

IPAA ACT CONSTITUTION | MEMBER CONSULTATION

Overview

The Council of IPAA ACT is seeking feedback from members about a proposal for a revised constitution. If there is broad support for the proposal, a new constitution will be put to a formal vote at the next Annual General Meeting (AGM) on 18th October 2018.

Summary of proposed changes

IPAA ACT has matured significantly as a not for profit entity over the past 10 years. The current constitution no longer reflects modern governance practice for not for profit entities with growing businesses and associated accountability structures. Corporations law in Australia expects far more of the governance structures of all business entities. Constitutions need to reflect that fact.

The proposal includes three significant changes to modernise the constitution, reflect the current position of IPAA ACT, and to prepare it for the future:

1. Structure

IPAA ACT would become a company limited by guarantee rather than being an incorporated association. This is a more contemporary structure reflecting the significant organisation IPAA ACT has become.

2. Board and Council

IPAA ACT would have a formal Board to be elected by Council. The Council would be elected by members every two years as at present.

3. Voting

Corporate members would have up to five votes and individual members a single vote. This change would better reflect the differing financial contributions of different member types.

Background

At the AGM on 19th September 2017, it was proposed that IPAA ACT would review its constitution and structure. A Constitution Sub-committee of the Corporate Governance Committee was formed to progress this issue and arrange for a new IPAA ACT constitution to be drafted. Membership of the sub- committee is:

- Jonathan Hutson (Chair)
- Barry Mewett (Treasurer)

- Vivienne Thom (Councillor)
- Frances Roden (Committee member)

Drew Baker, CEO of IPAA ACT, worked with and assisted the sub-committee as the constitution was drafted.

The work was greatly assisted by the generous contribution of Michael Brennan and the team from MinterEllison, an IPAA ACT corporate partner and long-term supporter.

The sub-committee aims to place IPAA ACT on a sound governance footing for the future with a contemporary fit-for-purpose constitution.

Proposal to become a company limited by guarantee

IPAA ACT is currently an incorporated association under ACT law. Associations are typically small groups such as sporting organisations or school groups. With over \$2 million in cash holdings and an annual turnover of \$1.8 million (in 2017-18), IPAA ACT has now outgrown that space.

As a professional organisation, IPAA ACT has substantial staff and other obligations. An association is no longer considered appropriate for such an organisation.

The draft revised constitution proposes that IPAA ACT should be a company limited by guarantee under Commonwealth law. This is a more modern structure better suited to organisations of the stature of IPAA (IPAA NSW is moving to a similar structure and other divisions in other states and territories are considering a similar change).

As an association, Council members are presently personally liable in full for any unpaid debts of IPAA ACT. This has the potential to limit the commitment of Council members and requires the organisation to have an extremely risk-averse financial stance.

Acting in a voluntary capacity should not expose Council members to substantial personal financial risk. Following the change, Board members' liability will be subject to the limit of their personal guarantees (subject to the Corporations Law). These guarantees will be capped at \$1.00 each.

Proposed arrangements for the Board

The Council of twenty members who would be appointed by the members of IPAA – in line with current arrangements. Additional Council members could be co-opted as required.

Under the proposed draft constitution, IPAA ACT would be formally managed by a new board of six directors, who would be appointed by Council.

The Board would consist of the Chair, two deputy chairs, and at least three other directors. There would be provision to expand the size of the Board if the Board considered fit. Additional directors would also be appointed by Council.

This change would formalise the current practice whereby IPAA ACT is managed by office bearers. Currently most of the office bearers are nominated from within Council. It will not

change the convention that the President will be a senior public servant – a Secretary or major agency head.

While the Board is necessarily limited in size, this proposed structure continues to provide for a formal role of a larger Council.

Proposed voting changes

At present each member of IPAA ACT has one vote in elections of Council members and at AGMs. The proposal is that votes be apportioned between members to better reflect the different contributions of corporate and individual members.

Corporate members would have a voting power more commensurate with their financial contribution to IPAA ACT.

The voting would be distributed as follows:

- Large corporate members – 5 votes (currently 1 vote)
- Medium corporate members – 3 votes (currently 1 vote)
- Small corporate members – 2 votes (currently 1 vote)

To avoid any issues regarding control, Commonwealth corporate members will be restricted to never having more than a total of 49 per cent of the voting rights. This would ensure IPAA ACT would not be a Commonwealth entity for the purposes of the PGPA Act 2013.

At present, individual members have approximately 70% of the voting power but contribute just 4% of the membership revenue of IPAA ACT. Should the proposal be implemented, the voting rights of individual members will reduce relative to corporate members.

IPAA ACT has worked well in recent times. Why change now?

In the last few years, IPAA ACT has grown considerably both financially and in professionalism. It has become a significant player in the advancement of public administration bringing together public, private and academic sectors. It is appropriate that any well governed organisation review its structures from time to time. IPAA ACT must adapt to its improved circumstances including updating its governance arrangements

The current association structure is suited to smaller organisations such as sporting or school groups. More significant professional not for profit organisations use the more professional structure of a company limited by guarantee. This ensures proper governance.

These changes are designed to maintain current operations while placing the organisation on a more solid long-term governance footing.

The changes to voting reflect the changes in the nature of the organisation as it has developed and recognises the significant contribution of corporate members.

Won't this proposal give corporate members too much influence?

Individual members will still have a significant proportion of votes (over one-third of all votes) and it is expected that they will continue to be well-represented on Council.

IPAA ACT's strength relies on the providing an opportunity for public and private sector corporate and individual members to mix, collaborate and promote good public administration.

IPAA ACT will continue to greatly value the contributions of members, both corporate and individual from each sector.

How can I find out more and be part of the conversation?

There are three ways you can participate in this consultation:

- Complete the short survey expressing your views. You can complete the survey by clicking on this link <https://www.surveymonkey.com/r/OK2ZKB6> noting it will only take 3-5 minutes to complete. Please complete the survey before 7 September.
- You can email any questions or comments to Drew Baker at IPAA ACT at drew.baker@act.ipaa.org.au or call him on 02 6154 9800.
- You can also discuss the proposal with a member of the constitution sub-committee. Please email drew.baker@act.ipaa.org.au if you would like to arrange this

How would the changes be implemented?

If the consultation process shows that the proposal is broadly supported, a final draft constitution will be considered by a special Council meeting in late September. If approved, a proposed new constitution will be sent to members in late September – at least 21 days before the AGM on 18 October 2018.

At the AGM, the proposal will be considered and voted upon. For the vote to be successful at least 25 members must be present and 66% must vote in favour.

The broad timeframe is:

Council approved consultation draft:	16 August
Release for consultation:	27 August
Consultation submissions close:	10 September
Assessment of consultation concludes:	14 September
Release proposed new constitution:	25 September
Vote at AGM:	18 October
Implementation	early to mid-2019

What happens if the proposal does not have broad support?

If the consultation phase indicates that this proposal does not have broad support, then it will not be placed before the AGM. Council will then consider the response to the consultation and the way forward.