

STRONG & CAPABLE

STRONG AND CAPABLE CO-OPERATIVE LIMITED RULES

EASY EXPLANATION

INTRODUCTION

Co-operative rules are one of the key legal documents required when registering a co-operative. The rules essentially have the effect of a contract between:

- the co-operative and each member
- the co-operative and each director, chief executive officer and the secretary of the co-operative
- each member.

At a very basic level, the rules describe:

- a) how the co-operative is owned – who can be a member
- b) how the co-operative is controlled – how the board of directors is elected
- c) What happens to the profit
- d) What is the main primary purpose of the co-operative.

Because the rules constitute a legal contract, and indeed refer to Co-operatives National Law (South Australia) Act 2013 and other legislation, where specific issues must be addressed, they can be quite difficult to read. Therefore the purpose of this document is to highlight to members of the Strong & Capable Co-operative the purpose of key sections and clauses.

This document should be read in conjunction with the role of Strong & Capable Co-operative Limited.

Key Sections & Clauses

2. DEFINITIONS

For clarity and the absence of doubt, this section simply defines in detail all the terms used in the rules.

3. NAME OF THE CO-OPERATIVE (CNL SS220–222 & 224)

3.1 The name of the Co-operative is Strong and Capable Co-operative Limited.

CNL SS220–222 & 224 relate to sections in Co-operative National Law which set out obligations around what the name must contain. For example, the name MUST contain the words 'Co-operative Limited', which is why we are named, 'Strong and Capable Co-operative Limited'.

4. ACTIVE MEMBERSHIP PROVISIONS (CNL SS112(2), 144, 148 & 156–166)

The Rules have to set out the primary activities of the co-operative.

4.1 Primary Activity

This sets out the primary activities of Strong & Capable:

- (a) delivery of advocacy, information, and support planning and/or co-ordination from a lived experience viewpoint;
- (b) assistance in the establishment and maintenance of connections between Members and Providers;
- (c) delivery of peer led support to NDIS participants and others with a lived experience of disability; and
- (d) collect, analyse and distribute information regarding products and services that Members may seek to utilise in order to assist the Co-operative with the activities outlined above.

4.2 Active Membership Requirements

To remain a member of Strong & Capable, you must be 'active'. This clause defines what 'active' means:

- (i) pay an Annual Membership Fee (ie purchase 1 hour of Support Co-ordination) to be applied toward the primary activities outlined in Rule 4.1; and
- (ii) agree to actively use at least one service provided by the Co-operative during each financial year in which the Member is a member of the Co-operative.

- (b) Where possible, to support the primary activities of the Co-operative, Members are encouraged to:
 - (i) Buddy Up with and mentor new members through sharing their lived experience of disability; or
 - (ii) share their experiences with other Members via a closed Facebook group consisting of Members.
- (c) Active membership is a condition of membership and failure to maintain active membership may lead to cancellation of membership (see rule 8).

5. QUALIFICATIONS FOR MEMBERSHIP

This clause describes who can be a member:

5.1 There are two classes of membership:

- (a) people with a disability or their nominee; and
- (b) the Primary Carer of a person with a disability who uses the services of the Co-operative.

6. ENTRY FEES AND REGULAR SUBSCRIPTIONS (CNL S 124)

This clause states that it is the Board of Directors that sets the membership fee. The Foundation Group have agreed that this fee should be paying for 1 hour of Strong & Capable support co-ordination.

The law requires publication of our fees on the website.

7. MEMBERSHIP APPLICATIONS

This clause describes the process for how the Co-operative considers and admits new members. It states that the Board must consider each new application for membership.

8. CESSATION OF MEMBERSHIP (CNL S 117)

This clause sets out how and why a person can cease to be a member, by not meeting the 'active membership' criteria, or death, for example.

9. EXPULSION OF MEMBERS (CNL S 117)

This clause sets out how and why a person can be expelled from the Co-operative, by bringing the co-op into disrepute, not following the rule, for example. The clause also provides for a right of appeal, and the process for carrying out such an appeal.

10. MONETARY CONSEQUENCES OF EXPULSION OR RESIGNATION (CNL S 128)

This clause is self-explanatory, setting out how liabilities between the co-op and former member are settled.

11. SUSPENSION OF MEMBERS

This clause gives the power to suspend members for less than one year

12. RIGHTS AND LIABILITIES OF MEMBERS UNDER BANKRUPTCY OR MENTAL INCAPACITY (CNL SS 95, 96 AND 117)

This clause describes what happens if a member becomes bankrupt or 'through mental or physical infirmity', is incapable of managing his or her affairs.

- In the case of bankruptcy, membership would cease.
- In the case of a member not being able to manage their affairs through ill health, a person appointed under a law of a state or territory to administer the estate of a Member may be registered as the holder of the member's Membership, and some or all of the rights and liabilities of membership vest in that person during the period of the appointment

13. DISPUTES AND MEDIATION (CNL S129)

This clause simply sets out the process for dealing with disputes in a fair and reasonable manner.

14. LIABILITY OF MEMBERS TO CO-OPERATIVES

The Co-operative can fine members for contravention of the rules. However, the maximum fine is \$1 only.

15. TRANSFER AND TRANSMISSION OF DEBENTURES

This clause allows the Co-operative to take on debt.

16. CO-OPERATIVE CAPITAL UNITS (CCUs)

A major issue for Co-operatives is their ability to raise member or investor capital to fund growth. Co-operative Capital Units are a financial instrument that are loosely defined in the law and can take the form of debt or equity.

This clause allows the Co-operative to issue CCUs to potential investors, and sets out what rights holders of CCUs have.

17. GENERAL MEETINGS, RESOLUTIONS AND VOTING

This set of rules describe how Co-operative meeting can be held, how many votes members have, and the kinds of decisions can be taken at different kinds of meeting.

The Rules state that:

- a) A member only has one vote
- b) There must be at least one general meeting held each year, where all members are invited
- c) A general meeting can be called if 20% of the membership request one.
- d) The rules allow for proxy voting and sets limits to what size majority is required to make particular decisions
- e) The notice period required to call a meeting
- f) The minimum number of members required to attend a meeting to make it quorate – this is 1% of the membership.

18. BOARD OF DIRECTORS

This clause (and sub-clauses) set out how the Strong & Capable Co-operative business is to be managed by the Board of Directors. The Rules set out who can be a director, and what experience and qualifications they are expected to have.

The Board of the Strong & Capable Co-operative is made up of both member and non-member (independent) directors.

The Board of Directors must comprise of between five (5) and nine (9) Directors, with the member directors always being in the majority.

One Independent Director position is reserved for the person who is the nominated representative of Carers SA.

It is the members of the Co-operative that elect the Board of Directors, and hold them accountable.

The rules set out how and when these elections should take place.

The Board of Directors elect their Chairperson.

The Rules also allow for alternate and 'buddy' Directors, who can stand in for a full Director if they are temporarily unable to carry out their duties due to ill health for example.

The Board can appoint a person to be responsible for the day-to-day management of the Co-operative. This person may be a Director or the Secretary or a member of the Co-operative or some other person. 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.

The Board can delegate authority to an individual Director, or a committee.

19. AMENDMENTS AND COPIES OF THE RULES (CNL SS57 & 60–63)

The Rules can be changed by the members by special resolution. A special resolution needs to attract the support of 20% of the membership.

A member is entitled to a copy of the Rules free of charge

20. ADMINISTRATIVE MATTERS

These clauses, set out amongst other things:

- a) the operation of the Co-operative Seal, which authenticates documents and evidences the Co-operative entering into contracts
- b) members rights to request and see the minutes.
- c) Safe keeping of securities
- d) Notices to Members

21. ACCOUNTING AND FINANCIAL MATTERS

The financial year of the Co-operative begins on 1 July of a year and ends on 30 June the following year.

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.

The Co-operative must appoint a reviewer at each AGM (or if the Board decides, an Auditor) in respect of its financial statements. A reviewer/auditor appointed under this rule is to conduct a review of the Co-operative's financial statements as presented to Members.

An auditor or reviewer appointed under this Rule holds office until the financial report prepared as a result of the direction has been audited or reviewed and sent to members.

These clauses also set out what should be done with any surplus, that is money left over in each financial year. The disposal options are as follows:

- (a) The Board may retain all or part of the surplus arising in any year from the business of the Co-operative, to be applied for the benefit of the Co-operative.
- (b) No part of the surplus may be paid or transferred directly or indirectly, by way of profit, to Members of the Co-operative.
- (c) A part of the surplus, but not more than 33%, arising in any year from the business of the Co-operative may be applied for charitable purposes.

Clauses also instruct the Board to make appropriate provision for losses in the Co-operative's accounts and when reporting to Members is to indicate whether the loss is expected to continue and whether there is any real concern to the Co-operative's solvency.

The Co-operative must prepare financial reports and statements in accordance with the Law and these Rules.

22. WINDING UP

Co-operative National Law prescribe how an individual Co-operative must be would up.

If, on the winding-up or dissolution, there remains after the satisfaction of all its debts and liabilities any property, this must not be paid to or distributed among the members of the Co-operative but must be given or transferred to a not-for-profit with similar primary activities.