

RULES OF THE CIRCLE FOUNDATION CO-OPERATIVE LIMITED

Non-distributing co-operative without shares

Approved by the Registrar on:

Adopted by the co-operative on:

These rules have been prepared using the Co-op Builder. The rules address each of the matters listed in Schedule 1 of the legislation. There have been alterations to the standardised rule content.

Submitted

by.....

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(Signature)

(name in block letters)

18 May 2021

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APPROVED

CATEGORY ONE - Co-operative name, primary activities and active membership

1.1 CO-OPERATIVE NAME

The name of the co-operative is **The Circle Foundation Co-operative Limited**

1.2 DEFINITIONS

In these rules:

- Either of the words **Law** or **Act** means the co-operatives legislation applying in the State or Territory where the co-operative is registered.
- **co-operatives legislation** means:
 - for co-operatives registered in all other States and Territories, the Co-operatives National Law (CNL).
- **corporate member** means a member that is also an incorporated body, including a company or incorporated association.
- **corporate representative** means a person appointed to represent the interests and exercise the rights of a corporate member.
- **co-operative principles** means the co-operative principles adopted under the co-operatives legislation applying in the State or Territory where the co-operative is registered.
- **legal personal representative** comprises a solicitor, attorney, trustee, executor or any other person lawfully appointed to represent the interests of a natural person, who is unable to manage their affairs through mental or physical incapacity or because the person is deceased.
- **year** means the co-operative's financial year as defined in these rules.

Unless specifically defined, words and expressions have the same meaning as they have in the applicable co-operatives legislation.

1.3 PURPOSE

The Circle Foundation Co-operative Limited will be a community owned and operated social enterprise health and wellbeing centre based in the Eurobodalla, NSW.

The Circle Foundation Co-operative Limited will be a centre for excellence as a model of innovative social enterprise

Services will be delivered locally but will be made accessible to regional, rural, and remote Australians living with chronic health illnesses via telehealth.

- **Mission**

The mission of the **The Circle Foundation Co-operative Limited** is to improve the overall health and wellbeing of regional Australians living with chronic health conditions.

Based on a social enterprise co-operative business model, it will provide allied health therapy services which are integrated with primary care, meaningful social connection programs, lifestyle skills training, and peer support and advocacy services. It will also be a centre for excellence in social enterprise as a solution to complex health problems and conduct independent research and training of student rural health professionals from the centre.

1.3A PRIMARY ACTIVITIES

The primary activities of the co-operative outlined herein form the basic purpose for the co-operative and make a significant contribution to the business of the co-operative.

Based on a social enterprise co-operative business model, the primary activities of the co-operative are the provision of:

1. Allied health therapy services, which are integrated with primary health care, co designed and integrated with welfare and community services, co designed to address complex chronic health problems
2. Meaningful social connection programs, through social prescription and community development initiatives and healthy lifestyle skills and training
3. Research, education and academic scholarship
4. Professional student rural health recruitment, training and supervision
5. Community and peer worker/consumer engagement and advocacy

1.3B ACTIVE MEMBERSHIP

In order to establish and maintain active membership of the co-operative a member must pay the annual subscription set out in rule 3.1.

1.4 CANCELLATION OF MEMBERSHIP FOR INACTIVITY

1. The board must cancel a person's membership if:
 1. the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for the required period; or
 2. the member is not active and has not been active within the meaning of rule 1.3B for the required period.
2. In this rule the required period is 2 years

CATEGORY TWO - Membership and member rights and obligations

2.1 MEMBER QUALIFICATIONS

A person qualifies for membership of the co-operative if they are able to use or contribute to the services of the co-operative.

2.2 MEMBER APPLICATIONS, FEES AND ANNUAL SUBSCRIPTIONS

1. Applications for membership must be lodged at the registered office or on the website of the co-operative using the application form approved by the board, and should be accompanied by payment of:
 - a. any application fee as determined by the board from time to time and published at the registered office; and
 - b. payment of the annual subscription under rule 3.1.
2. Every application for membership must be considered by the board.

3. If the board approves the application, the applicant's name and any other information required under the Law must be entered in the register of members within 28 days of the board's approval.
4. The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.
5. The board may, at its discretion, refuse an application for membership.
6. The board need not provide reasons for the refusal. On refusal, any amounts accompanying the application for membership, other than the application fee referred to in paragraph 1a of this rule, must be refunded within 28 days without interest.

2.3 WHEN MEMBERSHIP CEASES

1. A person will cease to be a member of the co-operative in each of the following circumstances and as otherwise provided by the Law if:
 - a. the person's membership is cancelled in accordance with these rules or the Law;
 - b. the member is expelled or resigns under these rules;
 - c. the contract of membership is rescinded on the ground of misrepresentation or mistake;
 - d. for a member that is a corporation, the corporation is deregistered;
 - e. for a member who is a natural person and not a joint member with other persons, the member dies; or
2. Except as otherwise provided by the Law a person will not cease to be a member of a co-operative if the person:
 - a. becomes bankrupt and their property is subject to control under laws relating to bankruptcy; or
 - b. is a corporate member that becomes insolvent and subject to control under laws relating to the insolvency.

2.4 MEMBER RESIGNATION

A member may resign from a co-operative by giving one month's notice in writing or such lesser period of time approved by the board in a particular case.

2.5 EXPELLING A MEMBER

1. A member may be expelled from the co-operative by special resolution on the grounds:
 - a. that the member has seriously or repeatedly failed to discharge their obligations to the co-operative under these rules, or any contract or memorandum of understanding entered into by the member with the co-operative; or
 - b. that the member has acted in a way that has:
 - i. prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
 - ii. brought the co-operative into disrepute; or
 - iii. been contrary to one or more of the co-operative principles and has caused the co-operative harm.
2. Written notice of the proposed special resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.
3. At the general meeting when the special resolution for expulsion is proposed each of the following procedures apply:

- a. at the meeting, the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross-examine witnesses called against the member;
 - b. if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide on the evidence before it, despite the absence of the member;
 - c. once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
 - d. the co-operative must make a decision on expulsion by secret ballot of the members who are either present or represented by a legal personal representative, corporate representative or a proxy, and who are entitled to vote; and
 - e. the special resolution is passed if at least two-thirds of the members voting in the secret ballot vote in favour of the expulsion.
4. Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.
 5. An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution.

2.6 FINANCIAL CONSEQUENCES OF RESIGNATION OR EXPULSION

1. If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.
2. If a member has prepaid an annual subscription, and
 - a. the amount of the annual subscription is less than or equal to \$100 the co-operative may retain the whole of the prepaid annual subscription; or
 - b. the amount of the annual subscription is greater than \$100 the co-operative must refund a pro-rated amount for the remainder of the subscription period less any reasonable costs incurred in administering a refund.

2.7 MEMBER SUSPENSION

1. The board of the co-operative may suspend a member for not more than one year on the grounds that the member has:
 - a. contravened any of these rules;
 - b. failed to discharge obligations to the co-operative, whether under these rules, a contract or memorandum of understanding; or
 - c. acted detrimentally to the interests of the co-operative.
2. In order to suspend a member, the board must give written notice to the member of its intention to suspend membership. Such written notice must include the grounds for suspension and allow the member a reasonable time and opportunity to respond in writing to the notice.
3. The board must convene a board meeting to consider suspension of the member and must permit the member to attend the meeting and address the board on the matter of the suspension.
4. If the board resolves to suspend a member then it must provide the member with written notice of such suspension, the terms of the suspension and the reasons for suspension.
5. During the period of suspension, the member:
 - a. loses any rights (except the right to vote) arising as a result of membership; and
 - b. is not entitled to a refund, rebate, relief or credit for amounts paid or payable to the co-operative under these rules.

6. A member may appeal against the decision of the board to suspend membership within 14 days of the board's decision.
7. An appeal against suspension may be dealt with at a general meeting of the co-operative called to consider a special resolution to confirm or overturn the suspension decision by the board.
8. An appeal against suspension shall follow the same procedure set out for the expulsion of a member under rule 2.5.3.
9. A decision by the board to suspend a member does not take effect until the time for appeal has expired or the appeal against such suspension has been determined.

2.8 DISPUTE RESOLUTION

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. If a dispute arises, a party cannot commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.
3. The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
 - a. the dispute coming to the attention of each party; or
 - b. a party giving notice, to each of the other parties involved, of the dispute or grievance.
4. If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
5. The mediator is, where possible, to be chosen by agreement between the parties. In the absence of agreement between the parties:
 - a. for a dispute between a member and another member, the mediator is to be a person appointed by the board; or
 - b. for a dispute between a member and the co-operative, the mediator is to be a person appointed by the Australian Mediation Association or some other body that provides alternative dispute resolution services.
6. The mediator may be a member of the co-operative, unless they are also party to the dispute.
7. The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
8. The mediator, in concluding the mediation, must:
 - a. give the parties to the mediation process every opportunity to be heard; and
 - b. allow due consideration by all parties of any written statement submitted by any party; and
 - c. ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
9. The mediator cannot determine the dispute.
10. The mediation must be confidential and without prejudice.
11. The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
12. This rule does not apply to any dispute
 - a. as to the construction or effect of any mortgage or contract contained in any document, or
 - b. involving the expulsion or suspension of a member.
13. If the mediation process does not resolve the dispute, either party may seek resolution through arbitration or legal action.

14. In this rule the word **member** includes any person who was a member not more than 6 months before the dispute occurred.

2.9 FINES PAYABLE BY MEMBERS

No fines are to be imposed on members in any circumstances.

2.10 LIABILITY OF MEMBERS

1. A member is liable to the co-operative for the amount, if any, unpaid in respect of any application fees or regular subscriptions payable by the member to the co-operative under these rules.
2. Joint members are jointly and severally liable for any amount unpaid on under paragraph 1 of this rule.

2.11 VALUE OF INTEREST OF DECEASED MEMBER

The value of the interest of a deceased member, who is not part of a joint membership, is the amount that would have been payable to the member if the member had resigned.

2.12 RIGHTS AND LIABILITIES OF MEMBERS WHO ARE BANKRUPT, INSOLVENT OR OTHERWISE INCAPABLE

1. The interest of an individual member who becomes bankrupt or a corporate member who becomes insolvent may be transferred to the member's, trustee, administrator or liquidator, as the case may be, in accordance with the laws dealing with such events.
2. A legal personal representative appointed to administer the estate of a person who, through mental or physical incapacity, is incapable of managing their affairs, may be registered as a member and the rights and liabilities of membership vest in that person during the period of the appointment.
3. The board may decide to suspend some or all active membership obligations where a legal personal representative has been appointed for a member, if there are grounds to believe that the member's mental or physical incapacity is temporary.

CATEGORY THREE – Capital and Finance

3.1 ANNUAL SUBSCRIPTIONS

Members must pay an annual subscription of \$50 or such other amount determined by special resolution passed at the Annual General Meeting and published at the co-operative's registered office or on its website.

3.2 TRANSFER OF DEBENTURES AND OTHER SECURITIES

1. Non-share securities, such as debentures or co-operative capital units, may be transferred using an instrument or form approved by the board that is executed by or on behalf of the transferor and the transferee.
2. The transferor is taken to remain the holder of the security until the transferee's name is entered in the register of security holders.
3. The board may decline to register an instrument or form transferring a security other than a share if:
 - a. the transfer would be contrary to the terms of issue of such security; or

- b. the transfer fee (as noted on the transfer form or instrument) is not paid to the co-operative for the transfer of registration.
4. The board of the co-operative may require the instrument or form of transfer to be accompanied by:
 - a. the relevant security certificate(s) and any other evidence the board reasonably requires showing the right of the transferor to make the transfer; and
 - b. evidence of the payment of any government duty where such duty is payable.
5. If the co-operative refuses to register a transfer of securities under this rule, it must, within 28 days after the date on which the transfer was lodged with it, send to the transferee notice of the refusal.

3.3 ISSUE OF CO-OPERATIVE CAPITAL UNITS (CCUs)

1. The board may confer an interest in the capital of the co-operative by issuing CCUs in accordance with the Law.
2. At a meeting of CCU holders, each CCU holder is entitled to one vote per CCU held.
3. The rights of the holders of CCUs may be varied only in the way and to the extent provided by their terms of issue and only with the consent of at least 75% of those holders of CCUs who, being entitled to do so, cast a formal vote to accept the variation at a meeting.
4. The holder of a CCU has, in the person's capacity as a holder of a CCU, none of the rights or entitlements of a member of the co-operative.
5. The holder of a CCU is entitled to receive notice of all relevant meetings of the co-operative and all other documents in the same manner as the holder of a debenture of the co-operative.

CATEGORY 4 - Board of directors and board meetings

4.1 BOARD OF DIRECTORS

1. The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in a general meeting.
2. The board must have at least five (5) directors and no more than nine (9) directors.
3. The board may, by resolution, delegate any of its powers (other than this power of delegation) provided that the delegation:
 - a. is in writing;
 - b. is only a delegation of power to a committee that includes a minimum of two directors; and
 - c. the instrument of delegation clearly describes the power delegated and any limitations on the exercise of such delegated power.
4. The board must maintain a manual for directors, which includes at a minimum information on the duties of directors of the co-operative.

4.2 QUALIFICATIONS OF DIRECTORS

1. A person is not qualified to be a director of the co-operative unless the person is a natural person over the age of 18 years and is either:

- a. an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
 - b. not an active member but who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time.
2. A person qualified to be a director under paragraph 1a of this rule is known as a member director. A person qualified under paragraph 1b of this rule is known as a non-member director or independent director.
 3. The board of directors must have a majority of member directors.

4.3 FIRST DIRECTORS AND TERMS OF OFFICE

1. The first directors are those directors who are elected by poll at the formation meeting.
2. The term of office of the first directors shall be determined at the formation meeting in order to enable their retirement by rotation and in any event shall be no more than three years ending on the day of the third annual general meeting (AGM) after the formation meeting.
3. The term of office for a director (other than a first director) is three years, ending on the day of the third AGM after that director's election.

4.4 ELECTION OF DIRECTORS

1. The members of the board are to be elected in the manner specified in this rule.
2. At an AGM at which there are vacancies in the office of director as a result of retirement or due to a casual vacancy, the vacated office may be filled in the following manner:
 - a. At least six weeks before the AGM, the board must:
 - i. notify all members of the number of directors retiring at the AGM and any casual vacancies to be filled; and
 - ii. advise the members of:
 - A. their eligibility to nominate as a director; and
 - B. the duties and responsibilities of a director; and
 - C. the anticipated remuneration (if any); and
 - D. the nomination and election procedures.
3. A notice must also be displayed at the place of business of the co-operative inviting nominations of persons to serve as directors.
4. A nomination for election of a member director must:
 - a. be signed by two members; and
 - b. provide details of the qualifications and experience of the person nominated; and
 - c. be accompanied by a notice in writing signed by the person consenting to their nomination.
5. A nomination for election of a non-member or independent director must:
 - a. be signed by two member directors; and
 - b. provide details of the qualifications and experience of the person nominated; and
 - c. be accompanied by a notice in writing signed by the nominee consenting to their nomination.
6. The nomination and the notice of consent must be lodged with the secretary of the co-operative at least 30 days before the AGM.
7. The secretary, or an officer nominated by the board, must give details of each person who has been nominated to members with the notice of the AGM. Details to be provided to members must include:

- a. the nominee's name; and
 - b. the nominee's qualifications and experience; and
 - c. the nominee's length of any previous service as a director of the co-operative or with any other co-operative.
8. If the number of nominees equals the number of vacancies, the nominees must be declared elected at the AGM.
9. If there are insufficient nominees to fill all vacancies, the nominees must be declared elected at the AGM and any remaining vacancies will become casual vacancies.
10. If the number of nominees exceeds the number of vacancies, the election of directors must be conducted at the meeting by ballot as follows:
 - a. A returning officer is elected at the meeting. The directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.
 - b. All nominees are to be listed on the ballot form in alphabetical order.
 - c. The returning officer is responsible for determining the validity of and counting of the votes.
 - d. If there is an equality of votes, there must be a new ballot.
 - e. The returning officer is to declare the election results.

4.5 REMOVAL OF A DIRECTOR

1. The co-operative may by resolution under the Law, with special notice, 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.
2. For the purposes of this rule, 'special notice' is a notice required under the Law to be given two months prior to the meeting at which the resolution is to be considered.

4.6 WHEN A DIRECTOR VACATES OFFICE AND CASUAL VACANCIES

1. In addition to the circumstances set out in s179 of the CNL, a director vacates office if the director dies or becomes unable to manage their affairs by reason of mental incapacity.
2. The board may appoint a qualified person to fill a casual vacancy in the office of director that arises because of an event referred to in paragraph 1 of this rule or because there were insufficient nominees for election at an AGM.
3. A person appointed to fill a vacancy under paragraph 2 of this rule is appointed until the next annual AGM.

4.7 ALTERNATE DIRECTORS

1. The board may appoint a person to act as a director (an alternate director) in the place of an absent director (the principal director).
2. A person is qualified to be appointed as an alternate director for:
 - a. a member director, if the person is an active member or is a corporate representative for an active corporate member; or
 - b. a non-member director, if the person holds similar skills or expertise to the principal director.
3. An alternate director holds office until the next AGM or until the next general meeting held to elect directors to fill any vacancies (whichever is earlier).
4. An alternate director for a director (the principal director) vacates office:
 - a. in similar circumstances or cases to those in which the principal director would vacate office under these rules or

- b. if the alternate director is removed from office by the board as alternate director for failure, without its leave, to attend a meeting of the board at which the principal director is absent.

4.8 DIRECTOR REMUNERATION

1. The co-operative must not pay fees to a director for acting as a director.
2. The co-operative may:
 - a. pay a director for work they do for the co-operative, other than as a director, if the amount is no more than a reasonable fee for the work done, or
 - b. reimburse a director for expenses properly incurred by the director in connection with the affairs of the co-operative.
3. Any payment made under subrule 4.8.2 must be approved by the directors.
4. The co-operative may pay premiums for insurance indemnifying directors, as allowed for by law.

4.9 BOARD MEETINGS

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 be held at least every quarter
2. A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.
3. Questions arising at a meeting must be decided by a majority of votes.
4. If votes are equal, the chairperson has a second or casting vote, but only if the chairperson is a member director.
5. Other than in special circumstances decided by the chairperson, at least 48 hours' notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.

4.10 QUORUM AT BOARD MEETINGS

1. The quorum for a meeting of the board is 50% of the number of directors (or if that percentage of the number of directors is not a whole number, the whole number next higher than 50%).
2. For a quorum, the number of member directors must outnumber the non-member directors by at least one.

4.11 CHAIRPERSON OF THE BOARD

1. The chairperson of the board is to be elected by the board and may be removed by resolution of the board. On a resolution to remove the chairperson, the chairperson is not entitled to cast a vote.
2. If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.

4.12 MINUTES OF BOARD AND OTHER MEETINGS

1. The board must keep minutes of all meetings and, in particular, of:
 - a. all appointments of officers and employees made by the directors; and

- b. the names of the directors present at each meeting of the board or of a board committee; and
 - c. all resolutions and proceedings at all general meetings of the co-operative, board meetings and committee meetings.
2. Minutes must be entered in the appropriate records within 28 days of when the meeting to which they relate was held.
 3. The minutes are to be signed and confirmed by the chairperson within a reasonable time after the meeting to which they relate was held.
 4. Members do not have access to the minutes of board or committee meetings, but may write to the board to request access to such minutes.

CATEGORY 5 - Member meetings

5.1 GENERAL MEETINGS

1. An AGM must be held on a date and at a time decided by the board within five months of the end of the co-operative's financial year or within any further time allowed by the Registrar.
2. The board may, whenever it considers appropriate, call a special general meeting of the co-operative.
3. General meetings may be held using technology that permits a member to participate contemporaneously in the meeting and enables the member to hear proceedings, ask questions of the board or the auditor and to cast a vote.

5.2 NOTICE OF GENERAL MEETINGS AND MEMBER RESOLUTIONS

1. At least 14 days' notice of a general meeting must be given.
2. The period of notice is calculated by starting from the day after the notice is served or taken to be served, and is taken to include the day on which the meeting is to be held.
3. Notice must be served on each member of the co-operative and any other persons who are entitled to receive such notices under the Law.
4. The notice must state the place, day and hour of the meeting and if the meeting is to be conducted using technology, the notice must include instructions about how to participate in the meeting.
5. The notice must state what ordinary business is to be considered and, if there is to be any special business, the general nature of any special business.
6. The notice must also include any business that members have notified their intention to move at the meeting provided that paragraph 7 of this rule has been complied with.
7. Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the co-operative, and who have a resolution that requires a decision by the members at a general meeting, must serve written notice of it on the co-operative.
8. If the co-operative has been served with notice under paragraph 7 the resolution is to be considered at the next general meeting that occurs more than two months after the notice is served or taken to be served.

5.3 BUSINESS OF THE AGM

1. The ordinary business of the AGM of the co-operative must be:
 - a. to confirm minutes of the preceding general meeting (whether annual or special); and

- b. to receive from the board, auditors or officers of the co-operative:
 - i. the financial reports or financial statements of the co-operative for the financial year;
 - ii. a report on the state of affairs of the co-operative; and
 - iii. the board's solvency resolution stating whether or not there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable; and
 - c. to elect directors to fill any vacancies on the board.
2. The AGM may also transact special business, notice of which has been given to members under these rules.
 3. All business of a general meeting, other than business of the AGM that is ordinary business, is special business.

5.4 QUORUM AT GENERAL MEETINGS

1. An item of business cannot be considered or decided at a general meeting unless a quorum of members is present.
2. If the number of active members of the co-operative is less than or equal to ten, the quorum is five active members.
3. If the number of active members is more than ten, then the greater of
 - a. 6 active members, or
 - b. 10% of the active membership, present constitutes a quorum.
 - c. A member is present for the purpose of these rules if the member is entitled to vote and
 - d. is physically present, or
 - e. is represented by their legal personal representative or corporate representative, or
 - f. is attending via video link or other technology that enables the member to participate in the proceedings.
4. A proxy given to another member does not entitle the person giving the proxy to be counted as a member who is present for the purposes of paragraph 2 of this rule.
5. If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
6. If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the members present constitute a quorum.

5.5 CHAIRPERSON AT A GENERAL MEETING AND ADJOURNMENTS

1. The chairperson of the board may preside as chairperson at every general meeting of the co-operative.
2. If there is no chairperson, or if at a meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).
3. The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting to a different time and place.
4. The only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
5. It is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting unless the meeting is adjourned for 14 days or more, in which case notice of the adjourned meeting must be given just as for the original meeting.

5.6 ATTENDANCE AND VOTING AT GENERAL MEETINGS

1. The right to vote attaches to membership.
2. Each active member has only one vote at a meeting of the co-operative.
3. In the case of a joint membership:
 - a. Joint members have only one vote between them,
 - b. Every joint member is entitled to attend and be heard at a general meeting, and
 - c. In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney), the joint member whose name appears first in the register of members is entitled to vote.
4. A resolution, other than a special resolution, must be decided by simple majority.
5. Subject to paragraphs 6 and 7 of this rule, a question for decision at any general meeting must be decided on a show of hands of members attending the meeting.
6. A poll may be demanded on any question for decision.
7. If before a vote is taken or before or immediately after the declaration of the result on a show of hands:
 - a. the chairperson directs that the question is to be determined by a poll; or
 - b. at least five members present in person or represented by proxy demand a poll;the question for decision must be determined by a poll.
8. The poll must be taken when and in the manner that the chairperson directs.
9. A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
10. Once the votes on a show of hands or on a poll have been counted a declaration by the chairperson that a resolution has been carried (unanimously or by a majority) or lost is evidence of that fact.
11. The result of the vote must be entered in the minute book.

5.7 VOTING ON A SHOW OF HANDS OR ON A POLL

1. On a show of hands at a general meeting, each member who is present in accordance with rule 5.4.4 may only exercise one vote.
2. On a poll called at a general meeting, each member
 - a. who is present in accordance with rule 5.4.4, or
 - b. who is represented by a proxy (but only if proxies are allowed under rule 5.9), may only exercise one vote.

5.8 DETERMINING THE OUTCOME WHEN VOTES ARE EQUAL

1. If the chairperson of the meeting is a member of the co-operative, he or she may exercise a second, casting vote where the votes in favour and against a resolution are equal.
2. If the chairperson is not a member of the co-operative, he or she has no second, casting vote
3. Where the votes in favour of and against a resolution are equal and the chairperson does not cast a second vote, the resolution fails.

5.9 PROXY VOTING

Voting by proxy

1. For the purposes of this rule:

- a **directed proxy** is a document appointing a person to vote on behalf of a member and where the document specifies how the member's vote is to be cast on a particular matter, and
 - an **undirected proxy** is a document appointing a person to vote on behalf of a member and the document contains no direction on how the member's vote is to be cast.
2. Voting may be by proxy at a general meeting.
 3. The document appointing a proxy must be in writing signed by the appointer or the appointer's representative, provided that any such representative has authority to appoint a proxy.
 4. A document appointing a proxy may only appoint a person who is an active member of the co-operative as their proxy.
 5. If the document appointing the proxy is a directed proxy, the proxy is not entitled to vote on the resolution other than as directed in the proxy document.
 6. A person may be appointed as a proxy by no more than five members where the proxy is an undirected proxy.
 7. A person may be appointed as a proxy by any number of members where the documents are directed proxies.
 8. A document appointing a proxy is not valid unless it is delivered, either by post or electronic means, to the registered office of the co-operative at least 48 hours before the time for holding the meeting or any adjournment of that meeting.
 9. A vote given in accordance with a directed proxy is valid unless the co-operative receives notice in writing at its registered office of the death or unsoundness of mind of the appointer, or revocation of that directed proxy, before the start of the meeting or adjourned meeting at which the proxy document is used.

5.10 POSTAL BALLOTS

1. For the purposes of this rule:
 - a. a **postal ballot** includes a ballot conducted by the use of technology, such as email or other voting software; and
 - b. a **ballot paper** means a ballot paper in paper or electronic form.
2. A postal ballot may be held in respect of any matter that may be decided by the members at general meeting, under rule 5.3.
3. In determining whether to hold a postal ballot on a matter for decision by members, the board must take into consideration the following matters:
 - a. whether a postal ballot would facilitate a more democratic decision by members, and
 - b. whether a postal ballot is time and cost effective.
4. A postal ballot must be held in respect of a matter that may be decided by members, where members 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, require the board to conduct the vote by postal ballot.
5. The board may determine in a particular case whether the matter to be decided by postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.
6. If fax or electronic means for voting are used, members who have limited or no access to the fax or electronic means, must not be prejudiced, and must have reasonable time to be advised of the postal ballot, to consider, record and return their vote.
7. The board is to appoint a returning officer to conduct the postal ballot. In default of such an appointment, the secretary is the returning officer.

8. Ballot papers must be sent to all voting members at least 21 days before the closing date of the postal ballot.
9. Ballot papers are to be in the form approved by the board and must include the following:
 - a. particulars of the matter to be decided by postal ballot;
 - b. an explanation of how to lodge a valid vote;
 - c. the majority required to pass the vote; and
 - d. notice of the closing time and date of the postal ballot.
10. This rule does not apply to special postal ballots.

5.11 SPECIAL POSTAL BALLOTS

1. For the purposes of this rule:
 - a. a **special postal ballot** includes a ballot conducted by the use of technology, such as email or other voting software, and
 - b. a **ballot paper** means a ballot paper in paper or electronic form.
2. Where a special postal ballot is required under the Law, the board may determine in a particular case whether the special postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.
3. If fax or electronic means for voting are used, members who have limited or no access to the fax or electronic means, must not be prejudiced in any way and must have reasonable time to be advised of the postal ballot, to consider, record and return their vote.
4. The board is to appoint a returning officer to conduct the special postal ballot. In default of such an appointment, the secretary is the returning officer.
5. Ballot papers must be sent to members at least 28 days before the closing date of the special postal ballot.
6. Ballot papers are to be in the form approved by the board and must include the following:
 - a. particulars of the matter to be decided by special postal ballot;
 - b. all documents required for special postal ballots as set out under the Law; and
 - c. an explanation of how to lodge a valid vote;
 - d. the majority required to pass the vote; and
 - e. notice of the closing time and date of the special postal ballot.

5.12 SPECIAL RESOLUTIONS

1. A notice of special resolution is required to be given to members at least 21 days before the vote or ballot time (or 28 days in the case of a special postal ballot).
2. The notice of special resolution must state:
 - a. the intention to propose the special resolution; and
 - b. the wording of the proposed special resolution; and
 - c. the reasons for proposing the special resolution; and
 - d. the effect of the special resolution being passed.
3. A special resolution is passed if:
 - a. two-thirds of the active members who cast a vote, vote in favour of the resolution at a general meeting or in a postal ballot of members; or
 - b. three-quarters of those active members who cast a vote, vote in favour of the resolution in a special postal ballot of members.

CATEGORY SIX - Accounts and administration

6.1 FINANCIAL YEAR

The financial year of the co-operative ends on 30 June.

6.2 BANK ACCOUNTS

1. The board must have at least one financial institution account, electronic or otherwise, in the name of the co-operative, into which all amounts received by the co-operative must be paid as soon as possible after receipt.
2. All cheques, bills of exchange, promissory notes and other negotiable instruments drawn on the account of the co-operative must be signed by two authorised officers or employees of the co-operative.
3. The board may authorise one or more officers or employees of the co-operative to operate an electronic account in the name of the co-operative, without the need for a second written or electronic signature, provided that the authority is restricted to:
 - a. transactions conducted in the ordinary course of the co-operative's business; and
 - b. subject to a monetary limit specified in the board's written authorisation.

6.2A GIFT FUND

1. A co-operative that is endorsed as a Deductible Gift Recipient for a particular purpose or purposes must, if required to do so by the Australian Tax Office, set up and maintain a separate fund to be called a 'Gift Fund' to which gifts of money or property for these purpose/s is to be credited, including:
 - a. contributions made in relation to a fund-raising event held for these purpose/s and
 - b. any money received by the co-operative because of those gifts or contributions.
2. The Gift Fund must not receive any other money or property.
3. The co-operative must only use the gifts or money in the Gift Fund in pursuit of the purpose/s for which Deductible Gift Recipient status is endorsed.
4. The co-operative must not use any of the gifts or money in the Gift Fund to satisfy any other debts or liabilities of the co-operative.
5. If the co-operative's deductible gift recipient endorsement is revoked (whether or not the co-operative is to be wound up) all surplus assets in the Gift Fund must be transferred to one or more entities that meet the requirements of rule 6.11.1, as decided by the board.
6. The co-operative must maintain a separate bank account for the Gift Fund, and all receipts issued for gifts made to the Gift Fund must state:
 - a. the name of the co-operative,
 - b. the Australian Business Number of the co-operative, and
 - c. the fact that the receipt is for a gift.
7. For the purposes of this rule, 'contributions' and 'fund-raising event' have the same meaning as in Division 30 of the *Income Tax Assessment Act 1997* (Commonwealth).

6.3 MEMBER FINANCIAL STATEMENTS AND AUDIT

1. For the purposes of this rule **basic financial statements** comprise:

- a. an income and expenditure statement that sets out the appropriately classified sources of income and expenses incurred in the operation of the co-operative
 - b. a balance sheet;
 - c. a statement of changes in equity; and
 - d. a cash flow statement.
2. Subject to paragraph 3 of this rule and any other provisions of the Law, the co-operative must provide members with *basic financial statements* no later than 7 days before the AGM.
 3. If under the Law members or the Registrar direct the co-operative to prepare a financial report and the direction requires that the financial report be audited or reviewed, the board must appoint an auditor within one month of the direction.
 4. An auditor appointed under paragraph 3 of this rule holds office until the financial report prepared as a result of the direction has been audited or reviewed in accordance with the directions and sent to members or the Registrar as directed.
 5. If the co-operative is a large co-operative as defined in the Law, it must appoint an auditor to prepare financial statements in accordance with the Law.

6.4 PROVISION FOR LOSS

The board must make appropriate provision in the co-operative's accounts for losses. When reporting to members the board must indicate whether a loss is expected to continue and whether there is any resulting material prejudice to the co-operative's solvency.

6.5 SURPLUS OR RESERVES NOT TO BE DISTRIBUTED TO MEMBERS

1. The co-operative must not give returns or distributions to members, either directly or indirectly, from any operating surplus or reserve.
2. The assets and income of the co-operative must be applied solely to further its purpose as set out in rule 1.3.
3. If the co-operative is wound up, any surplus assets must not be distributed to a member or a former member of the co-operative unless that member or former member is an organisation or entity described in rule 6.11.

6.6 SAFEKEEPING OF SECURITIES

Debentures, charges and any other certificates or documents or duplicates of them pertaining to securities owned by the co-operative must be safely kept by the co-operative in the way and with provision for their security as the board directs.

6.7 CO-OPERATIVE SEAL

1. The co-operative's name and registration number must appear on its common seal and any official seal. The common seal must be kept at the registered office in safe custody in the manner directed by the board.
2. 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 the co-operative is registered, and any other requirements under the legislation of that other State or Territory.
3. 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 when the seal is affixed.

6.8 AMENDMENT AND COPIES OF RULES

1. Any amendment of the rules must be approved by special resolution.
2. A proposal to amend any rules must be made in a form approved by the board and clearly shows the existing rule or rules concerned and the proposed amendment to those rules.
3. A member is entitled to a copy of the rules, being a current consolidated set of the rules, on payment to the co-operative of the following amount:
 - a. For a hard copy of the rules - \$10.
 - b. For an electronic copy of the rules – Nil.

6.9 NOTICES AND OTHER DOCUMENTS TO MEMBERS

1. In addition to any other requirements of the Law regarding notices to members, a notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has given consent and notified the co-operative of the relevant contact details.
2. If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
3. A notice forwarded by some other form of technology is taken to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
4. A notice may be given by the co-operative to joint members by giving the notice to the joint member named first in the register of members.
5. A notice may be given by the co-operative to the person entitled to any interest in the co-operative in consequence of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to that person by name. Alternatively, it can be addressed to the person in their capacity as the representative of the deceased, incapacitated person, trustee, or liquidator, as the case may be, and:
 - a. the address should be that supplied for the purpose by the person claiming to be entitled; or
 - b. if no such address has been supplied, the notice can be given in the manner in which it would have been given if the death, incapacity or bankruptcy had not occurred.

6.10 WINDING UP

1. The winding up of the co-operative must be in accordance with the Law.
2. If the co-operative has established a Gift Fund any debts and liabilities that were incurred as a result of activities lawfully conducted as an acceptable use of the Gift Fund shall firstly be satisfied by assets in the Gift Fund. If there remains any surplus assets in the Gift Fund these must be distributed in accordance with rule 6.11.1.
3. All remaining debts and liabilities of the co-operative must be satisfied from such other assets of the co-operative that are not part of the Gift Fund.
4. If on the winding up or dissolution after the satisfaction of all the co-operative's debts and liabilities there remains any surplus property other than any surplus in the Gift Fund this must be distributed by repayment of any securities issued by the co-operative in accordance with their terms of issue and also in accordance with rule 6.11.2.

5. If on the winding up or dissolution there is a deficiency, members are liable to contribute towards the deficiency to the extent of any amount unpaid on any guarantee made by each member and any charges payable by the member to the co-operative as required by these rules.

6.11 DISTRIBUTION OF SURPLUS ASSETS ON WINDING UP

1. If the co-operative has established a Gift Fund, any surplus assets after the payment of debts and liabilities relevant to the purpose of the Gift Fund, must be distributed to:
 - a. one or more organisations which prohibits the distribution of any surplus assets to its members to at least the same extent as the co-operative and
 - b. with similar purposes to the purposes for which the Gift Fund was established and
 - c. to which income tax-deductible gifts can be made.
2. Subject to the Law and any other applicable Australian laws, or any court order, all other surplus assets remaining after the co-operative is wound up must be distributed to:
 - a. one or more organisations which prohibit the distribution of any surplus assets to its members to at least the same extent as the co-operative and
 - b. with similar purposes to, or inclusive of, the co-operative's purposes set out in rule 1.3.
3. The decision as to which the organisations are to be given any surplus assets being either surplus assets from the Gift Fund or any other surplus assets remaining after the repayment of share capital must be made by a special resolution of members at or before the time of winding up. If the members do not make this decision, the co-operative may apply to the Supreme Court to make this decision.