



**FECCA
GOOD
GOVERNANCE
TOOLKIT**

**Building and Sustaining Your
Not-for-Profit Organisation**



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This toolkit was created to provide general information. It does not constitute legal advice to any person and should not be relied upon as authoritative in any particular case.

**About the
Federation of Ethnic
Communities'
Councils of Australia
[FECCA]**

About FECCA

FECCA is the national peak body representing Australians from Culturally and Linguistically Diverse (CALD) backgrounds. FECCA provides advocacy, develops policy and promotes issues on behalf of our constituency to government and the broader community. FECCA supports multiculturalism, community harmony, social justice and the rejection of all forms of discrimination and racism. FECCA's membership comprises state, territory and regional multicultural and ethnic councils. FECCA has an elected executive committee and a professional national secretariat implementing policies and work programs on behalf of its membership and stakeholders.

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Pino Migliorino
(FECCA Chair)

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Foreword: **Pino Migliorino – FECCA Chair**

It is with great pleasure that I present the FECCA Good Governance Toolkit.

FECCA has produced this guide with the help of a generous grant from the Myer Foundation and Sidney Myer Fund – long time supporters of the vibrant not-for-profit sector in Australia.

This guide will show you how to implement solid governance practices that will help your organisation run smoothly, and in accordance with the law. And, as you will soon find, if your organisation is running smoothly you will be free to spend most of your time doing what you really love - that is, advocating for and advancing your cause!

FECCA is well placed to produce this toolkit, as it has taken care to implement its own good governance and management practices and has grown, over the past 30 years, into a strong, influential organisation able to lobby at the highest levels of government and contribute to a range of important inquiries and reviews.

FECCA believes that good governance is imperative to the success of any not-for-profit organisation, and has created this guide to assist other not-for-profits, in particular those that work with culturally and linguistically diverse (CALD) communities, to establish sound governance structures, and so, to achieve success.

We hope you find this resource useful, and we look forward to working with your community organisation in the future.



How to Use this Resource

This guide will take you, step-by-step, through establishing your organisation, good governance practices, the process of incorporating, applying for and using funding and other organisational considerations. It will offer useful advice for both those organisations who are just starting out, and those that are long established.

You will find a number of 'Tips Charts' throughout this guide that will provide you with practical suggestions for improving your organisation's efficiency.

You will also find short activities appended to this toolkit, which you can use to check your understanding of the topics covered, and/or can use to help you run governance workshops for other people in your organisation (we encourage you to do this!).

Finally, you will find a case study at the end of this guide that will help you consolidate the information contained in this toolkit.

Throughout the guide we have also included links to relevant sources that will compliment the information covered.

We gratefully welcome any feedback you have on this kit. Please contact FECCA at admin@fecca.org.au with your suggestions/ideas.



Chapter 1: Starting Out

You are driven by passion, the desire to bring about change. You have a strong commitment to a cause, to an ideal. You work hard, investing your time and energy. You deserve to experience great success.

Unfortunately, hard work and passion alone are often not enough to achieve significant results. A solid understanding of the not-for-profit sector in which you operate, coupled with good governance and management practices that enhance and protect your organisation, are also very important to achieving success.

FECCA has created this guide to provide you with information, skills and strategies to make your organisation as successful as possible.

Where do Not-for-Profit Groups Come From?

Most commonly not-for-profit groups form when people interested in a certain cause start meeting to discuss what action they can take to advance their interest. Other people are then invited to join, and over time, a group comes into existence.

There are many 'not-for-profit' organisations – that is, organisations that do not exist to make personal profits for their members – in Australia.

A large subset of the not-for-profit sector, which is sometimes referred to as the 'third sector', is the multicultural and ethno-specific not-for-profit sector, of which FECCA is a part. This is not surprising as Australians are diverse – coming from over 200 different ancestries and speaking more than 300 languages. Issues that can confront culturally and linguistically diverse Australians include problems with accessing education resources, employment, English language training, health services and housing. They may also face discrimination, racism and daily inequity. It is the organisations which form to advocate on behalf of these diverse groups – to push their concerns into the public sphere – that are absolutely indispensable in bringing about long-term change.

In the Beginning

When first starting out, your organisation's focus is likely to be, and indeed should be, on figuring out just what your group stands for, how your group will convey its message and just how sustainable your group will be. You may also be asking yourself 'are there any other groups doing similar work that we should join, instead of starting a new organisation?'

If you find that there is a need for your group, you are likely to start looking for ways to turn your ideas into actions.

In the beginning you may only have a few group members. You may not have the funds or the inclination to have paid staff. Your organisation may simply be made up of a dedicated group of volunteers. You may not have 'formal' structures or role divisions. Nonetheless, it is very important that you have regular meetings where you discuss your organisation's aims and objectives, as this will help your organisation stay on track and continue to grow.

Tips Chart 1: How to Form a Successful Organisation

- 1 Hold an initial meeting of several people interested in starting a group.
- 2 Consult with existing organisations for advice and assistance – they are sure to have some great advice!
- 3 Get out there and encourage interest from those you think might like to become members – for example, you make like to hold a public forum to tell people about your proposed organisation.
- 4 If you hold a public forum, or indeed any sort of early meetings, make sure you are prepared! Have clear objectives - such as determining the purpose of the group at the meeting. Having registration forms for interested parties to fill out is also a good idea.
- 5 After the initial meetings it is time to focus on group development. You should create a mission statement – that is a statement outlining your organisation's purpose, develop a plan for achieving that mission, and decide how people will become members of your organisation.
- 6 It is unwise to undertake advocacy until the group has developed a sound structure.

- Commonwealth Department of Health and Community Services, 1999

Once your group is formed and operational it is time to ask yourself: should our group incorporate? You'll hear more about this later!



Chapter 2: Good Governance

What is Governance?

Governance is a term used to describe the procedures put in place by an organisation to ensure that it runs in a financially workable, ethical and legal manner, while achieving its stated objectives.

Governance sets out guidelines for decision-making and outlines responsibilities.

'Good Governance' practices are important for any organisation – regardless of whether that organisation is 'for profit' or 'not-for-profit'.

Good Governance Practices ensure the following:

- That an organisation has a clear vision of where it wants to go and what it wants to achieve, and that it has developed strategies to achieve this vision.
- That an organisation's resources are sufficient and well managed.
- That an organisation's objectives are clearly developed and sustained.
- That there are monitoring practices in place to ensure that the organisation is achieving its objectives.
- That that there are practices in place to ensure the ongoing viability of the organisation.
- That an organisation supports its employees, members and volunteers, so that they may enhance the organisation.
- That an organisation meets its contractual, ethical and legal obligations.
- That an organisation is accountable to its membership.
- That an organisation maintains a good relationship with its members based on mutual respect.

Tips Chart 2: ASX Essential Corporate Governance Principles

ASX stands for the Australian Stock Exchange. It is a body that works closely with corporations (largely in the for-profit sector). Some of the Corporate Governance Principles developed by ASX can still be seen as relevant to not-for-profit organisations, and so are mentioned here:

- 1 Lay solid foundations for management and oversight
- 2 Structure the board (committee) to add value
- 3 Promote ethical and responsible decision-making
- 4 Safeguard integrity in financial reporting
- 5 Make timely and balanced disclosure of all material matters
- 6 Recognise and manage risk

- ASX, 2007

One excellent way to ensure that your organisation meets the good governance objectives mentioned above is to implement **best practice guidelines**. Best practice guidelines are policy statements which will direct the decisions made by people in your organisation and help you manage your finances and control risk. You will read more about good governance practices, including policies and procedures, in Chapters 3 and 4.

Governing Bodies

Governing bodies are often called executive and/or management committees in the community sector, and they set the organisation's goals, direction and limitations, and monitor senior management. Day-to-day management and administrative matters should be left to senior staff, (if staff are employed) subject to periodic oversight.

If you incorporate you will need to have a governing body. Even if you choose not to incorporate it would be wise to establish a governing body which can direct the organisation and ensure it meets its objectives – independent of day-to-day concerns.

Tips Chart 3: Role of Your Governing Body

Your governing body may take the name of 'executive committee', 'management committee' or 'board'. Regardless of the name it chooses to adopt your governing body has a number of very important jobs to do:

- 1 Articulate your organisation's mission and values
- 2 Monitor your organisation's programs and services
- 3 Provide strategic direction
- 4 Select, support and assess your organisation's Managing Director/Chief Executive Officer
- 5 Ensure compliance with the law
- 6 Ensure adequate resources are available

- Fishel, D, 2008

And remember: the governance process should be:
**Transparent, Accessible, Responsive, Accountable, Inclusive,
Clear and Efficient.**

Chapter 3: Incorporation

In Chapter 3 we discuss the process of incorporation – which necessarily involves implementing a number of good governance practices, such as setting up a management committee and accounting for expenses. Whether or not you are planning to undertake the incorporation process, we recommend that you read Chapter 3 and consider adopting a number of the governance practices discussed, as these will enhance your organisation even in the absence of formal incorporation.



Structuring Your Organisation: Incorporation

Once you feel established as a group the time may be ripe to formalise your organisation by incorporating.

Incorporating is similar to establishing a company to run a business. It is usually done by organisations that have survived the early stages of group development and have achieved relative stability. While there is no requirement that you incorporate, it is something you should strongly consider, as it has a great number of benefits for your organisation.

In short, by incorporating you are creating a 'separate legal entity', a body that takes on a life of its own, and is separate from you and other individual members. Smaller, not-for-profit organisations often use this structure. Larger, more profit driven organisations are likely to incorporate under the Commonwealth Corporations Law.

You may ask why creating a separate legal entity is a good thing – after all you have built up the organisation, why would you and your fellow members want it to be separate from you?

The answer to this question is that any sort of venture can attract all sorts of legal responsibility. If, for example, someone falls and hurts themselves at your office, you can be sued for damages. If your organisation needs property and you buy it in your name you can be responsible for paying for the property, even if your organisation goes bankrupt. Incorporation protects you and your fellow members from this sort of personal liability - it affords you *limited liability*. If problems arise it will be the organisation, not you, that will be sued and have to pay out of its bank account.

However, you should be aware that incorporation does not offer you total protection. If you act in a negligent, reckless or dishonest manner the laws of incorporation may no longer protect you.

Relevant Legislation

Each state and territory has its own Associations Incorporation Act, and Regulations, in place (see list of attached state and territory specific legislation – Appendix 1). This means that the law may be different depending on where you are based, and while Associations Incorporation legislation is pretty similar across the country, you should certainly have a look at the legislation that is relevant to you before you proceed.

Associations Incorporation legislation was put in place with not-for-profit organisations in mind. It offers protection similar to that offered under the corporation's regime, with the benefit of less burdensome financial and reporting requirements. In fact, you are disqualified from becoming an incorporated association if you operate for the purpose of generating profit for your members!

If you have difficulty in understanding the legislation, or want any further clarification you can call the body in your state that oversees the legislation and they will certainly help you out.

Please see next page for a full list of these bodies:

Australian Capital Territory

Office of Business and Industry Licensing:

<http://www.ors.act.gov.au/BIL/index.html>

New South Wales

Department of Fair Trading: <http://www.dft.nsw.gov.au>

Northern Territory

Department of Justice:

http://www.nt.gov.au/justice/licenreg/baal/club_assoc.shtml

Queensland

Office of Fair Trading: <http://www.fairtrading.qld.gov.au>

South Australia

The Office of Consumer and Business Affairs: <http://www.ocba.sa.gov.au>

Tasmania

Consumer Affairs and Fair Trading - Business Affairs Branch:

<http://www.justice.tas.gov.au>

Victoria

Consumer Affairs Victoria: <http://www.consumer.vic.gov.au>

Western Australia

Department of Commerce:

<http://www.commerce.wa.gov.au/ConsumerProtection/Content/Business/Associations/>

You should also note that, if you incorporate in a particular state or territory you are only incorporated in that state or territory. If you would like to regularly operate in another state or territory you will have to register on the National Names Index as a Registered Australian Body, through the Australian Securities and Investments Commission (ASIC).

Benefits of Incorporation

We have told you about one benefit of incorporation – limited liability. Now here are some other reasons you might like to go down the incorporation path:

- **Funding!** Very often you will only be eligible to receive funding from the government and other funding bodies if you are incorporated. Why? Because once you are incorporated you will be required to form a governing body, have annual general meetings and produce financial reports. Fulfilling these requirements is likely to mean that your organisation is running effectively and will be able to use funds responsibly – this fact is very attractive to funding bodies.
- Organisations that are incorporated are often **better managed**. This is because if you incorporate you will have to put in place a governance structure, as outlined in the relevant legislation. And, as we discussed earlier, organisations with strong governance structures are more likely to prosper.
- Because your organisation is, through incorporation, a **separate legal entity**, your organisation can now buy and sell property, invest and borrow money, enter into enforceable contracts and be sued in its own right.
- **Perpetual Succession:** This means that because your organisation has a separate legal identity it will continue to exist even when the membership of the group changes. In general an incorporated group will last until it is deregistered or wound up.

And remember, becoming incorporated as an Incorporated Association is:

- relatively cheap, and
- has relatively few formalities

Your Responsibilities if You Incorporate

You should be aware that incorporation does come with some responsibility.

Consider that, if you incorporate:

- Your organisation will be required to pay, fairly low, fees (an application fee and annual fees).
- Your organisation will be required to meet a number of reporting and structural requirements, such as conducting annual general meetings, as outlined in the relevant legislation. It will take time and effort to ensure these requirements are met. If your organisation does not meet its obligations under the relevant legislation, it may be fined or even deregistered.
- Your committee members will be responsible for acting with reasonable care and diligence in relation to your organisation (in legal terms they will attract *fiduciary responsibilities*). If committee members act improperly they may be legally responsible for their actions.

You should also be aware that if you incorporate some information about your group may become publicly available – such as the names of certain office holders.

The Process of Incorporation

We now take you through the basic steps to incorporation.

Please note: while the processes of incorporation are largely similar in each state and territory, they are not identical. It would be wise to check the relevant legislation and/or with the body responsible for incorporated associations in your state/territory (see list on page 23) to ensure you have met all the necessary requirements.

1 Ask Yourself: Is My Organisation Eligible to Incorporate as an Incorporated Association?

You are only eligible to incorporate as an incorporated association if your organisation is a 'not-for-profit' organisation.

The term 'not-for-profit' can be very confusing. After all, your organisation is likely to be making money through grants, donations and fundraising activities. However, these activities do not mean that your organisation has lost its 'not-for-profit' status.

“Whether your organisation is a ‘not-for-profit’ organisation is determined by what your organisation does with that profit, not by whether your organisation makes a profit.”

- PilchConnect (1)

What makes a 'not-for-profit' different from a 'for-profit' organisation is the fact that not-for-profit organisations do not distribute their profits to their individual members – instead any profit is re-invested back into the organisation to ensure the organisation can continue running activities for its cause.

This does not mean that your organisation cannot pay the salaries of its workers, or have a little money saved up. It simply means that if you are a not-for-profit organisation you must use all your money within the organisation.

Your membership must be clear about the fact that your organisation will be not-for-profit – so that they do not expect to receive a share of any money acquired/raised.

There are about 700,000 not-for-profit groups in Australia!
(PilchConnect (3))

2 Do you have enough members?

You will only be eligible to incorporate if you have a base number of members. In Victoria and NSW, for example, this number is five. If, once you incorporate your membership drops below this base number your organisation may be wound up.

3 Naming Your Organisation

To be eligible to incorporate you will need to come up with a name for your organisation. The name you choose will be used to identify your organisation as a separate legal identity.

You need to ensure you do not choose a name that has already been taken by another organisation. You also have to ensure you do not choose a name that is so similar to another organisation that your organisation may be confused with that organisation.

You can check if the name you want to use is free by checking the public register of names in your state/territory. You should also check the register of names held by the Australian Securities and Investments Commission (ASIC).

Please note: You may need to reserve your chosen name with the relevant incorporation body prior to lodging your application for incorporation.

Once you incorporate you may be required to add letters like 'Inc' (standing for incorporated) to the end of your organisation's name. You may also need to get a common seal (rubber stamp) with your name made up.

4 Draft a Constitution (Set of Written Rules of Operation) and Statement of Purposes/Objectives

When you establish an incorporated association you are required by law to have a **set of rules for the association**, otherwise called a **constitution**, and in some jurisdictions a **statement of purposes/objectives** as well. You need to create drafts of these documents, to have approved by your members, prior to incorporation.

Your **constitution/rules** will govern the affairs of your organisation.

Your organisation's constitution acts as contract between:

- The organisation and each member
- The organisation and each committee member
- Individual Members

Some of the issues your constitution will need to address include:

- Membership – who can become members? What are membership rights?
- How will your organisation resolve disputes?
- Rules about meetings
- Information about how your committee of management will be formed and run
- Winding up your organisation

You do not need to create your constitution/rules from scratch. Each state and territory has created 'model rules' which you can adopt as your own. You can choose to adopt these 'model rules' as they are, or choose to alter the rules to suit your purposes.

You should not adopt the model rules without alteration without giving them careful consideration – and ensuring they will work well for your organisation.

The only requirements placed on you by law are that your constitution/rules address all the issues dealt with in the model rules and that your rules are not in conflict with the relevant Associations Act. If you create a constitution that misses out any areas addressed in the model rules, then the model rules are taken to apply to fill in the gaps.

To find your state/territory model rules please look at the regulations for most states and territories (Appendix 1), and the administering bodies' websites for SA (Office of Consumer and Business Affairs – <http://www.ocba.sa.gov.au>) and WA (Department of Commerce - <http://www.commerce.wa.gov.au/ConsumerProtection/Content/Business/Associations/>).

Your written **statement of purposes/objectives** (if required) should list all the aims and objectives of the association. This statement will allow the organisation's members, and the relevant registration body, to understand exactly what the aims and objectives of the new incorporated association will be.

5 Nominate a Public Officer

To be eligible to incorporate in the majority of states and territories you need to have nominated a public officer. This person effectively acts as a contact between your newly formed association and the relevant body in your state/territory that registers associations.

The public officer does not need to be a member of your committee of management, indeed they do not even have to be a member of your association. The public officer just needs to be over 18 years old and live in the state/territory you are seeking to incorporate in.

6 Hold an Initial Meeting to Affirm Your Desire to Incorporate

Once you have your name and draft constitution (and statement of purposes/objectives if required) you will need to hold a meeting. You will need to invite all your members along as they need to approve the draft documents and the decision to incorporate.

Giving adequate notice of meetings to your members is always important. For your initial meeting, legislation generally states that 21 days notice should be given although you should check the exact requirements of your own jurisdiction.

Please note: the rules you adopt can be changed at a later date by the passing of a special resolution, complying with any existing rules in your constitution for making changes, and applying to the relevant authority for approval.

7 Time to Lodge Your Application for Incorporation

Now there is an agreement to incorporate it is time to lodge your application (including all relevant information) with the relevant authority for your state and territory (visit their website to download forms and get further information). You will also need to pay lodgement/application fees.

Your Duties Once You Incorporate

You will notice that we use the term ‘association’ to describe organisations for the rest of this chapter. This term refers, here, to an organisation which has been formally incorporated as an incorporated association.

1 Ensure You Have a Public Officer

A requirement in the majority of states and territories:

The public officer is the person who acts as a contact between your association and the relevant registration body.

The public officer’s responsibilities usually include:

- Lodging their address with the registrar (the relevant record keeping official) and notifying the registrar if their address changes (they will be receiving official mail on behalf of the association)
- Lodging the association’s annual statement and financial statement
- Applying to the registrar if the association would like to make any changes to its rules or name
- Ensuring the association has paid all its relevant fees.

2 Establish a Committee of Management

Now that you have incorporated you are required by law to have a governing body, or management committee, in place.

The role of a management committee of an incorporated association is of great importance.

The committee must:

- Run the association on behalf of all members in accordance with the rules
- Keep the association true to its purposes and objectives
- Responsibly and ethically manage the association’s finances
- Safeguard the association’s assets
- Operate in the public interest

- *Consumer Affairs Victoria:
Incorporated Associations Good Governance Series*

Your committee will make strategic decisions that will direct and inform your association's activities.

The usual structure for a management committee is that of having **four office bearers** (the prescribed number of committee members/office bearers varies from state to state – please check the legislation specific to your state – see Appendix 1).

Common Office Bearer Positions

a Chairperson (or President)

This person may act as both leader and spokesperson for the association – speaking out publicly to support the association and working to ensure that the association runs smoothly. The chairperson should be comfortable with being the public face of the association and be familiar with meeting procedures and rules, as they are likely to be responsible for ensuring that committee meetings run effectively.

b Deputy Chairperson (or Vice-President)

This person will take over the duties of the chairperson in the event of the chairperson being unavailable.

c Secretary

This person is responsible for informing people about meetings, taking minutes during meetings and handling general correspondence arising out of meetings. This person needs to have good administrative and writing skills.

d Treasurer

This person oversees the association's budget, ensures that proper financial records are kept, and reports back to the committee and AGM regarding the organisation's financial position.

Most committees also contain a designated number of general executive members (that is, members of the committee that do not have a specific role).

Your committee is required to meet a certain number of times each year (you will specify this number in your constitution) and must face periodic re-election.

Duties of Committee Members

Even though your committee members may be unpaid, they still have a number of duties that they must fulfil as committee members, or else face legal repercussions. It is important that your committee members realise this before they stand for election.

- The committee members of an incorporated association owe certain statutory and common law fiduciary duties to their associations. They have duties to act honestly, in good faith and in the best interests of the incorporated association. If committee members fail to meet their duties, or are negligent, it is possible they might be held liable to pay compensation if loss results from their actions.
- Committee members must notify the committee if they face a conflict of interest in relation to a matter up for vote. Conflicts of interest involve things like a committee member or a committee member's family potentially privately profiting from a decision made by the committee. Conflicts are to be avoided wherever possible and, as a minimum, should always be declared.

3 Hold an Annual General Meeting (AGM)

Once you have incorporated you will be required, by law, to hold an AGM. You must hold this within a prescribed time (for example within five months, if you are in South Australia, of the end of each financial year).

An AGM can be a valuable event, as it gives your membership the opportunity to discuss the shape and direction your association should take, in an open forum.

Meetings should be run in an orderly manner. Minutes (meeting notes) also need to be taken.

A financial report (which will also be submitted to the relevant incorporation registration body) must be presented at the meeting. Your treasurer will commonly present this document to the meeting.

Committee members should be appointed at AGMs. They should regularly face re-election to ensure they still have the support of members.

AGMs are also a good time for votes to be held on core matters that need to involve your members (such as changing your constitution). If you do not make these decisions at your AGM you will have to have special meetings to decide on these issues – this can be costly and time consuming.

4 Engage in Annual Reporting

Once you have had your AGM you will need to supply your registration body with an annual report/statement (this must usually be done within one month of your AGM).

Matters you will need to cover in your annual report/ statement include:

- The income and expenditure of your association
- The assets and liabilities of your association
- Details of any trusts with which your association is involved

Your specific registration body will outline exactly which details you need to provide. Your public officer (if such an officer is required) must ensure that the relevant forms and information are sent off each year.

Please note, if your association has gross receipts totalling a large amount (for example over \$200,000 in Victoria) or has assets valued at a large amount (over \$500,000 in Victoria), then you must have your accounts officially audited, and present the resulting information to the relevant registration body.

5 Pay Your Prescribed Fees

Each year you will be required to pay a small fee to maintain your registration. This should be paid by your public officer on behalf of the association at the time of lodging your annual report/statement. You may also need to pay for public liability insurance depending on your circumstances.

Members

Your members are an incredibly important part of your association – they in effect ‘make your association’. They are the people from whom your committee is formed, the people who support your association and the people to whom your association is responsible.

A person may become a member of your association if they follow the membership process as outlined in your constitution – this means paying an annual fee (if there is one), satisfying any other criteria you set out, and being accepted by your management committee.

A register of members should be carefully maintained so that members can be notified when necessary - for example, when elections are called. Members are generally only liable to pay any outstanding membership fees, and are usually protected from any other general liability.

Meetings: General Information

Meetings can include your annual general meeting and your regular management committee meetings.

It is important that you ensure that all relevant persons know about meetings and their schedules, by sending out formal meeting notices and meeting agendas.

At meetings members will make decisions – often through the moving and accepting of motions (statements of action).

Motions are moved in the following way: one member proposes a motion and another member seconds that motion. Debate often then follows, with people speaking in favour, or against, a specific action. Motions may be formally amended. Motions are then either agreed to by a vote of the majority of those present or defeated if not agreed to. Once motions are accepted they become resolutions: that is agreed plans for action or statements of belief.

A motion may be something like:

“I move that the [name of the association] be formed, and that the [name of the association’s] statement of purpose be that circulated at this meeting.”
Moved (by person A) and Seconded (by person B)”.

It is good for chairpersons/presidents to become familiar with meeting rules, including the rules on moving motions.

Minutes should also be taken at meetings by the association’s secretary.

Please note: meetings generally require a quorum. That is, a certain number of members (as specified in your association's rules) must be in attendance before a meeting is constitutional, and decisions can be made.

Tips Chart 4: Running Management Committee Meetings Effectively

- 1** Give committee members plenty of notice (at least seven days) that a meeting is coming up.
- 2** The association's chairperson, often in conjunction with a staff member (if staff are employed), should prepare an agenda document, and distribute it through the secretary to all committee members with their meeting invitation. This will give committee members the opportunity to add matters to the agenda, and to prepare for the meeting. The minutes of the previous meeting should also be circulated at this time for committee members' consideration and comment.
- 3** Committee meetings should be held in a comfortable, quiet and private space.
- 4** The chairperson should take care to manage the meeting, ensuring all agenda items are discussed and that the meeting does not go overtime.
- 5** Minutes should be taken (by an appointed person – often your secretary) during the meeting. Minutes should include a list of participants at the meeting, and make reference to discussion had at the meeting - highlighting any 'action items' – that is, items that require a member of the committee to take some sort of practical action.

Running Elections

One of your responsibilities as an incorporated association is to hold regular and fair elections. Elections are incredibly important as they allow your membership to determine who they would like to make decisions about your association. Allowing your membership to elect their representatives ensures that your management committee is truly representative of your membership's views.

Here are some tips to help you ensure that your elections run smoothly:

- 1** It is important to put someone in charge of the election. This person **should not** be a candidate in your election or related to a candidate in your election. You can ask someone who is not a member of your association to fill this role. It is important that the person you select knows the rules of your election very well.
- 2** It is often easiest to run your election using a 'first-past-the-post' method. This means that the person with the most votes is the election winner.
- 3** You should create ballot papers (pieces of paper for the voter to fill in) that contain the names of the candidates running for office.
- 4** You should make sure there are clear instructions on the ballot papers to help your membership fill out their papers correctly (because if they do not, then their vote cannot be counted!)
- 5** If there is only one position available you should instruct members to tick a box next to the name of their preferred candidate. If there is more than one position available, for example there are three positions available on your committee; you can ask members to tick three boxes on their ballot paper next to the names of the three candidates they have selected.
- 6** When the votes are being counted there should be two or three people watching the election organiser count the votes (these people should not be candidates in the election or have relatives who are candidates in the election) to ensure that there can be no complaint that there was a mistake in counting the votes.

- *Victorian Electoral Commission, 2008*

Alternative Group Structures

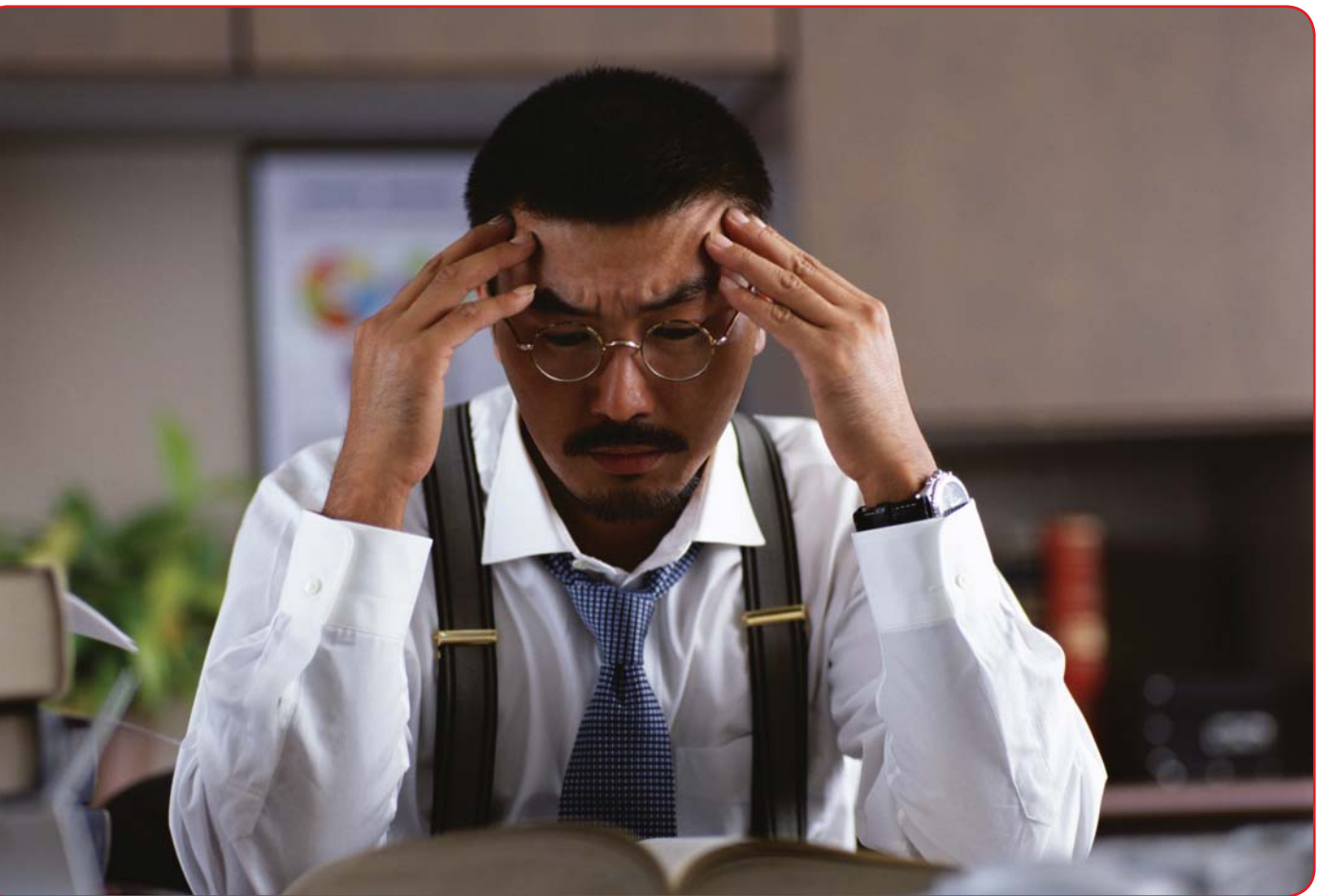
There are other ways of formalising your organisation if you do not feel like you want to become, or you are not eligible to become, an incorporated association. They are mentioned briefly here.

- You can become a **company limited by guarantee** under the federal Corporations Act 2001 (Commonwealth). This structure would be useful for not-for-profits who want to operate nationally. However, if you choose this method of incorporation you will be faced with more stringent reporting requirements, and generally with higher costs associated with incorporation. For more information please visit: <http://www.asic.gov.au/asic/asic.nsf>
- You can become a **corporation** (under the Corporations Act 2001 (Commonwealth)) – this will likely be your course of action if you are a ‘for-profit’ organisation.
- You can form a **co-operative** under relevant state legislation. Co-operatives are run according to co-operative principles (one member one vote) and so may not be appropriate for larger organisations.
- Certain Aboriginal and Torres Strait Islander groups will be eligible to form an **indigenous corporation**.

Another option is to continue operating as an unincorporated body.

More Information

If you can afford to, it would be wise for you to consult with a lawyer to ensure you are meeting all the incorporation requirements successfully. If you cannot afford a lawyer a good alternative may be visiting your local community legal centre, or calling the state/territory body responsible for incorporation in your state/territory, to get some free advice about the incorporation process and forms.



Chapter 4: Common Problems You Can Avoid

In this chapter we take you through a number of common problems that organisations face, not only when starting up, but also when they are long established.

1 Committee Conflict

Committee conflict is a serious problem that can derail an organisation. It arises when your committee – your ‘governing arm’ – is unable to act objectively, in the best interests of the organisation, because a committee member has a conflicting loyalty – such as to their own business, or a family member who works with the organisation.

The best way to avoid committee conflict is to implement policies aimed at avoiding conflict. For instance, you can have a policy that says that no person who is a close relative (parent, child, spouse etc...) of a paid staff member (if staff are employed) of the organisation can sit on the committee.

You should also make sure that all committee members get a careful induction, that is, introduction to the organisation and the way it works, when they first join the committee. It should be spelled out for them that they must not seek to serve their own interests and should declare conflicts of interests to the other committee members.

You should dismiss committee members who behave unethically if necessary (as per your rules of incorporation if you are an incorporated association).

2 General Conflict

Some conflict of opinion between your committee members, or your organisation's membership, is certainly to be expected, indeed in some ways it is beneficial for members to exchange opposing views so that the organisation can become stronger and more knowledgeable. However, if you allow 'healthy debate' to turn into 'angry altercations' you will run into a great deal of trouble.

To avoid problems you should have processes in place to encourage positive debate – for example, you can run forums for your members where they are encouraged to express opinions within a controlled environment. You should also have grievance procedures in place to ensure that if conflict does arise you will know how to deal with it. Grievance procedures can, for example, involve having a certain person available to talk with both parties, as such, making sure that all grievances are addressed in a timely manner and do not fester.

3 Disputes with Voluntary Staff

Some not-for-profit organisations are purely made up of volunteers, others, have a paid staff base, co-ordinating and running programs, and a volunteer base, carrying out much of the day-to-day service delivery. It is possible, if you have a volunteer base, that you will run into problems with your volunteers – they may be unhappy with the work they are doing, or want payment for some of their services rendered.

To avoid conflict in this area it is a good idea to appoint someone in your organisation as a 'volunteer co-ordinator'. In this role they can ensure that volunteers are placed in work areas they are well suited to and are happy to perform, and can give volunteers initial inductions to ensure they do not expect to be paid for things the organisation is simply not in a position to pay them for!

4 Inappropriate Lines of Authority

This may particularly be a problem if you have a staff/volunteer/committee structure.

Managing staff i.e. a Chief Executive Officer (CEO) or Director is responsible for handling day-to-day staff matters. Committee members should not be in a position to direct staff activities, as this is not their role, and if they are giving instructions things can become quite confusing for staff members. Problems can be avoided if roles are clearly defined in your constitution/rules, and policy and procedures manual (see Tips Chart 5).

Tips Chart 5: Governance Mechanisms to Avoid Conflict

- 1 Put together a **policy and procedures manual** which you distribute to all your committee members, staff and volunteers. This manual should have sections addressing issues such as the role of committee members, the role of staff, the way that meetings should be run, and processes for grievance resolution.
- 2 Put together a '**code of conduct**' document which you distribute to all your committee members, staff and volunteers. This document will ensure that they all know what is, and what is not, appropriate behaviour. For example, you might specify in your **code of conduct** that any form of emotional or physical bullying will not be tolerated within your organisation.



Financing Your Operations

“A not-for-profit organisation’s primary goal is not to increase shareholder value; rather it is to provide some socially desirable need on an ongoing basis”

- Blackbaud

Now you have established your organisation, and identified the objectives of your organisation, you are probably asking yourself where the money is going to come from! Your organisation may have no funds to speak of – this of course can prove to be a real problem if you want to, for example, produce a newsletter, run programs or offer services.

You are likely to find that your organisation cannot survive on volunteer goodwill alone – and you will probably need to become dependent on **grants, sponsorship** and **membership fees** to continue operating.

Grants

Grants are an excellent source of income. They can be attained from all three levels of government (federal, state and local) and/or philanthropic organisations.

Seeking out grants, and figuring out which ones are best suited to your needs, can be pretty hard work. However, you *do* need to spend the time figuring out which grants are right for you. There is no point spending hours putting together a grant application for a grant you will not qualify for, and you do not want to mislead any funding body as to your intentions or you will run into major problems down the track.

Where to Seek Out Grants

It is a good idea to get in touch with relevant government departments to see if they offer any funding programs. For example you might approach the Department of Immigration and Citizenship or the Department of Families, Housing, Community services and Indigenous Affairs, if your organisation relates to new and emerging community groups in Australia.

You might also like to visit the website:

<http://www.aph.gov.au/library/intguide/SP/spgrants.htm>

– which provides information about selected sources of commonwealth, state and territory financial assistance for community groups.

Another good source of funding is philanthropic trust programs – which are set up to support specific initiatives. Two such examples are:

- 1 The Sidney Myer Fund and Myer Foundation –**
<http://www.myerfoundation.org.au/>
- 2 The Ian Potter Foundation –**
<http://www.ianpotter.org.au/>

Another excellent website to check out regarding funding sources is:

<http://www.ourcommunity.com.au>.

Applying for Grants

Filling out a grant's form can be both overwhelming and time consuming. Not only will you have to carefully describe your proposed project but you are likely to also have to develop a proposed budget for using the funds, and convey your organisation's financial details. You will need to ensure your answers relate to the terms of the grant.

To help you think about some of the questions you may encounter in a grant application form please see Appendix 3: Model Grant Questions.

Remember: Many funding bodies will not consider you eligible for a grant unless you have incorporated!

You should also note that you are more likely to get funding if you can demonstrate that your organisation has been successful in running programs in the past. This may certainly be hard for community groups just starting out. But remember, sell your strengths. If you have never worked with grant money before highlight instead your organisational strength, and discuss programs and projects previously run by your volunteers.

Using Grant Money

If you are successful in attaining a grant you must make sure that you use the money entrusted to you in the manner you were granted it for – that is the way you and the funding body have agreed the money should be spent. If you do not use your funds in this way, you risk having your funding cut off or having to pay money back (read the funding agreement you sign with the grant body very carefully to ensure that you are well aware of all your legal obligations).

If your circumstances change and your objectives alter you must discuss this with the funding body, and see if they are happy to continue funding you under new terms.

You should also remember that, particularly if the grant is large, you may receive the money in instalments, subject to the successful completion of parts of your grant project.

Finally, work hard to manage your grant well - if you are careless with the grant money you are unlikely be considered for any future funding from the same body. Conversely if you manage your grant well you are likely to earn a reputation of being responsible with money and be well placed to receive funds in the future!

Reporting on Your Grant

Once you have attained a grant be prepared to encounter a great deal of paperwork – that is accountability reports. While each grant program is different, usually at least once a year (if not many more times a year) you will have to carefully account for how you have used your grant money.

While filling out accountability reports may seem a hefty task to undertake, you must realise that paperwork is an intrinsic part of the grants process – after all if funders don't know where their money is going they are unlikely to distribute it at all!

Reporting on your grant may also be beneficial to you, as it will give you a good chance to evaluate and review your work over the funding period. Reporting will allow you take a step back from day-to-day operations and help you see how far you have come, what initiatives you have implemented that have been successful, and how much more work still needs to be done to achieve your aims.

Other Sources of Income

Formal grant programs are not the only way your organisation can acquire funds. Other roads to consider include:

- Seeking out **Corporate Funding/Support** - that is support obtained from businesses that would like to see your organisation succeed. Try to approach these businesses – some large businesses even have a specific staff member, such as a public relations manager, who can handle your request – and seek out sponsorship in the form of funding or discounts for their services. In return for business' kind support you should offer to do things like promote the business to your members and/or acknowledge them publicly as supporters of your organisation. Remember, businesses often like to be acknowledged as supporters of not-for-profit organisations as this improves their public profile!
- **Membership Fees** - Members often have to pay a membership fee to be part of an organisation. If you are incorporated you will specify what this fee is in your constitution, or you will simply say in your constitution that the fee will be determined by the committee (this meaning that you don't have to pass a special resolution every time you want to change the fee).
- **Service Clubs** – that is clubs such as Rotary, Apex and Lions. These may also offer great support for your organisation, as they often raise money

to support community groups. Contact service clubs in your area and offer to do a presentation about your community organisation to encourage their support.

And remember: Be wary that if you accept external funding, the external funding body may place constraints on your operations, constraints which may be contrary to your organisation's values. You must always carefully consider the strings that come attached to any funding you may accept before accepting.

Note: You may be eligible for deductible gift recipient status and/or various tax deductions if you operate as a registered charity. Organisations must generally provide charitable services to gain tax and/or deductible gift recipient status benefits. Providing advocacy alone will generally not entitle you to these benefits.

For more information please visit:

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/13267.htm>

(charity deductions) and

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/56539.htm>

(deductible gift recipients).

Tips Chart 6: Putting Together Accountability Reports

- 1 Keep a clear and accurate paper trail of all your dealings – so you are well placed to fill out your accountability reports.
 - 2 Keep your accountability reports brief and to the point, unless otherwise specified.
 - 3 Highlight your organisation's key achievements over the year, making reference to your grant guidelines, and offering case studies if relevant.
 - 4 Attach photo or qualitative (for example quotes from your program participants) evidence of your activities. This gives your report 'life and colour'.
- Robinson, A, 2004*
- 5 Make sure you can account for all money issued. If there is a surplus of funds investigate whether you are allowed to keep that surplus or if you must return it to the funder.

Financial Management

Now you have acquired necessary funds – you need to make them stretch as far as possible! You can do this by thinking about how best to manage your finances before you start spending.

You should have a bank account set up for your organisation and you should organise for appropriate and up to date signatories on that account. It is important for you to figure out who will be ‘managing the money’, as this will be important to the bank you use, and also to the ongoing financial viability of your organisation.

It is also important that you appoint someone to keep detailed accounts of how money is spent. You will need these accounts to give to your funding bodies, and for your own organisational records. It is standard practice for the treasurer of an incorporated organisation to present financial records at committee meetings.

If your organisation is small, and doesn’t have the capacity to hire a qualified bookkeeper/financial advisor there are still ways you can maintain your financial integrity. For example, you can get a large organisation that is incorporated, and has an accounting system that is audited annually, to auspice the group. This means another group will be given the money by your funding body, for your benefit, and will monitor your finances. However, your group will still have control over how the money is spent. Such an auspicing organisation would likely charge a small fee.

Budgeting

Budgeting is one of the most important things you can do to ensure your organisation uses its money effectively and does not end up in debt. And, as not-for-profit organisations generally lack the financial flexibility that commercial enterprises may have, budgeting is that much more important.

And just what is a budget?

A budget is a document that outlines where your money will go – how much you will spend on areas like wages, stationery and program development.

“In its most complete form, a budget is a compilation of the plans and objectives of management that covers all phases of operations for a specific period of time”

- Blackbaud

While many for-profit organisations have the luxury of creating long term (two or more year) budgets, not-for-profit organisations often don't have that luxury as they may only have funding for a specific period (i.e. six months).

If there is a surplus (that is money left over) at the end the funding period that money may have to be returned to the funding body. This means that not-for-profits have to budget that much more carefully – they have to make sure they account for their money over shorter periods and ensure they use up all relevant funds in the right amount of time (Blackbaud).

Tips Chart 7: Organisational Budget Model

Annual Income

Grants

Membership Fees

Sponsorship

Other Income

Total Annual Income:

Annual Expenditure

Accounting

Auditing

Cleaning

Computers and Internet

Events

Insurance

Motor Vehicle

Printing and Postage

Rent

Stationery

Telephone

Utilities

Wages and Salaries

Total Annual Expenditure:

**Net Surplus/Deficit (equals
total annual income less
total annual expenditure)**

Chapter 6: Organisational Considerations

Human Resources

If your organisation employs staff, there are a number of legal obligations you must meet.

You need to:

- 1 Make sure you are complying with National Employment Standards. More information can be found at: <http://www.fairwork.gov.au/Pages/default.aspx>
- 2 Pay your staff superannuation.
- 3 Pay your workers' compensation insurance (in case you employee is injured).
- 4 Provide a safe working environment. You must abide by the occupational health and safety laws in your state/territory. **Note:** you will have occupational health and safety requirements even if you have no paid staff and only volunteers.

More information can be found at:

Australian Capital Territory

<http://www.workcover.act.gov.au>

New South Wales

<http://www.workcover.nsw.gov.au>

Northern Territory

<http://www.worksafe.nt.gov.au>

Queensland

<http://www.workcoverqld.com.au>

South Australia

<http://www.workcover.com>

Tasmania

<http://www.workcovertas.gov.au>

Victoria

<http://www.workcover.vic.gov.au>

Western Australia

<http://www.workcover.wa.gov.au>

Tips Chart 8: Hiring Staff

When you hire staff you should look for people that:

- 1 Share the goals and aspirations of your organisation
- 2 Are honest and hard working
- 3 Have a strong work ethic
- 4 Have all the skills you are looking for (or can be easily trained)

Note: it is good for two people to interview a potential employee, as it is more likely the potential employee will be a good fit for the organisation if both people agree. Having two interviewers will also help prevent favouritism from occurring.



Staying True

This toolkit has given you a lot of information about what you should, and should not, do in order to keep your organisation strong and moving forward. But perhaps the most important thing you need to do to be successful is to maintain your passion – to remember why your organisation exists in the first place, and to foster excitement about your organisation amongst your members, staff and volunteers. Remember to ask for help if you need it, to celebrate your successes, to recognise your achievements, and above all else to fight for what you believe in!

Further Information

- **Community Legal Centres** can be a good source of information and free advice for community groups. To find out where your nearest community legal centre is located please visit the National Association of Community Legal Centres:
<http://www.naclc.org.au/directory/>
- **State and Territory Departments** involved with Incorporated Associations

Australian Capital Territory

Office of Business and Industry Licensing:

<http://www.ors.act.gov.au/BIL/index.html>

New South Wales

Department of Fair Trading: <http://www.dft.nsw.gov.au>

Northern Territory

Department of Justice:

http://www.nt.gov.au/justice/licenreg/baal/club_assoc.shtml

Queensland

Office of Fair Trading: <http://www.fairtrading.qld.gov.au>

South Australia

The Office of Consumer and Business Affairs: <http://www.ocba.sa.gov.au>

Tasmania

Consumer Affairs and Fair Trading - Business Affairs Branch:

<http://www.justice.tas.gov.au>

Victoria

Consumer Affairs Victoria: <http://www.consumer.vic.gov.au>

Western Australia

Department of Commerce:

<http://www.commerce.wa.gov.au/ConsumerProtection/Content/Business/Associations/>

Glossary of Terms

Advocacy:

Promoting and/or supporting a cause.

Association:

In this guide a term used to refer to an organisation which has formally incorporated as an incorporated association.

Community Legal Centre:

Independent community organisation that provides free legal services to the public.

Constitution (or Rules):

A document that prescribes the nature, functions, and limits of an institution. The constitution of an incorporated association is generally set at the time of incorporation, either by adopting the model rules, or by writing a unique set of rules which comply with the requirements of the relevant legislation.

Incorporation:

The legal process of turning a group or organisation into a separate legal entity.

Liability:

Legal responsibility.

Minutes:

The official record of the proceedings of a meeting.

Registrar:

A person who keeps official records.

Resolution:

A written motion agreed to by a vote.

Special Resolution:

A resolution relating to an important change (as specified in an association's rules) that can only be passed if a special majority (usually 75% of all people voting) vote for that important change to go ahead.

Appendix 1: Relevant State and Territory Associations Incorporation Acts and Regulations.

Please visit <http://www.austlii.com.au> to view.

AUSTRALIAN CAPITAL TERRITORY

- Associations Incorporation Act 1991
- Associations Incorporation Regulation 1991

NEW SOUTH WALES

- Associations Incorporation Act 2009
- Associations Incorporation Regulation 1999

NORTHERN TERRITORY

- Associations Act
- Associations Regulations
- Associations (Model Constitution) Regulations

QUEENSLAND

- Associations Incorporation Act 1981
- Associations Incorporation Regulation 1999

SOUTH AUSTRALIA

- Associations Incorporation Act 1985
- Associations Incorporation Regulations 2008

TASMANIA

- Associations Incorporation Act 1964
- Associations Incorporation Regulations 2007
- Associations Incorporation (Model Rules) Regulations 2007

VICTORIA

- Associations Incorporation Act 1981
- Associations Incorporation Regulations 2009

WESTERN AUSTRALIA

- Associations Incorporation Act 1987
- Associations Incorporation Regulations 1988

Appendix 2: Incorporated Associations Exercise

Task - Please answer the following questions:

- 1 Can you become an Incorporated Association if your organisation's purpose is to make a profit for your members?
- 2 What are two benefits of incorporating?
- 3 What are some of your responsibilities once you incorporate?
- 4 If you are incorporated you must have a committee of _____ .
The committee of _____ helps your association run in a _____ , _____ , and _____ manner.
- 5 How does someone become a member of an association?

Answers:

- 1 No, incorporated associations operate on a not-for-profit basis.
- 2 Answers include: limited liability for members, ability to apply for a wide selection of funding, the implementation of good governance practices and perpetual succession.
- 3 Answers include: Appointing a public officer, annual financial reporting, holding an annual general meeting and paying your annual fees.
- 4 Management. Management. Financially workable, legal and ethical.
- 5 By following the process as outlined in your constitution – this means paying an annual fee (as outlined), satisfying any other criteria you set out, and being accepted by your management committee.

Appendix 3: Grants Practice Questions

While each grant application you fill out on behalf of your organisation will be different, referring to specific criteria relevant to that particular grant, there are some common questions that are likely to arise.

Task - Try to answer the following common grant application questions:

- 1 What are your organisation's aims?
- 2 What are some of your organisation's major achievements?
- 3 What are the current activities of your organisation?
- 4 Which communities will benefit from your use of the grant money?

*(Source: Victorian Multicultural Commission
– Community Grants Program Form)*

Appendix 4: Case Study: Bringing it all Together

** This case study is, of course, not the path that all new organisations take – but it does serve as a good example of how the information in this guide comes together.*

Abraham, Mary and Ahmed are members of the Y community, a new and emerging community in Australia. They are based in New South Wales.

They have noticed, over the past few years, that members of their community have difficulty accessing government services, in particular housing and employment services, because of language barriers and lack of appropriate transport. They have also noticed that their community members (numbering about 5,000 people in New South Wales) are subject to occasional racial slurs and racial violence in the streets because they dress differently from the majority of their neighbours.

Abraham, Mary and Ahmed begin speaking one day, over a friendly dinner, and they realise that they have all attempted, rather unsuccessfully, to raise their concerns with local government. They decide (quite rightly!) that there is strength in numbers, and that their concerns are more likely to be taken seriously if they work together. By dessert, they have decided to work towards forming a group that can advocate on behalf of the Y community, and run programs to assist newly arrived members of the community better settle in Australia.

To encourage interest in the group, Abraham, Mary and Ahmed begin discussing their ideas with members of their community. They soon notice that a number of their community members share their concerns and are excited to join their group. Abraham even approaches the local community centre, books a room, and organises a public forum for all persons interested in the aims of the group to attend. At the public forum the following objectives of the new group are clearly identified:

- To advocate on behalf of the Y community to all three levels of government, particularly in relation to the areas of homelessness and unemployment.
- The establishment of programs to assist new arrivals from the Y community to easily start their lives in Australia.

By the end of the public forum the Y community group has 40 persons registered as interested (they signed the registration forms that Abraham supplied), with five of those persons expressing interest in sitting on the new group's 'management committee'.

This new management committee begins to meet once a month and formulate submissions which they send to government to advocate for their cause. The other 35 people who have expressed interest in the organisation, and now form the group's 'membership base', are encouraged to express opinions about the submissions' content. The management committee also starts to put in place programs to assist new arrivals from the Y community to find appropriate housing in New South Wales.

Abraham, Mary and Ahmed soon find that their organisation is going from strength to strength. More and more people are signing up as members of the Y community group, and they are expressing the desire to get more deeply involved – there are opinions flying everywhere! Some of the organisation's members are also pushing to sit on the management committee (which is getting bigger and bigger and harder to manage!). Many people are volunteering to assist with the group's programs – but there is no person available to co-ordinate them all – making it very difficult to put these volunteers to good use! The organisation is also finding that it does not have sufficient funds to run all the programs it desires, as until now it has been running purely on goodwill and donations.

Mary realises that it is time to incorporate as an incorporated association in NSW under the Associations Incorporation Act 2009 – as doing this will not only help the group develop a more sound management structure, but will also allow the group to apply for much needed funding and will have the added bonus of protecting members of the organisation from legal liability arising out of the organisation.

Mary proposes incorporating to the management committee, who readily agree to this course of action, as it is relatively inexpensive and quite easy to do.

Mary then sets the incorporation wheels in motion.

Mary first asks herself: Is this organisation eligible to incorporate under the Associations Incorporation Act 2009 *NSW* (step 1) and notes that the organisation is eligible as it is a not-for-profit organisation – an organisation that does not exist for the purpose of making a financial profit for its members. The Y organisation, she notes, exists for the primary purpose of improving the position of the Y community, and all money attained will be used to advance the organisation.

Mary then notes that, in accordance with section 6 of the Act the organisation has more than five members, the minimum necessary for incorporating (step 2).

Mary then sits down with the management committee and they think of a name for the new organisation. They select 'Y Community in New South Wales Inc'. A check of the NSW register and the ASIC register of names reveals that name has not been taken by any other organisation (step 3) and so they proceed to reserve the name with NSW Fair Trading.

The management committee then formulate a draft 'statement of purposes and objectives' for the organisation, outlining what the organisation seeks to do:

Their draft is as follows:

Y Community in New South Wales Inc

Purpose Statement:

To support the Y community in New South Wales, through programs aimed at helping the Y community secure employment and housing in Australia. To advocate to prevent any form of discrimination against the Y community and improve their access to services.

Objectives:

- To **orient new arrivals** from the Y community to Australian society.
- To **provide training and assistance** to members of the Y community in New South Wales.
- To **assist members** of the Y community to access English language training services.
- To **make government aware** of the hardships faced by the Y community.
- To **make it clear, through advocacy work**, that no form of racial discrimination is welcome in Australia.

After careful consideration, the committee also decides they would like to adopt the NSW model constitution (as outlined in the regulations) as their constitution (step 4).

The committee then decides that Ahmed will be the organisation's public officer, as he is over 18 and resident in New South Wales (step 5).

Mary then notifies all the organisation's members (the people on the membership register) that a meeting will be held in a few weeks' time, during which the matters of incorporation will be decided upon.

The meeting goes ahead smoothly, with most members in attendance. Motions are passed to approve the decision to incorporate, approve the new organisation's name, approve the draft statement of purpose and objectives and adopt the model constitution.

Ahmed, as public officer, then ensures that all appropriate application paperwork is filled out, and that the paperwork is delivered to the appropriate person at the local fair trading centre with the appropriate fees.

Soon, the organisation's application to incorporate is approved! A certificate of incorporation arrives and the Y Community in New South Wales Inc is now officially incorporated!

Elections are soon held and a new management committee is established, with a president, vice president secretary, treasurer and three general members voted into office by the association's members.

Now that its incorporation is approved the association is able to apply for a community strengthening funding grant from the local government.

The Y Community in New South Wales Inc is thrilled to be successful in its application, and receives a significant amount of funding. Since its incorporation the group is also taking care to charge its members a small membership fee, as set out in the constitution, and ensure these fees are paid. The association uses its new found funds to lease a small office in the group's name, hire a part time volunteer co-ordinator, and a part time group administrator.

Over the coming months the management committee begins to take a step back from being involved in the day-to-day running of the association (leaving that to the new staff members and volunteers) and begins to act more in the role of a governing body – offering strategic advice and direction for the association. They soon approve a policy and procedure manual and a code of conduct guide which are passed on to staff and volunteers. The management committee also ensures that there are policies in place to ensure that all staff are able to work in a safe environment and are paid in accordance with the law.

Happily the new association goes from strength to strength, the management committee hiring more staff members, and the organisation running effective programs and becoming a highly regarded lobby group for the interests of the Y community.

Abraham, Mary and Ahmed look at their organisation with wonder – they are so proud of what the organisation has achieved and can't believe how much it has grown since they formulated a simple idea over dessert!

Sources

- Australian Stock Exchange (ASX), 2007, **Corporate Governance Principles and Recommendations**
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- PilchConnect: (1) 'Fact Sheet': **What Does 'Not-for-Profit' Mean?** -
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- PilchConnect: (2) 'Fact Sheet': **What is 'Incorporation' and Does Our Group Need to Incorporate?** -
[http://www.pilch.org.au/Assets/Files/IncorporationDecisionFINAL\[1\].pdf](http://www.pilch.org.au/Assets/Files/IncorporationDecisionFINAL[1].pdf)
- PilchConnect: (3) 'Fact Sheet': **Which Incorporated Legal Structure Should We Choose?** –
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- **Relevant Websites / Legislation** as outlined on pages 56 and 58

end





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