Gift Recipient Status*

If the co-operative is wound up or its endorsement as a deductible gift recipient is revoked (whichever occurs first), any surplus of the following assets must be transferred to another organisation to which income tax deductible gifts can be made:

- (a) gifts of money or property for the principal purpose of the organisation;
- (b) contributions made in relation to an eligible fundraising event held for the principal purpose of the organisation;
- (c) money received by the organisation because of such gifts and contributions.