

# Comparison of rules between the current rules of association and the proposed constitution for the company limited by guarantee

Q Shelter Ltd

## Background

- A This document outlines the changes between the current rules of association (**Current Rules**) compared to the rules in the proposed constitution of the new company (**Proposed Constitution**).
- B For clarity:
- (i) capitalisation and terminology is consistent with whichever rule is being referenced; and
  - (ii) management committee under the Current Rules becomes the Board comprising of Directors under the Proposed Constitution.

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
<b>Objects</b>				
1	3.1	Extensive list of specific objects.	2.1	<p>The new Objects have been simplified for clarity. This does not restrict what Q Shelter Ltd can do. Rather, the scope has been broadened to prevent Q Shelter Ltd from being limited in the ways it addresses homelessness.</p> <p>The new Objects reads:</p> <p><i>The Company is established for the public charitable objects of organising, conducting, and promoting the relief of poverty, sickness, destitution, helplessness, suffering, misfortune, disability, or distress caused or contributed by unmet housing needs and homelessness (<b>Objects</b>).</i></p>

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
<b>Membership</b>				
2	5.3	Members must not be less than 18, be supportive of the objects and have been appropriately proposed and seconded by a member.	5.3	Applications no longer need to be nominated or seconded by a Member. The Board will retain ultimate discretion in deciding whether a person becomes a Member. Comprehensive process for membership application process is set out.
3	6.1	Membership fees decided by the members.	6	Membership fees decided by the Board.
4	8	Members may resign or have their membership terminated (in certain circumstances) only.	5.8(a) and 5.8(b)	Broader grounds for automatic cessation or termination by the Board of Membership provided. The new grounds include: (a) a person immediately ceases to be a Member upon: (i) failing to pay their Membership Fee; (ii) dying; (iii) if a body corporate, being wound up or deregistered; or (iv) the Secretary writing to the Member and the Member failing to respond to the Secretary that they wish to remain a Member within three months. (b) a person may have their membership terminated if: (i) they become bankrupt or insolvent; (ii) is of unsound mind under mental health laws; or (iii) in any way breaching their obligations under the Constitution.
5	8.4, 8.5, 9 and 10	Members right to appeal termination of membership.	Removed	This rule is unnecessarily burdensome and inhibits Q Shelter Ltd from doing meaningful work while a prolonged membership dispute occurs.
6	N/A	N/A	4.1(b)	Members must provide a guarantee amount of \$10.

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
<b>Management committee / Board of Directors</b>				
7	13, 14 and 15	Requirements are imposed for appointment of the secretary. Secretary must live within Queensland or not more than 65km from the border.	15	Appointment occurs at the Board's discretion. The Secretary can live anywhere in Australia.
8	16	Composition of management committee consisting of 3 to 12 members.	10.2	Composition of Board consisting of 3 to 10 Directors, comprising: (a) not more than 7 Elected Directors; and (b) not more than 3 Appointed Directors.
9	17	Process for election of the management committee.	10.3 and 10.4	Rule broadly remains the same for Elected Directors who must be appointed by the Members at a general meeting. The election rule does not apply for Appointed Directors who the Board, in its discretion, may nominate in their discretion for their skills and experience. This ensures those with certain skillsets (such as accounting) sit of the Board.
10	17.1(a)	Directors must be members.	10.5(a)(ii)	Only Elected Directors must be Members. Appointed Directors need not be Members.
11	18	Removal of the management committee.	11.1, 11.3 and 11.4	Rule broadly remains the same for voluntary resignations or disqualifying Directors. However, grounds for being disqualified as Director are marginally broader to allow for greater protection of Q Shelter Ltd.
12	16.2	Management committee members retire every 2 years.	11.2	Directors must retire every 3 years.
13	25	Management committee can establish subcommittees only.	12.2 and 12.3	The Board may also establish advisory groups.
14	N/A	N/A	21	Obligates the Company to provide indemnity and insurance to every Officer of Q Shelter Ltd. This ensures protection if something goes wrong.

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
<b>Meetings</b>				
15	28	AGM must be within six months of end of financial year.	N/A	An AGM must be held within five months of the end of the financial year.
16	30	14 days notice of general meeting must be given.	8.3(e)	21 days notice of general meeting must be given.
17	31.1	Quorum at general meeting is at least the number of members elected or appointed to the management committee at the close of last general meeting plus one.	8.5(b)	Quorum at a general meeting is five Members present and entitled to vote at the meeting.
18	30.1 and 30.3	A general meeting: (a) may be called by the Secretary; or (b) must be called by the President if the Secretary is unwilling or unable to.	8.1(a)	A general meeting may be called by: (a) the Board; or (b) not less than 1/3 of Members.
19	33.2	Chair has casting vote.	9.1(b)(i)	The Chair does not have a casting vote. This is more democratic and fairer to the Members.
20	21.2	Management committee must meet every four months.	13.1(a)	Board meets as often as they decide. The meetings must be frequent enough to discharge the Directors' duties, such as those of care and diligence, required under the law.
21	23	A special meeting of management committee can only be called by 1/3 of management committee agreeing.	13.2	A meeting of the Board can be called by: (a) the Chair, Board at any time; or (b) Secretary when requested by any two Directors.
<b>Record keeping</b>				

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
22	41	The obligations for financial reporting are set out.	17	The financial reporting obligations remain unchanged except that: <ul style="list-style-type: none"> <li>(a) Members must be provided with a copy of the financial report at the end of each year;</li> <li>(b) the Board is collectively responsible for reporting, not just the treasurer;</li> <li>(c) financial reports only need to be audited if required under the ACNC Act; and</li> <li>(d) no requirement to lodge report with the OFT, rather the ACNC will require the financial statement.</li> </ul>
<b>Minor changes</b>				
23	N/A	N/A	5.9	Q Shelter Ltd may adopt a policy to recognise individuals or body corporates as associates, affiliates or supporters of Q Shelter Ltd (but who are not Members).
24	39	Common seal must be kept.	N/A	Common seals are no longer mandatory.
25	46	Grievance procedure.	N/A	No statutory requirement for a grievance procedure. Any relevant procedure is to be adopted and may be amended by the Board, rather than the Members.

## Unchanged rules

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
1	4	Q Shelter has the powers of an individual.	2.3	Unchanged.
2	20	Powers of management committee.	12.1	Unchanged.
3	5.1	The only class of membership is ordinary Members.	5.2	Unchanged.
4	5.5, 7	The management committee has final say in who becomes a Member.	5.3(c) and 5.3(d)	Unchanged
5	5.4 and 5.6	A body corporate may be a Member.	5.3(a) and 5.6	Unchanged.

Ref. No.	Current rule number	Current Rules	New rule number	Proposed Constitution
6	19	Committee may appoint for casual vacancies.	10.6	Unchanged.
7	20	Functions of management committee.	12	Unchanged.
8	30.6	Notice must state the business to be conducted at the meeting	8.3	Unchanged.
9	21.7	Chair has casting vote at meeting of management committee.	13.6(d)	Unchanged.
10	22	Quorum is simple majority of management committee.	13.4(b)	Unchanged.
11	25	Management committee can create subcommittee.	12.2 and 12.3	Unchanged.
12	33.2	Each member is allowed one vote.	5.4	Unchanged.
13	35	Proxies may be appointed.	8.13	Unchanged.
14	36	Minutes of general meeting can be inspected by any member.	19.2	Unchanged.
15	42	Q Shelter is not for profit.	3	Unchanged.
16	42.3	Management committee cannot be remunerated.	3.3	Unchanged.
17	11	Register of members must be kept and can be inspected by any member.	5.7 and 19.2	Unchanged.
18	45	If winding up occurs, any surplus is to be distributed to a similar charity that is a public benevolent institution.	4	Unchanged.
19	37	By-laws may be created.	12.1(b)	Unchanged.