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**Peoplecare  
Health Limited**

# **Constitution**

**Peoplecare Health Limited**  
ABN 95 087 648 753

Adopted with effect from the close of the 2019 Annual General Meeting held on 6 November 2019.

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# Peoplecare Health Limited Constitution

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## **1. Preliminary**

### **1.1 Company limited by guarantee**

The Company is limited by guarantee and the liability of members is limited as provided in this document.

### **1.2 Objects of the Company**

The objects of the Company are:

- 1.2.1 to operate as a private health insurer and to conduct Health Benefits Funds within Australia for the purposes of carrying on health insurance business and/or health related business;
- 1.2.2 to provide health and welfare facilities and services and benefits for customers or members or their dependants, including but not limited to:
  - (a) hospital, medical, and general treatment benefits as defined in the PHI Act;
  - (b) health risk assessments, chronic disease management programs, hospital substitution, or hospital prevention services, programs and benefits;
  - (c) facilities, insurance and benefits for the financial assistance, relief and maintenance of members or their dependants in the case of death, sickness, disability, accident, retirement, old age and unemployment;
- 1.2.3 to provide annuities, superannuation or other financial services that the board may deem beneficial for customers or members or their dependants;
- 1.2.4 to operate diversified business activities that are not health insurance business or health related business that the board may deem beneficial for the members, including but not limited to provision of administration and management services on behalf of other health benefits funds;
- 1.2.5 to promote the principles of mutual aid and co-operation;
- 1.2.6 to promote health and medical research and health service development research; and
- 1.2.7 to act in any other manner conducive to furthering these objects.

### **1.3 Application of income and property**

Subject to rules 1.4 and 11, the Company must apply its income solely towards promoting the objects of the Company as stated in rule 1.2. No part of the Company's income may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise to members.

### **1.4 Certain payments allowed**

Rule 1.3 does not prevent the payment of reasonable remuneration to any officer or employee of the Company or to any member of the Company or other person in return for

services rendered to the Company. In addition, rule 1.3 does not prevent the Company paying to a member:

- 1.4.1 interest on money lent by the member to the Company at a rate not exceeding the rate charged by Australian banks for overdrawn accounts;
- 1.4.2 reasonable remuneration for goods or services supplied by the member to the Company in the ordinary course of business;
- 1.4.3 reasonable rent for premises leased by the member to the Company; and
- 1.4.4 benefits under a complying health insurance policy in accordance with the Health Benefits Fund Rules.

## 1.5 Replaceable rules

The replaceable rules referred to in section 141 of the Act do not apply to the Company and are replaced by the rules set out in this document.

## 1.6 Definitions

The following definitions apply in this document.

**Act** means the *Corporations Act 2001* (Cth).

**AGM** means an annual general meeting of the Company.

**Appointed Actuary** has the same meaning as in the PHI (Prudential Supervision) Act.

**Appointed Director** means a Director appointed by the Board in accordance with rule 4.9 (but does not include a Director appointed to fill a casual vacancy in the office of an Elected Director).

**Approved Fees** for a Director, means fees, salary, bonuses, fringe benefits and superannuation contributions provided by the Company, but does not include:

- (a) a payment made as compensation for loss of office or in connection with retirement from office (which includes resignation from office and death while in office); or
- (b) an insurance premium paid by the Company or an indemnity under rule 12.

**Associate Director** means a person appointed under rule 4.13.

**Board** means the Directors acting collectively under this document.

**Chair** means the Director elected under rule to chair meetings of the Directors.

**Company** means the company named at the beginning of this document whatever its name is for the time being.

**Director** means a person who is, for the time being, a director of the Company but does not include an Associate Director.

**Elected Director** means:

- (a) a Director elected by the Company in accordance with rule 4.3.1 or rule 4.3.2; or

- (b) a Director appointed by the Board to fill a casual vacancy in the office of an Elected Director in accordance with rule 4.6.

**Fit and Proper Policy** means the fit and proper policy of the Company (as defined in *Prudential Standard HPS 001 – Definitions* made under section 92(1) of the PHI (Prudential Supervision) Act) adopted by the Company in accordance with *Prudential Standard CPS 520 – Fit and Proper* made under section 92(1) of the PHI (Prudential Supervision) Act.

**Governance Standard** means *Prudential Standard CPS 510 – Governance* made under section 92(1) of the PHI (Prudential Supervision) Act.

**Health Benefits Fund** has the same meaning as in the PHI Act.

**Health Benefits Fund Rules** means the rules of any Health Benefits Fund conducted by the Company.

**Independent Director** has the same meaning as in the Governance Standard.

**member** means a person whose name is entered in the Register as a member of the Company.

**member affiliate** means a spouse or de facto partner of a member.

**ordinary resolution** means a resolution passed at a meeting of members by a majority of the votes cast by members entitled to vote on the resolution.

**PHI Act** means the *Private Health Insurance Act 2007* (Cth).

**PHI (Prudential Supervision) Act** means the *Private Health Insurance (Prudential Supervision) Act 2015* (Cth).

**PHI Legislation** means:

- (a) the PHI Act; and
- (b) the PHI (Prudential Supervision) Act.

**Prudential Standards** has the same meaning as in the PHI (Prudential Supervision) Act.

**Register** means the register of members kept as required by sections 168 and 169 of the Act.

**Secretary** means, during the term of that appointment, a person appointed as a secretary of the Company in accordance with this document.

**special resolution** has the meaning given by section 9 of the Act.

## 1.7 Interpretation of this document

1.7.1 Headings, marginal notes and explanatory notes are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

1.7.2 A reference to:

- (a) legislation (including subordinate legislation) or a legislative instrument is to that legislation or legislative instrument as amended, modified in relation to

the Company, re-enacted or replaced, and includes any subordinate legislation issued under it;

- (b) a Prudential Standard (whether or not a legislative instrument) is to that Prudential Standard as amended, modified in relation to the Company, re-made or replaced;
- (c) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
- (d) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
- (e) anything (including a right, obligation or concept) includes each part of it.

1.7.3 A singular word includes the plural, and vice versa.

1.7.4 A word which suggests one gender includes the other genders.

1.7.5 If a word is defined, another part of speech has a corresponding meaning.

1.7.6 If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

1.7.7 The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.

1.7.8 A power to do something includes a power, exercisable in the like circumstances, to revoke or undo it.

1.7.9 A reference to a power is also a reference to authority or discretion.

1.7.10 A reference to something being **written** or **in writing** includes that thing being represented or reproduced in any mode in a visible form.

1.7.11 A word (other than a word defined in rule 1.6) which is defined by the Act has the same meaning in this document where it relates to the same matters as the matters for which it is defined in the Act.

1.7.12 A reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Act.

1.7.13 A word (other than a word defined in rule 1.6) which is defined in the PHI Legislation has the same meaning in this document where it relates to the same matters as the matters for which it is defined in the PHI Legislation.

1.7.14 A reference to a rule is to a rule in this document.

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## 2. Membership

### 2.1 Membership

The members are:



- 2.1.1 the members of the Company as at the date of the adoption of this document; and
- 2.1.2 any other person admitted to membership by the Board in accordance with this document.

## **2.2 Limited liability of members**

If the Company is wound up each member undertakes to contribute to the assets of the Company up to an amount not exceeding ten dollars (\$10.00) for payment of the debts and liabilities of the Company including the costs of the winding up. This undertaking continues for one year after a person ceases to be a member.

## **2.3 Admission to membership**

- 2.3.1 A natural person may apply for membership of the Company.
- 2.3.2 A natural person is only eligible for membership if they are:
  - (a) an eligible person within the meaning of the *Health Insurance Act 1973* (Cth); and
  - (b) insured under a complying health insurance policy issued by the Company.
- 2.3.3 An application of a person for membership of the Company must:
  - (a) be made in writing in the form as the Board may from time to time require; and
  - (b) be lodged with the Company.
- 2.3.4 To the extent permitted by law, the Board may accept or reject an application for membership in its absolute discretion without any obligation to give a reason for not admitting a person as a member.

## **2.4 Ceasing to be a member**

- 2.4.1 A member's membership of the Company ceases if:
  - (a) any premiums due and payable by the member under a complying health insurance policy issued by the Company are in arrears for a period of two months after they become due and payable and demand has been made by the Company in accordance with rule 2.5.1;
  - (b) the member resigns according to rule 2.6;
  - (c) the member is expelled according to rule 2.7; or
  - (d) the member ceases to be insured under a complying health insurance policy issued by the Company.
- 2.4.2 The Secretary must remove the name of a member ceasing to be a member from the Register.
- 2.4.3 A member ceasing to be a member:
  - (a) does not have any claim on the Company, its funds or property (other than as may arise as a person insured under a complying health insurance policy issued by the Company); and

- (b) without limiting any other right of the Company:
  - (i) is and remains liable to pay premiums due and payable under a complying health insurance policy issued to them by the Company;
  - (ii) is and remains liable to repay to the Company any benefits paid to the member (or any other person) under a complying health insurance policy issued by the Company:
    - (A) during the period in which premiums are in arrears; or
    - (B) where rule 2.7.1(b) applies, which the Company would not have been required to pay if the member had not obtained membership by fraud or deceit; and
  - (iii) is and remains liable for any other amounts due and payable to the Company (including amounts liable to be paid or repaid to the Company under the Health Benefits Fund Rules and amounts liable to be paid to the Company under rule 2.2).

2.4.4 If a person ceased to be a member under this rule 2.4, then the member affiliate of the member ceases to be a member affiliate.

## **2.5 Cessation due to unpaid premiums**

- 2.5.1 Before a member whose premiums under a complying health insurance policy issued by the Company are in arrears ceases to be a member in accordance with rule 2.4.1(a), the Company must send two warning notices advising the member they are in arrears and that their membership will be cancelled if they remain in arrears for more than two months..
- 2.5.2 If the member does not pay any unpaid premiums in full in accordance with the notices, the member will cease to be a member on the date set out in the notice as the latest date for payment.
- 2.5.3 During the period when a member's premiums under a complying health insurance policy issued by the Company are in arrears, the member ceases to have the right to receive notice of or to attend or vote at any general meeting of the Company. The rights referred to in this rule shall be restored immediately on the member paying the unpaid premiums in full or otherwise on reinstatement of the member in accordance with rule 2.8.

## **2.6 Resigning as a member**

A member may resign from the Company by giving written notice to the Secretary.

## **2.7 Suspending or expelling a member**

- 2.7.1 Subject to rule 2.7.2, the Board may resolve to suspend or expel from membership of the Company any member:
  - (a) who does not comply with this document or the Health Benefits Fund Rules;
  - (b) who has obtained membership of the Company by fraud or deceit; or
  - (c) whose conduct as a member is prejudicial to the interests of the Company,

and remove that member's name from the Register. Nothing in this rule 2.7 limits any other remedy of the Company (including under the Health Benefits Fund Rules).

2.7.2 Before suspending or expelling a member, the Board must give written notice to the member at least 14 days before the meeting of the Board at which the resolution to suspend or expel the member is being proposed which:

- (a) states the allegations against the member;
- (b) proposes the suspension or expulsion of the member; and
- (c) invites the member to address the allegations either in writing before the meeting or, at the Board's discretion, verbally at the meeting.

2.7.3 The Board may determine, where permitted by law, that a person who is expelled from the Company ceases to be insured under a complying health insurance policy issued by the Company.

## **2.8 Reinstating a member**

The Board may reinstate a member who has ceased to be a member and restore the name of that member to the Register subject to any terms and conditions that the Board determines.

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## **3. Health Benefits Fund**

### **3.1 Health Benefits Fund**

3.1.1 The Company may establish and maintain Health Benefits Funds in accordance with the PHI Legislation.

3.1.2 The Company must control and manage each Health Benefits Fund conducted by it in accordance with the PHI Legislation.

### **3.2 Health Benefits Fund Rules**

The Company may make Health Benefits Fund Rules for the conduct of each Health Benefits Fund maintained by it. The power to make Health Benefits Fund Rules includes the power to amend, revoke or replace Health Benefits Fund Rules.

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## **4. Directors**

### **4.1 Composition of the Board**

4.1.1 Subject to rule 4.1.2, the Company must have six Directors, comprising:

- (a) two Elected Directors; and
- (b) four Appointed Directors.

See section  
201P

4.1.2 The Board may from time to time determine to increase or decrease the maximum number of Directors but the maximum applying at any time cannot be reduced except by ordinary resolution of the members.

4.1.3 The Company must have a majority of Independent Directors at all times.

4.1.4 A majority of Directors must ordinarily reside in Australia.

## **4.2 Eligibility**

4.2.1 A Director must be a member or member affiliate. A member is not eligible to be a Director if his or her member affiliate is a Director. A member affiliate is not eligible to be a Director if his or her spouse or de facto partner is a Director.

4.2.2 Neither the auditor of the Company nor any partner, director or employee of the auditor is eligible to act as a Director.

4.2.3 An employee of the Company is not eligible to be a Director.

4.2.4 A person is not eligible to act as a Director if the person is, or becomes, ineligible to be a Director under rule 4.10.

## **4.3 Elected Directors**

4.3.1 Subject to this document, section 201E of the Act and to the number of Directors for the time being fixed under rule 4.1 not being exceeded, the Company must elect Elected Directors in accordance with rule 4.5.

4.3.2 If, for any reason:

(a) the Board fails to conduct an election in accordance with rule 4.5; or

(b) the number of Elected Directors is reduced below the minimum required by rule 4.1 (including by removal from office under rule 4.11),

then, subject to this document, section 201E of the Act and to the number of Directors for the time being fixed under rule 4.1 not being exceeded, the Company may appoint Elected Directors by ordinary resolution.

4.3.3 Subject to rule 4.3.4, an Elected Director appointed by ordinary resolution automatically retires at the next annual general meeting and is eligible to nominate for re-election under rule 4.4.

4.3.4 An Elected Director appointed by ordinary resolution to replace an Elected Director removed from office shall hold office for the remainder of the original term of office of the Elected Director removed from office and is eligible to nominate for re-election under rule 4.4.

## **4.4 Elected Directors – nomination**

4.4.1 Any two members of the Company may nominate a member or member affiliate to be elected as an Elected Director by submitting to the Secretary a nomination in writing:

(a) specifying the name and address of the member or member affiliate nominated for election and both members proposing them; and

(b) signed by the member or member affiliate nominated for election and both members proposing them.

4.4.2 The member or member affiliate nominated for election must also submit to the Secretary:

- (a) a document in the form specified by the Board for this purpose setting out:
    - (i) his or her qualifications and eligibility to be a Director;
    - (ii) his or her skills, knowledge and experience and their relevance to discharging his or her duties as a director of the Company;
    - (iii) whether he or she has any interest or is aware of any matter which would affect his or her independence (including any matter relevant to the assessment of whether he or she would be an Independent Director);
    - (iv) whether he or she holds an office or has an interest in property whereby, whether directly or indirectly, duties or interests may be created that could conflict with the interests of a Director of the Company;
    - (v) such matters as are necessary to determine whether he or she meets the requirements of the Fit and Proper Policy; and
    - (vi) any other matter the Board reasonably requires; and
  - (b) a written consent to act as a Director.
- 4.4.3 The documentation submitted in accordance with rule 4.4.2 must be received by the Secretary at least 60 days before the AGM at which the election is to take place.
- 4.4.4 The Secretary must submit all nominations to the Board. The Board may reject a nomination if:
- (a) the Board is not satisfied that the nominee is eligible to be a Director;
  - (b) having regard to relevant considerations including the range of skills, knowledge and experience on the Board and the requirements of the Act, the PHI Legislation, and the Prudential Standards, the Board considers that the nominee is not qualified to be a Director and/or their skills, knowledge and experience do not satisfy a present need of the Board and/or the Company;
  - (c) the Board considers that, following assessment of the nominee in accordance with the Fit and Proper Policy, the nominee is not fit and proper; or
  - (d) the Board considers the nominee has an interest which may interfere with the exercise of his or her independent judgment (including any matter which would disqualify the nominee from being an Independent Director).
- 4.4.5 The functions of the Board under rule 4.4.4 may be delegated to a committee of the Board convened for this purpose.
- 4.4.6 A Director who is standing for election at the meeting at which the relevant election is scheduled to occur is not entitled to be present for the Board's deliberation under rule 4.4.4 and is not entitled to vote in respect of the Board's determination. The Board's determination on the matter is final.
- 4.4.7 If the Board accepts a nomination, the nominee will be submitted for election in accordance with rule 4.5.

#### **4.5 Elected Directors – election procedure**

- 4.5.1 The members may elect a member nominated under rule 4.4 to be an Elected Director by ballot at the AGM in accordance with an election process determined by the Board (including by a direct vote lodged with the Company, by hand, by post or by electronic means specified by the Board).
- 4.5.2 An accidental error or omission in the conduct of the ballot that does not materially affect the result of a ballot does not invalidate an election of an Elected Director made as a result of that ballot.

#### **4.6 Elected Directors – casual vacancies**

- 4.6.1 Subject to this document, and to the number of Directors for the time being fixed under rule 4.1 not being exceeded, the Board may at any time except during a general meeting appoint a person to fill a casual vacancy in the office of Elected Director.
- 4.6.2 A person appointed to fill a casual vacancy in the office of Elected Director is taken to be an Elected Director and automatically retires at the next AGM and is eligible to nominate for election according to rule 4.4.

#### **4.7 Elected Directors – retirement**

- 4.7.1 An Elected Director must retire from office at the third AGM after the Elected Director was elected or last re-elected.
- 4.7.2 An Elected Director may elect to retire and seek re-election at an AGM before the time required by rule 4.7.1, provided that the Elected Director has given notice of their intention to do so prior to the close of nominations for the position of Elected Director under rule 4.4.3. If the Elected Director gives such a notice, the Elected Director must then retire from office at the relevant AGM.
- 4.7.3 Subject to rule 4.7.4, no Elected Director shall serve as a Director for more than nine years (inclusive of any time served as an Appointed Director).
- 4.7.4 Any Elected Director who has served for nine years as a Director (inclusive of any time served as an Appointed Director) may seek re-election as an Elected Director for one or more further terms of one year in duration and must retire from office at the next AGM.
- 4.7.5 A Director who retires under rule 4.7.1, 4.7.2 and 4.7.4 is eligible for re-election.

#### **4.8 Time of retirement**

An Elected Director's retirement under rule 4.7 takes effect at the end of the relevant AGM unless the Elected Director is re-elected at that meeting.

#### **4.9 Appointed Directors**

- 4.9.1 Subject to this document, and to the number of Directors for the time being fixed under rule 4.1 not being exceeded, the Board may appoint a person to be a Director at any time except during a general meeting.
- 4.9.2 A person appointed by the Board to be a Director under rule 4.9.1 (an **Appointed Director**) holds office for the term specified by the Board (not exceeding three years).

- 4.9.3 Subject to rule 4.9.4, no Appointed Director shall serve as a Director for more than nine years (inclusive of any time served as an Elected Director).
- 4.9.4 Any Appointed Director who has served for nine years as a Director (inclusive of any time served as an Elected Director), may be appointed by the Board for one or more further terms not exceeding one year in duration.

#### **4.10 Eligibility for appointment and cessation of a Director's appointment**

- 4.10.1 A person is not eligible to be a Director unless:
- (a) the person has been assessed in accordance with the Fit and Proper Policy; and
  - (b) is determined by the Board to meet the requirements of the Fit and Proper Policy.
- 4.10.2 A person is not eligible to be a Director and, if already appointed, a person automatically ceases to be a Director if the person:
- (a) is not permitted by the Act (or an order made under the Act) to be a director;
  - (b) is disqualified from managing corporations under Part 2D.6 and is not given permission or leave to manage the Company under section 206F or 206G;
  - (c) is of unsound mind or physically or mentally incapable of performing the functions of that office; or
  - (d) is determined to be a disqualified person under the PHI (Prudential Supervision) Act.
- 4.10.3 A person automatically ceases to be a Director if the person:
- (a) fails to attend 3 consecutive meetings of the Board or any 3 meetings of the Board in any financial year;
  - (b) resigns by notice in writing to the Company;
  - (c) is removed from office under rule 4.11;
  - (d) ceases to be eligible to act as a Director under rule 4.2.1, 4.2.2 or 4.2.3; or
  - (e) is directly or indirectly interested in any contract or proposed contract with the Company and fails to disclose the interest in accordance with rule 10.3.

Rule 4.10.3(b)  
replaces section 203A

#### **4.11 Removal from office**

Whether or not a Director's appointment was expressed to be for a specified period, the Company may by ordinary resolution remove a Director from office. The power to remove a Director under this rule is in addition to section 203D.

#### **4.12 Too few Directors**

- 4.12.1 If the number of Directors is reduced below the minimum number required to form a quorum under rule 13.5, the continuing Directors may act as the Board only:
- (a) to appoint Directors up to that minimum number;

- (b) to convene a meeting of members; and
- (c) in emergencies.

4.12.2 The Directors must act to appoint Directors up to the minimum number required to form a quorum as soon as practicable.

#### **4.13 Associate Directors**

4.13.1 The Board may from time to time appoint not more than two persons as Associate Directors.

4.13.2 An Associate Director must be a member or member affiliate.

4.13.3 A person is not eligible to be an Associate Director, and if already appointed, a person ceases to be an Associate Director if the person is a Director.

4.13.4 The Board may appoint an Associate Director for a term not exceeding one year.

4.13.5 The Board may re-appoint an Associate Director at the expiration of their term for a further term not exceeding one year, provided that no person may be appointed as an Associate Director for more than three terms.

4.13.6 The Board may terminate the appointment of an Associate Director at any time, whether or not the appointment was expressed to be for a specified term.

4.13.7 The Board may from time to time determine the powers and duties of any Associate Director, except that:

- (a) an Associate Director is not entitled to notice of any Board meeting;
- (b) an Associate Director does not have the right to attend any Board meeting;
- (c) an Associate Director does not have a vote at any Board meeting;
- (d) an Associate Director's attendance at a Board meeting will not count for the purpose of determining whether or not a quorum is present.

4.13.8 An Associate Director may only attend a Board meeting by invitation of the Board.

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## **5. Powers of the Board**

### **5.1 Powers generally**

Except as otherwise required by the Act, the PHI Legislation, any other applicable law or this document, the Board:

5.1.1 has power to manage the business of the Company; and

5.1.2 may exercise every right, power or capacity of the Company to the exclusion of the Company in general meeting and the members.

### **5.2 Exercise of powers**

A power of the Board can be exercised only:



- 5.2.1 by resolution passed at a meeting of the Board or otherwise in accordance with rule 13; or
- 5.2.2 in accordance with a delegation of the power under rule 8 or 9.

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## **6. Board Charter**

The Directors must adopt a charter in writing which must be consistent with the Act, the PHI Legislation, the Prudential Standards and this document.

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## **7. Executing Negotiable Instruments**

Negotiable instruments can be executed, accepted or endorsed for and on behalf of the Company by being signed by two Directors or a Director and Secretary or in such other manner (including the use of facsimile signatures if thought appropriate) as the Board may decide.

Replaces  
section 198B

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## **8. Delegation of Board Powers**

### **8.1 Power to delegate**

8.1.1 The Board may delegate any of its powers as permitted by section 198D.

8.1.2 The Board cannot delegate its powers under rule 2.3.4.

### **8.2 Power to revoke delegation**

The Board may revoke a delegation previously made whether or not the delegation is expressed to be for a specified period.

### **8.3 Policies for guidance of delegates**

The Board must establish policies for the guidance of delegates in the exercise of any powers so delegated.

### **8.4 Terms of delegation**

8.4.1 A delegation of powers under rule 8.1 may be made:

- (a) for a specified period or without specifying a period; and
- (b) on the terms (including power to further delegate) and subject to any restrictions the Board decides.

8.4.2 A delegation:

- (a) must be in writing and retained as a record by the Company; and
- (b) must be made in accordance with the Prudential Standards.

8.4.3 A document of delegation may contain provisions for the protection and convenience of those who deal with the delegate as the Board thinks appropriate.

## **8.5 Proceedings of committees**

8.5.1 Subject to the terms on which a power of the Board is delegated to a committee, the meetings of the committee may be regulated by the committee as it thinks fit.

8.5.2 When a committee is established as required by the Prudential Standards, each such committee must be composed in accordance with, and have those functions and responsibilities required by, the Prudential Standards.

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## **9. Board Committees**

### **9.1 Board Audit Committee**

9.1.1 The Board must establish a board audit committee. The board audit committee must be composed, and must operate, in accordance with the Prudential Standards.

9.1.2 The functions and responsibilities of the board audit committee are:

- (a) those functions and responsibilities set out in the Prudential Standards; and
- (b) such other functions and responsibilities, not inconsistent with the Prudential Standards, as determined by the Board.

9.1.3 The Board must adopt a board audit committee charter in accordance with the Prudential Standards.

### **9.2 Board Risk Committee**

9.2.1 The Board must establish a board risk committee. The board risk committee must be composed, and must operate, in accordance with the Prudential Standards.

9.2.2 The functions and responsibilities of the board risk committee are:

- (a) those functions and responsibilities set out in the Prudential Standards; and
- (b) such other functions and responsibilities, not inconsistent with the Prudential Standards, as determined by the Board.

9.2.3 The Board must adopt a board risk committee charter in accordance with the Prudential Standards.

### **9.3 Board Remuneration Committee**

9.3.1 The Board must establish a board remuneration committee. The board remuneration committee must be composed, and must operate, in accordance with the Prudential Standards.

9.3.2 The functions and responsibilities of the board remuneration committee are:

- (a) those functions and responsibilities set out in the Prudential Standards; and
- (b) such other functions and responsibilities, not inconsistent with the Prudential Standards, as determined by the Board.

9.3.3 The Board must adopt a board remuneration committee charter in accordance with the Prudential Standards.

## **9.4 Other committees**

This rule 9 does not limit the ability of the Board to establish other committees.

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## **10. Directors Duties and Interests**

### **10.1 Compliance with duties under the Act, the PHI Legislation and general law**

Each Director must comply with his or her obligations and duties under the Act, the PHI Legislation and the general law.

### **10.2 Director can hold other offices etc.**

Subject to the Governance Standard, a Director may:

- 10.2.1 hold any office or place of profit or employment (subject to rule 4.2.2 and 4.2.3);
- 10.2.2 be a member of any corporation (including the Company) or partnership other than the Company's auditor;
- 10.2.3 be a creditor of any corporation (including the Company) or partnership; or
- 10.2.4 enter into any agreement with the Company.

### **10.3 Disclosure of interests**

- 10.3.1 Each Director must comply with the general law in respect of disclosure of conflicts of interest or duty and with section 191 in respect of disclosure of material personal interests.
- 10.3.2 A Director may give standing notice of the nature and extent of an interest in accordance with section 192.

### **10.4 Director interested in a matter**

- 10.4.1 Each Director must comply with section 195 in relation to being present and voting at a Board meeting that considers a matter in which the Director has a material personal interest. Subject to section 195:
  - (a) a Director may be counted in a quorum at a Board meeting that considers, and may vote on, any matter in relation to which that Director has a conflict of interest or duty;
  - (b) the Company may proceed with any transaction in relation to which a Director has an interest or conflict of duty and the Director may participate in the execution of any relevant document by or on behalf of the Company;
  - (c) the Director may retain any benefits accruing to the Director under the transaction; and
  - (d) the Company cannot avoid the transaction merely because of the existence of the Director's interest or conflict of duty.
- 10.4.2 If the interest is required to be disclosed under section 191, paragraph 10.4.1(c) applies only if it is disclosed before the transaction is entered into.

## **10.5 Agreements with third parties**

The Company cannot avoid an agreement with a third party merely because a Director:

- 10.5.1 fails to make a disclosure of a conflict of interest or duty; or
- 10.5.2 is present at, or counted in the quorum for, a Board meeting that considers or votes on that agreement.

## **10.6 Obligation of secrecy**

10.6.1 Every Director and Secretary must keep the transactions and affairs of the Company and the state of its financial reports confidential unless required to disclose them:

- (a) in the course of duties as an officer of the Company;
- (b) by the Board or the Company in general meeting; or
- (c) by law.

10.6.2 The Company may require a Director, Secretary, auditor, trustee, committee member or other person engaged by it to sign a confidentiality undertaking consistent with this rule. A Director or Secretary must do so if required by the Company.

10.6.3 This rule must not be interpreted as constraining or impeding a Director or Secretary from disclosing information to APRA.

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## **11. Directors' Remuneration**

### **11.1 Restrictions on payments to Directors**

Except as provided in rules 11.2, 11.3 and 12, the Company must not pay fees or other remuneration to a Director.

### **11.2 Remuneration of Directors**

11.2.1 The maximum amount of Approved Fees to be paid to the Directors will be determined, and may be varied, by ordinary resolution of the members.

11.2.2 The Directors are entitled to be paid, out of the funds of the Company, an amount of Approved Fees which:

- (a) does not exceed in aggregate the amount determined by members under paragraph 11.2.1; and
- (b) is allocated among them:
  - (i) on an equal basis having regard to the proportion of the relevant year for which each Director held office; or
  - (ii) as otherwise decided by the Board; and
- (c) is provided in the manner the Board decides, which may include provision of non-cash benefits. If the Board decides to include non-cash benefits in the Approved Fees of a Director, the Board must also decide the manner in

which the value of those benefits is to be calculated for the purposes of this rule.

### **11.3 Payments to Directors with Board approval**

With the approval of the Board, the Company may pay to a Director:

- 11.3.1 reasonable expenses (including travelling and accommodation) incurred in carrying out duties as a Director;
- 11.3.2 reasonable remuneration for any service rendered to the Company by the Director in a professional or technical capacity where the amount payable is approved by the Board and is on reasonable commercial terms;
- 11.3.3 interest on money lent by the Director to the Company at a rate not exceeding the rate charged by Australian banks for overdrawn accounts;
- 11.3.4 reasonable remuneration for goods supplied by the Director to the Company in the ordinary course of business; and
- 11.3.5 reasonable rent for premises leased by the Director to the Company.

### **11.4 Termination Payments**

The Company may only make a payment to a Director as compensation for loss of office or in connection with retirement from office (which includes resignation from office and death while in office) with the approval of members in accordance with Division 2 of Part 2D.2 of the Act.

### **11.5 Disclosure of Director remuneration**

- 11.5.1 The Company must disclose the remuneration paid to each Director by the Company or by an entity controlled by the Company if the Company is directed to do so by:
  - (a) members with at least 5% of the votes that may be cast at a meeting of members; or
  - (b) at least 100 members who are entitled to vote at meeting of members.
- 11.5.2 The Company must disclose all remuneration paid to the Directors, regardless of whether it is paid to the Directors in their capacity as Directors or in another capacity.
- 11.5.3 The Company must comply with the direction as soon as practicable by:
  - (a) preparing a statement of the remuneration of each Director for the last financial year before the direction was given;
  - (b) having the statement audited; and
  - (c) sending a copy of the audited statement to each person entitled to receive notice of a meeting of the members.

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## **12. Officers' Indemnity and Insurance**

### **12.1 Definitions**

In this rule:

**Liability** means a liability of any kind (whether actual or contingent and whether fixed or unascertained) and includes costs, damages and expenses, including costs and expenses incurred in connection with any investigation or inquiry by a government agency or a liquidator.

**Officer** has the meaning given in section 9 of the Act.

### **12.2 Indemnity**

12.2.1 Subject to and so far as permitted by the Act, the PHI Legislation, the *Competition and Consumer Act 2010* (Cth) and any other applicable law:

- (a) the Company must indemnify every Officer of the Company against a Liability incurred as such an Officer to a person (other than the Company or a related body corporate) including a Liability incurred as a result of appointment or nomination by the Company as a trustee or as an Officer of another corporation, unless the Liability arises out of conduct involving a lack of good faith;
- (b) subject to rule 12.2.2, the Company must make a payment (whether by way of advance, loan or otherwise) for costs and expenses (including legal expenses on a full indemnity basis) incurred by an Officer of the Company in defending an action for a Liability incurred as such an Officer; and
- (c) the Company may indemnify any other employee of the Company at the Board's discretion.

12.2.2 An Officer must repay to the Company the amount advanced by the Company in respect of costs and expenses under rule 12.2.1(b) in the event that:

- (a) judgment is not given in favour of the Officer;
- (b) the indemnification is not permitted by the Act, the PHI Legislation, the *Competition and Consumer Act 2010* (Cth) or any other applicable law.

### **12.3 Insurance**

Subject to the Act and any other applicable law, the Company may enter into, and pay premiums on, a contract of insurance in respect of any person.

### **12.4 Former officers**

The indemnity in favour of Officers under rule 12.2 is a continuing indemnity. It applies in respect of all acts done by a person while an Officer of the Company even though the person is not an Officer at the time the claim is made.

### **12.5 Deeds**

Subject to the Act, the PHI Legislation, the *Competition and Consumer Act 2010* (Cth) and any other applicable law, the Company may, without limiting a person's rights under this rule 12, enter into an agreement with a person who is or has been an Officer of the

Company, to give effect to the rights of the person under this rule 12 on any terms and conditions that the Board thinks fit.

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## 13. Board Meetings

### 13.1 Convening Board meetings

- 13.1.1 The Board must meet at least six times every calendar year and shall otherwise meet as and when necessary to carry out the efficient operation of the Company.
- 13.1.2 A Director may at any time, and the Secretary must on request from a Director, convene a Board meeting.

### 13.2 Notice of Board meeting

The convenor of each Board meeting:

- 13.2.1 must give reasonable notice of the meeting (and, if it is adjourned, of its resumption) individually to each Director; and
- 13.2.2 may give that notice orally (including by telephone) or in writing,

but failure to give notice to, or non-receipt of notice by, a Director does not result in a Board meeting being invalid.

### 13.3 Use of technology

- 13.3.1 A Board meeting may be held using any means of audio or audio-visual communication by which each Director participating can hear and be heard by each other Director participating or in any other way permitted by section 248D. A Board meeting held solely or partly by technology is treated as held at the place at which the greatest number of the Directors present at the meeting is located or, if an equal number of Directors is located in each of two or more places, at the place where the chair of the meeting is located.
- 13.3.2 Where a Board meeting is to be held using technology in accordance with rule 13.3.1:
- (a) at the commencement of the meeting the Directors present must acknowledge their presence; and
  - (b) a Director may not leave the meeting by disconnecting their telephone (or other audio or audio-visual equipment) without first informing the chair of the meeting. A Director who has acknowledged their presence at the start of the meeting is treated as present at, and to have formed part of the quorum of the meeting at all times during the meeting, unless they announced their intention to leave the meeting in accordance with this rule.

### 13.4 Chairing Board meetings

- 13.4.1 At the first meeting of the Board following an AGM, the Board must elect an Independent Director to chair its meetings (**Chair**).
- 13.4.2 The term of office of the Chair is from their election until the earlier of:
- (i) the election for the same office following the next AGM;

Replaces  
section 248C

Replaces  
section 248E

- (ii) him or her resigning from the office of Chair;
- (iii) him or her being removed from the office of Chair by resolution of the Board; or
- (iv) him or her ceasing to be a Director.

13.4.3 The Chair shall preside as the chair of every meeting of the Board during their term of office.

13.4.4 If there is no Chair or the Chair is not present within 10 minutes after the time for which a Board meeting is called or is unwilling to act, the Directors present must elect a Director present to chair the meeting.

### **13.5 Quorum**

Replaces  
section 248F

Unless the Board decides otherwise, the quorum for a Board meeting is the greater of three directors or a majority of the total number of Directors for the time being in office (rounded upwards if not a whole number). A quorum must be present for the whole meeting. A director is treated as present at a meeting held by audio or audio-visual communication if the Director is able to hear and be heard by all others attending. If the meeting is held in another way permitted by section 248D, the Board must resolve the basis on which Directors are treated as present.

### **13.6 Majority decisions**

Replaces  
section 248G

A resolution of the Board must be passed by a majority of the votes cast by Directors entitled to vote on the resolution. In the case of an equality of votes, the Chair shall have a second or casting vote.

### **13.7 Procedural rules**

The Board may adjourn and, subject to this document, otherwise regulate its meetings as it decides.

### **13.8 Written resolution**

Replaces  
section 248A

If all the Directors entitled to receive notice of a Board meeting and to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document, a Board resolution in those terms is passed at the time when the last Director signs.

### **13.9 Additional provisions concerning written resolutions**

For the purpose of rule 13.8:

- 13.9.1 two or more separate documents in identical terms, each of which is signed by one or more Directors, are treated as one document; and
- 13.9.2 a facsimile or electronic message containing the text of the document expressed to have been signed by a Director that is sent to the Company is a document signed by that Director at the time of its receipt by the Company.

### **13.10 Valid proceedings**

Each resolution passed or thing done by, or with the participation of, a person acting as a Director or member of a committee is valid even if it is later discovered that:



- 13.10.1 there was a defect in the appointment of the person; or
- 13.10.2 the person was disqualified from continuing in office, voting on the resolution or doing the thing.

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## **14. Meetings of Members**

### **14.1 Annual general meeting**

The Company must hold an AGM as required by section 250N.

### **14.2 Calling meetings of members**

A meeting of members:

- 14.2.1 may be convened at any time by a Director or the Board; and
- 14.2.2 must be convened by the Board when required by section 249D or 250N or by order made under section 249G.

### **14.3 Notice of meeting**

- 14.3.1 Subject to rule 14.4, at least 21 days' written notice of a meeting of members must be given:
  - (a) individually to each member (whether or not the member is entitled to vote at the meeting);
  - (b) individually to each Director; and
  - (c) to the auditor.
- 14.3.2 Subject to any regulation made under section 249LA, the notice of meeting must comply with section 249L and may be given in any manner permitted by section 249J(3).

### **14.4 Short notice**

Subject to sections 249H(3) and (4):

- 14.4.1 if the Company has elected to convene a meeting of members as the AGM, if all the members entitled to attend and vote agree; or
- 14.4.2 otherwise, if members who together have power to cast at least 95% of the votes that may be cast at the meeting agree,

a resolution may be proposed and passed at a meeting of which less than 21 days' notice has been given.

### **14.5 Postponement or cancellation**

Subject to sections 249D(5) and 250N, the Board may:

- 14.5.1 postpone a meeting of members;
- 14.5.2 cancel a meeting of members; or

14.5.3 change the place for a general meeting,

by written notice given individually to each person entitled to be given notice of the meeting.

#### **14.6 Fresh notice**

If a meeting of members is postponed or adjourned for one month or more, the Company must give new notice of the resumed meeting.

#### **14.7 Technology**

The Company may hold a meeting of members at two or more venues using any technology that gives the members as a whole a reasonable opportunity to participate.

#### **14.8 Accidental omission**

The accidental omission to give notice to, or the non-receipt of notice by, any of those entitled to it does not invalidate any resolution passed at a meeting of members.

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### **15. Proceedings at Meetings of Members**

#### **15.1 Member present at meeting**

If a member has appointed a proxy or attorney to act at a meeting of members, that member is taken to be present at a meeting at which the proxy or attorney is present.

#### **15.2 Quorum**

The quorum for a meeting of members is:

15.2.1 ten members present in person or by proxy; or

15.2.2 if less than 20 members are eligible to attend and vote at a meeting of member, 50% of the members eligible to attend and vote at the meeting present in person or by proxy.

#### **15.3 Quorum not present**

If a quorum is not present within 15 minutes after the time for which a meeting of members is called:

15.3.1 if called as a result of a request of members under section 249D, the meeting is dissolved; and

15.3.2 in any other case:

(a) the meeting is adjourned to the same time on the same day in the next week at the same place or to such other day, time and place that the Board decides and notifies to members; and

(b) if a quorum is not present at the adjourned meeting within 30 minutes after the time for the meeting, the meeting is dissolved.

Replaces  
section 249M

See section  
249S

Replaces  
section 249T  
(1)

Replaces  
sections  
249T(3) and  
(4)

## 15.4 Chairing meetings of members

15.4.1 The Chair may also Chair a meeting of members. If:

- (a) there is no Chair for the time being; or
- (b) the Chair is not present within five minutes after the time for which a meeting of members is called or is not willing to chair the meeting,

the Directors present may elect a Director present to chair the meeting of members.

15.4.2 If there are no Directors present or those Directors present are unable or unwilling to act as chair, the meeting shall be adjourned.

## 15.5 Attendance at general meetings

15.5.1 Subject to rule 2.5.3, every member has the right to attend all meetings of members.

15.5.2 Every Director has the right to attend and speak at all meetings of members.

15.5.3 The auditor has the right to attend any meeting of members and to speak on any part of the business of the meeting which concerns the auditor in the capacity of auditor.

## 15.6 Adjournment

Subject to rule 14.6, the chair of a meeting of members at which a quorum is present:

15.6.1 may (with the consent of the meeting by ordinary resolution) adjourn the meeting; and

15.6.2 must, if directed by ordinary resolution of the meeting, adjourn it to another time and place.

## 15.7 Business at adjourned meetings

15.7.1 Where a general meeting is convened for a specific purpose (as set out in the notice of meeting), no business other than that stated in the notice shall be transacted unless otherwise agreed by a majority of the members present at the meeting.

15.7.2 The only business that may be transacted at a meeting resumed after an adjournment is the business left unfinished immediately before the adjournment.

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## 16. Proxies and Attorneys

### 16.1 Appointment of proxies

16.1.1 A member may appoint a proxy to attend and act for the member at a meeting of members.

16.1.2 An appointment of proxy must be made by written notice to the Company:

- (a) that complies with section 250A(1); or

Replaces sections 249U(1) to (3)

See section 249V

Replaces section 249U(4)

Replaces section 249W(2)

- (b) in any other form and mode that is, and is signed or otherwise authenticated by the member in a manner, satisfactory to the Board.

## **16.2 Member's attorney**

- 16.2.1 A member may appoint an attorney to act at a meeting of members. A power of attorney must be signed in the presence of at least one witness.
- 16.2.2 An attorney appointed by a member may be authorised to appoint a proxy for the member.

## **16.3 Deposit of proxy appointment forms, powers of attorney and proxy appointment authorities**

An appointment of a proxy or an attorney is not effective for a particular meeting of members unless:

- 16.3.1 in the case of a proxy, the proxy appointment form and, if it is executed or otherwise authenticated in a manner prescribed by a regulation made for the purposes of section 250A(1) by an attorney, the relevant power of attorney or other authority under which the appointment was authenticated or a certified copy of it; and
- 16.3.2 in the case of an attorney, the power of attorney or a certified copy of it,

are received by the Company in accordance with section 250B(3) at least 48 hours before the time for which the meeting was called or, if the meeting has been adjourned, before the resumption of the meeting.

## **16.4 Appointment for particular meeting, standing appointment and revocation**

A member may appoint a proxy or attorney to act at a particular meeting of members or make a standing appointment and may revoke any appointment.

## **16.5 Position of proxy or attorney if member present**

The appointment of a proxy or attorney is not revoked by the member attending and taking part in the general meeting, but if the member votes on a resolution, the proxy or attorney is not entitled to vote, and must not vote, as the member's proxy or attorney on the resolution.

## **16.6 Priority of conflicting appointments of attorneys**

If more than one attorney appointed by a member is present at a meeting of members and the Company has not received notice of revocation of any of the appointments:

- 16.6.1 an attorney appointed to act at that particular meeting may act to the exclusion of an attorney appointed under a standing appointment; and
- 16.6.2 subject to rule 16.6.1, an attorney appointed under a more recent appointment may act to the exclusion of an attorney appointed earlier in time.

## **16.7 More than one current proxy appointments**

An appointment of proxy by a member is revoked (or, in the case of a standing appointment, suspended for that particular meeting) if the Company receives a further appointment of proxy from that member which would result in there being more than one proxy of that member entitled to act at a meeting. The appointment of proxy made first in time is the first to be treated as revoked or suspended by this rule.

## 16.8 Continuing authority

See section  
250C(2)

An act done at a meeting of members by a proxy or attorney is valid even if, before the act is done, the appointing member:

16.8.1 dies or becomes mentally incapacitated; or

16.8.2 revokes the appointment or revokes the authority under which the appointment was made by a third party,

unless the Company has received written notice of the matter before the start or resumption of the meeting at which the vote is cast.

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## 17. Entitlement to Vote

### 17.1 Number of votes

Replaces  
section  
250E(2)

17.1.1 Subject to sections 250BB(1) and 250BC and rule 17.1.2:

(a) each member has one vote on a show of hands or a poll; and

(b) a member who is present and entitled to vote and is also a proxy or attorney of another member has one vote on a show of hands.

17.1.2 A member whose premiums under a complying private health insurance policy issued by the Company are in arrears as at date of the relevant meeting of members is not entitled to cast a vote at that meeting, whether in person or by proxy.

### 17.2 Casting vote of chair

Replaces  
section  
250E(3)

If an equal number of votes is cast for and against a resolution at a meeting of members, the chair of the meeting will have a casting vote in addition to his or her deliberative vote.

### 17.3 Voting restrictions

If:

17.3.1 the Act requires that some members are not to vote on a resolution, or that votes cast by some members be disregarded, in order for the resolution to have an intended effect; and

17.3.2 the notice of the meeting at which the resolution is proposed states that fact,

those members have no right to vote on that resolution and the Company must not count any votes purported to be cast by those members. If a proxy purports to vote in a way or in circumstances that contravene section 250BB(1), on a show of hands the vote is invalid and the Company must not count it and on a poll rule 18.3.3 applies.

### 17.4 Decision on right to vote

Replaces  
section 250G

A member or Director may challenge a person's right to vote at a meeting of members. A challenge may only be made at the meeting. A challenge, or any other doubt as to the validity of a vote, must be decided by the chair of the meeting, whose decision is final.

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## **18. How Voting is Carried Out**

### **18.1 Method of voting**

- 18.1.1 A resolution put to the vote at a meeting of members must be decided on a show of hands unless a poll is demanded under rule 18.2 either before or on declaration of the result of the vote on a show of hands.
- 18.1.2 Unless a poll is demanded, the chair's declaration of a decision on a show of hands and an entry to that effect in the minutes is final and conclusive evidence of the decision.

### **18.2 Demand for a poll**

- 18.2.1 A poll may be demanded on any resolution by:
- (a) any member present in person or by proxy; or
  - (b) the chair of the meeting.
- 18.2.2 A validly appointed proxy or attorney may join in the demand for a poll.
- 18.2.3 The demand for a poll does not affect the continuation of the meeting for the transaction of other business and may be withdrawn.
- 18.2.4 A poll cannot be demanded on any resolution concerning the election of a person to chair a meeting of members.

### **18.3 When and how polls must be taken**

If a poll is demanded:

- 18.3.1 if the resolution concerns the adjournment of the meeting, the poll must be taken immediately and, subject to rule 18.3.3, in the manner that the chair of the meeting directs;
- 18.3.2 in all other cases, the poll must be taken at the time and place and, subject to rule 18.3.3, in the manner that the chair of the meeting directs;
- 18.3.3 votes which sections 250BB(1) or 250BC require to be cast in a given way must be treated as cast in that way;
- 18.3.4 a person voting who has the right to cast two or more votes need not cast all those votes and may cast those votes in different ways; and
- 18.3.5 the result of the poll is the resolution of the meeting at which the poll was demanded.

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## **19. Secretary**

### **19.1 Appointment of Secretary**

- 19.1.1 The Board:
- (a) must appoint at least one individual; and

Replaces sections 250J(1) and (2)

See section 250L

Replaces section 250M

See section 204D

- (b) may appoint more than one individual,  
to be a Secretary either for a specified term or without specifying a term.

19.1.2 A person is not eligible to be a Secretary unless:

- (a) the person has been assessed in accordance with the Fit and Proper Policy;  
and
- (b) is determined by the Board to meet the requirements of the Fit and Proper Policy.

19.1.3 A Secretary may be, but is not required to be, a member.

## **19.2 Terms and conditions of office**

A Secretary holds office on the terms (including as to remuneration) that the Board decides. The Board may vary any decision previously made by it in respect of a Secretary.

## **19.3 Cessation of Secretary's appointment**

The person automatically ceases to be a Secretary if the person:

- 19.3.1 is not permitted by the Act (or an order made under the Act) to be a secretary of a company;
- 19.3.2 becomes disqualified from managing corporations under Part 2D.6 and is not given permission or leave to manage the Company under section 206F or 206G;
- 19.3.3 is determined by the Board not to meet the requirements of the Fit and Proper Policy;
- 19.3.4 is determined to be a disqualified person under the PHI (Prudential Supervision) Act;
- 19.3.5 becomes of unsound mind or physically or mentally incapable of performing the functions of that office;
- 19.3.6 resigns by notice in writing to the Company; or
- 19.3.7 is removed from office under rule 19.4.

## **19.4 Removal from office**

The Board may remove a Secretary from that office whether or not the appointment was expressed to be for a specified term.

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## **20. Minutes**

### **20.1 Minutes must be kept**

The Board must cause minutes of:

- 20.1.1 proceedings and resolutions of meetings of the Company's members;
- 20.1.2 the names of Directors present at each Board meeting or committee meeting;

- 20.1.3 proceedings and resolutions of Board meetings (including meetings of a committee to which Board powers are delegated under rule 8);
  - 20.1.4 resolutions passed by Directors without a meeting; and
  - 20.1.5 disclosures and notices of Directors' interests,
- to be kept in accordance with sections 191, 192 and 251A.

## **20.2 Minutes as evidence**

A minute recorded and signed in accordance with section 251A is evidence of the proceeding, resolution or declaration to which it relates unless the contrary is proved.

## **20.3 Inspection of minute books**

The Company must allow members to inspect, and provide copies of, the minute books for the meetings of members in accordance with section 251B.

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## **21. Common Seals**

### **21.1 Common seal**

The Board:

- 21.1.1 may decide whether or not the Company has a common seal; and
- 21.1.2 is responsible for the safe custody of the common seal of the Company and any duplicate seal it decides to adopt under section 123(2).

### **21.2 Use of seals**

The common seal and duplicate seal (if any) may only be used with the authority of the Board. The Board must not authorise the use of a seal that does not comply with section 123.

### **21.3 Fixing seals to documents**

The fixing of the common seal, or any duplicate seal, to a document must be witnessed by:

- 21.3.1 two Directors; or
- 21.3.2 one Director and one Secretary.

### **21.4 Execution of documents not using a seal**

The Company may execute a document without using a common seal and such document will be taken to be duly executed if it is signed by:

- 21.4.1 two Directors;
- 21.4.2 one Director and one Secretary; or
- 21.4.3 by any other signatories or in any other way (including the use of facsimile signatures) authorised by the Board.



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## **22. Financial Reports and Audit**

### **22.1 Company must keep financial records**

The Board must cause the Company to keep written financial records that:

22.1.1 correctly record and explain its transactions (including transactions undertaken as trustee) and financial position and performance; and

22.1.2 would enable true and fair financial statements to be prepared and audited,

and must allow a Director and the auditor to inspect those records at all reasonable times.

### **22.2 Financial reporting**

The Board must cause the Company to prepare a financial report and a directors' report that comply with Part 2M.3 and must report to members in accordance with section 316A.

### **22.3 Audit or review**

22.3.1 The Board must cause the Company's financial report for each financial year to be audited or reviewed and obtain an auditor's report.

22.3.2 The Directors must appoint one or more persons to the office of auditor unless the members at general meeting have appointed an auditor. The eligibility, removal, remuneration, rights and duties of the auditor are regulated by:

(a) Division 3 of Part 2M.3, Divisions 1 to 6 of Part 2M.4 and sections 1280, 1289, 1299B and 1299C; and

(b) the Prudential Standards.

### **22.4 Conclusive reports**

Audited or reviewed financial reports laid before the Company in general meetings are conclusive except as regards errors notified to the Company within three months after the relevant general meeting. If the Company receives notice of an error within that period, it must immediately correct the report and the report as corrected is then conclusive.

### **22.5 Inspection of financial records and books**

22.5.1 A member may request to inspect the financial records of the Company by written notice to the Company.

22.5.2 Subject to rule 20.3 and section 247A, the Directors may, or the Company may by a special resolution passed at a general meeting, authorise a member to inspect books of the Company and the terms on which the inspection may take place.

22.5.3 After inspecting the financial records, a member may request permission to copy them by notice in writing to the Company specifying the records the member wishes to copy. The Directors must consider the request at the next Board meeting and may at their discretion consent to the request or any part of the request on such terms as they think fit.

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## **23. Registers**

- 23.1.1 The Company must set up and maintain a register of members and, if applicable, a register of debenture holders.
- 23.1.2 In accordance with section 169, the register of members must contain the following information:
- (a) the name and address of each member;
  - (b) the date on which the entry of the member's name in the Register is made;
  - (c) the name and details of each person who stopped being a member within the last seven years;
  - (d) the date on which the person stopped being a member; and
  - (e) an index of members' names (if the Register itself is not kept in a form that operates effectively as an index).

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## **24. Actuary**

- 24.1.1 The Directors must appoint a person as the Company's Appointed Actuary in accordance with the PHI (Prudential Supervision) Act and the Prudential Standards.
- 24.1.2 The eligibility, removal, rights and duties of the Appointed Actuary are regulated by the PHI (Prudential Supervision) Act and the Prudential Standards.

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## **25. Winding Up**

Subject to the PHI Legislation, in the event of the winding up of the Company, any surplus property remaining after satisfaction of all the Company's debts and liabilities must not be paid to, or distributed amongst, the members, but must be paid or transferred to a corporation or institution in Australia to be determined by the members in general meeting (or failing determination, by a court having jurisdiction in the matter), the constituent documents of which:

- 25.1.1 require the corporation or institution to pursue objects similar to those of the Company; and
- 25.1.2 require the corporation or institution to apply its income solely towards promoting those objects and prohibit the corporation or institution from making distributions to its members.

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## **26. Notices**

### **26.1 Notices by Company**

A notice is properly given by the Company to a person if it is:

- 26.1.1 in writing signed on behalf of the Company (by original or printed signature);

26.1.2 addressed to the person to whom it is to be given; and

26.1.3 either:

- (a) delivered personally;
- (b) sent by prepaid mail (by airmail, if the addressee is overseas) to that person's address; or
- (c) sent by electronic message to the electronic address (if any) nominated by that person.

## **26.2 When notice is given**

A notice to a person by the Company is regarded as given and received:

26.2.1 if it is delivered personally:

- (a) by 5.00 pm (local time in the place of receipt) on a business day – on that day; or
- (b) after 5.00 pm (local time in the place of receipt) on a business day, or on a day that is not a business day – on the next business day;

26.2.2 if it is sent by electronic message or given under section 249J(3)(cb):

- (a) by 5.00 pm (local time in the place from which it is sent or given) on a business day – on that day; or
- (b) after 5.00 pm (local time in the place from which it is sent or given) on a business day, or on a day that is not a business day – on the next business day; and

26.2.3 if it is sent by mail:

- (a) within Australia - one business day after posting; or
- (b) to a place outside Australia - three business days after posting.

A certificate in writing signed by a Director or Secretary stating that a notice was sent is conclusive evidence of service.

## **26.3 Business days**

For the purposes of rule 26.2, a business day is a day that is not a Saturday, Sunday or public holiday in the place to which the notice is sent.

## **26.4 Counting days**

If a specified period must pass after a notice is given before an action may be taken, the day on which the notice is given is to be counted in reckoning the period but the day on which the action is to be taken is not to be counted in reckoning the period.

## **26.5 Notices to "lost" members**

26.5.1 If:

- (a) on two or more consecutive occasions a notice served on a member in accordance with this rule is returned unclaimed or with an indication that the member is not known at the address to which it was sent; or
- (b) the Board believes on other reasonable grounds that a member is not at the address shown in the Register or notified to the Company,

the Company may give effective notice to that member by exhibiting the notice at the Company's registered office for at least 48 hours.

26.5.2 This rule ceases to apply if the member gives the Company notice of a new address.