



Directors and Office Holders

Duties Role Responsibilities

The Co-Operative has an insurance policy that provides \$1 million liability cover for Directors and Office Holders. A Director is a valued role in the community and all members have a responsibility to assist and support Directors in their role.

References

Co-operative National Law (CNL ss190-196)

Justice Connect not-for-profit law <https://www.nfplaw.org.au/runningtheorg>

NSW Fair Trading <https://www.fairtrading.nsw.gov.au/associations-and-co-operatives/co-operatives/running-a-co-operative>

Duties of directors and office holders

Any person who is on the 'governing body' of a co-operative has a legal duty to comply with CNL and General Law. This includes **all office holders such as treasurer, secretary, ordinary committee members.**

Duties and obligations include:

- acting in good faith - must act honestly and in the best interests of the co-operative
- acting with care and diligence - directors need to keep adequately informed of the financial status and business performance of the co-operative and obtain professional advice if necessary.
- not misusing position or information - directors must not improperly use their position and information to gain an advantage for themselves or someone else or to cause harm to the co-operative.
- avoiding conflicts of interest - any conflict must be declared and dealt with in accordance with the CNL.
- preventing insolvent trading - directors must prevent the co-operative incurring a debt whilst it is insolvent or if it will become insolvent because of incurring the debt.

Role of directors

The board of directors is responsible for managing the affairs of the co-operative in accordance with the legislation and the co-operative's rules.

The role of directors includes:

- planning long-term business and financial strategies.
- determining and implementing policies.
- assessing business and financial performance.

- ensuring the co-operative complies with its statutory reporting and other obligations under the CNL.
- ensuring the co-operative operates in accordance with its rules.

Director responsibilities

Directors are responsible for ensuring the co-operative complies with its obligations under the CNL:

- keeping financial records - financial records must correctly record and explain its financial transactions, financial position, and performance.
- notifying co-operative changes - change of directors, secretary, CEO, registered address, and rule changes must be notified to Fair Trading within 28 days.
- maintaining registers - ensuring specified registers are maintained and are available for inspection by members and other persons as required.
- reporting to members - provide financial reports to members within 5 months of the end of the co-operative's financial year.
- lodging annual returns - annual returns or reports are required to be lodged with Fair Trading within 5 months of the end of the co-operative's financial year.
- complying with rules - ensuring the co-operative operates in accordance with its rules.

Appointment of a secretary

- The board must appoint a secretary who is an adult person who ordinarily resides in Australia.
- The secretary's role is to support and advise the board of directors concerning their duties and responsibilities as board members.
- The secretary is personally liable for any failure to comply with the obligations imposed on co-operatives under the CNL.
- The co-operative rules may also provide for specific duties to be undertaken by the secretary.