

**MANAGING
A COMMUNITY ORGANISATION
IN AUSTRALIA**

*A handbook for Managers, Coordinators
and Management Committee Members*

Leslie Gevers

Leslie Gevers Community Management Services

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and Management Committee Members
4th Edition*

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Managing a Community Organisation in Australia – 4th Edition

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Preface

This handbook has been produced in response to a need expressed by community organisations for clear and relevant information to assist them in managing their services on a day-to-day basis.

We have adopted a hands on approach to organisation management and hence provided information on a range of issues relevant to managers, coordinators and management committee members of community organisations.

The information provided in this handbook has been developed over many years and is based on direct work with non-government organisations.

This handbook will be regularly updated to reflect changes in legislation, new approaches in management and to cover areas identified by service deliverers.

If any users of this handbook wish to discuss its content or have suggestions for future editions please contact us as we are keen to make sure we are meeting the needs of community organisations.

Please note that throughout this handbook we often refer to managers and coordinators of community organisations. While the titles may reflect a difference in approach or organisation culture we believe that both roles are similar in terms of the strong emphasis on management.

Finally, many thanks to Shirley Tuffley and Sue Eslick for their contribution to the production of this handbook.

Leslie Gevers
April 2003

**Other publications available from
Leslie Gevers Community Management Services are:**

‘Example Policy and Practice Manual’

‘Keeping Books for a Small Community Organisation’

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TABLE OF CONTENTS

1. INCORPORATION	1.1
Types of Community Organisations	1.1
Large Formal Organisations	1.1
<i>Don't Blame the Structure</i>	1.2
Co-operatives and Collectives	1.2
Community Based Organisations	1.4
<i>Why Incorporate?</i>	1.4
Incorporation	1.6
The Benefits of Incorporation	1.6
Legal Requirements of Incorporated Groups	1.7
<i>For Your Information: Associations Incorporation Acts and Administering</i>	
<i>Department</i>	1.8
<i>Public Officer</i>	1.9
<i>Incorporating a National Organisation</i>	1.10
The Constitution	1.10
Changing the Constitution	1.11
The Process for Changing the Constitution	1.11
<i>Special Resolution</i>	1.12
<i>Example Notice of a Special General Meeting to Consider Changes to the</i>	
<i>Constitution</i>	1.13
<i>Checklist: What Should a Constitution Cover?</i>	1.14
<i>Understanding Some Key Terms Found in Constitutions</i>	1.15
Incorporation Under the Aboriginal Councils and Associations Act 1976	1.16
How Are Groups Incorporated?	1.16
<i>Information on Aboriginal Councils and Associations Act 1976</i>	1.16
Requirements of the Aboriginal Councils and Associations Act	1.17
Changing the Constitution Under the Aboriginal Councils and Associations Act	1.18
Role of the Registrar of Aboriginal Corporations	1.19
<i>Public Documents</i>	1.20
<i>Who Can be a Member of Your Group?</i>	1.21
Setting Up a Community Organisation	1.21
After Incorporation	1.23
 ATTACHMENTS	
1. <i>Requirements Under the Associations Incorporation Act for each State</i>	
<i>and Territory</i>	1.27
 2. THE MANAGEMENT COMMITTEE	2.1
<i>What's In a Name?</i>	2.1
Role and Responsibilities of the Management Committee	2.1
Legal Responsibilities	2.2
Policy and Planning	2.2
Financial	2.2
Staff Management	2.3
Other Committee Responsibilities	2.3
<i>What the Committee Doesn't Do</i>	2.3
Roles for Management Committee Members	2.4
Job of the Chairperson or President	2.4
<i>Chairperson or President Voting</i>	2.4
Job of the Secretary	2.5
<i>Example Register of Members</i>	2.5
<i>Example Register of Management Committee Members</i>	2.6
Job of the Treasurer	2.6
Job of the Other Committee Members	2.7
<i>The Job of the Public Officer</i>	2.7
Developing Your Management Committee	2.7
Assessing Your Management Committee	2.9
<i>Example Management Committee Self-Assessment Checklist</i>	2.10

TABLE OF CONTENTS

Sub-Committees	2.11
<i>A Management Committee Information Kit</i>	2.12
<i>To improve the effectiveness of your committee consider</i>	2.13
Sponsor Organisations	2.14
<i>Transferring Sponsorship and Employee Entitlements</i>	2.14
Advisory Committees	2.15
Management Committee and Manager/Coordinator Roles	2.15
The Role of the Management Committee	2.16
<i>Finding the Balance</i>	2.16
The Role of the Manager or Coordinator	2.16
<i>Management Committee and Manager/Coordinator Roles</i>	2.18
<i>Should Staff be Voting Members of the Management Committee?</i>	2.19
Code of Behaviour for Management Committee Members	2.19
<i>Example Code of Behaviour for Management Committee Members</i>	2.20
The Membership	2.20
Importance of a Broad Membership	2.21
Developing a Membership	2.21
<i>Notes on Membership</i>	2.22
 ATTACHMENTS	
1. <i>Example Terms of Reference for a HACC Service Advisory Committee</i>	2.25
3. UNDERSTANDING GOVERNMENT FUNDING	3.1
Why Government Funds Community Organisations	3.1
Who is Eligible for Government Funding?	3.1
A Problem With Government Funding	3.2
Questions To Ask About Government Funding	3.3
<i>Checklist: Common Questions About Government Funding</i>	3.4
Accountability	3.5
What is Accountability?	3.5
Common Accountability Requirements	3.5
Applying for Government Funding	3.9
Tendering Process	3.9
<i>Contracting Out</i>	3.10
<i>Funder/Purchaser/Provider Model</i>	3.10
<i>Selective Tendering</i>	3.11
Submission Based Funding	3.12
Tips for Tendering and Submission Writing	3.12
Some Examples of Government Funding Programs	3.17
Aboriginal and Torres Strait Islander Commission (ATSIC) Economic and Social Programs	3.17
Children’s Services	3.18
Disability Services Program	3.18
Home and Community Care (HACC) Program	3.18
Supported Accommodation Assistance Program (SAAP)	3.18
Residential Care Programs for Aged People	3.19
4. TAXATION FOR COMMUNITY ORGANISATIONS	4.1
The Goods and Services Tax (GST)	4.1
<i>An Example</i>	4.4
Impact of the GST on Non-Profit Organisations	4.5
<i>Grants Are Revenue Neutral</i>	4.6
<i>GST-free Charity Services</i>	4.7
GST Flexibility for Non-Profit Organisations	4.8
<i>Example Non-Profit Sub-Entity</i>	4.8

Keeping Records for the GST	4.8
<i>How Do You Work Out GST On Taxable Supplies?</i>	4.9
<i>Tax Invoices</i>	4.10
<i>Example of a Tax Invoice</i>	4.11
GST Returns	4.11
<i>Who to Contact: For More Information on the GST</i>	4.12
Income Tax Exemption for Organisations.....	4.13
Income Tax Exempt Club/Society/Association.....	4.13
Income Tax Exempt Charity	4.13
<i>Advantages of Being an Income Tax Exempt Charity</i>	4.14
Deductible Gift Recipient (DGR)	4.17
Public Benevolent Institutions	4.18
<i>Example Object for Public Benevolent Institutions</i>	4.18
State and Local Government Taxation	4.20
Fundraising	4.21
<i>Checklist: For Taxation Issues</i>	4.22
5. INSURANCE	5.1
Public Liability Insurance	5.1
<i>Public Liability, Professional Indemnity and Volunteer Insurance</i>	5.1
Motor Vehicle Insurance.....	5.2
Professional Indemnity Insurance.....	5.2
<i>Example Letter to Confirm Volunteers are Covered for the Use of Their</i> <i>Motor Vehicles in Community Work</i>	5.3
Professional Indemnity Insurance for Management Committee Members.....	5.3
Property	5.4
Fire.....	5.4
Theft and Burglary	5.4
Insurance Cover for Volunteers.....	5.5
Student Cover.....	5.5
Other Insurance Covers.....	5.5
<i>Checklist: For Insurance Cover</i>	5.6
Insurance Register.....	5.6
<i>An Example of an Insurance Register</i>	5.7
6. INFORMATION FOR EMPLOYERS	6.1
Taxation Requirements	6.1
Activity Statements	6.2
Business Activity Statement	6.2
Instalment Activity Statement.....	6.2
PAYG Withholding	6.2
Tax File Number Declaration	6.3
Withholding Declaration	6.4
<i>Who To Contact: PAYG Tax</i>	6.4
Paying Contractors and Consultants.....	6.4
Honorariums and Sitting Fees.....	6.7
Allowances and Payments	6.7
Exceptions	6.8
<i>Zone Rebate</i>	6.9
Fringe Benefits Tax (FBT).....	6.9
<i>Example of a 2001/2002 Payment Summary</i>	6.10
<i>Salary Packaging</i>	6.11
<i>Who To Contact: Fringe Benefits Tax</i>	6.12
Payroll Tax.....	6.12
Superannuation.....	6.13
How Much Do You Pay?	6.13
<i>Dealing With Small Superannuation Payments</i>	6.13
When Do I Pay Superannuation?.....	6.13

TABLE OF CONTENTS

How Do I Calculate Superannuation?	6.14
<i>Who To Contact: Superannuation</i>	6.14
Superannuation Records.....	6.15
<i>Salary Sacrifices</i>	6.15
Long Service Leave	6.15
<i>Table 6.1: Current Entitlements Under Each State and Federal Legislation</i>	6.16
Unfair Dismissal.....	6.17
State Legislation	6.18
<i>Probation</i>	6.18
Federal Legislation.....	6.19
Redundancy.....	6.20
<i>For Your Information: Unfair Dismissal – Federal Legislation</i>	6.21
Staff Records.....	6.22
<i>Example Employee Record Card</i>	6.22
<i>How long must staff records be kept?</i>	6.23
Workers’ Compensation	6.23
Occupational Safety and Health	6.24
The Responsibilities of Employees.....	6.25
Accidents at Work.....	6.25
<i>Who To Contact: Occupational Health and Safety</i>	6.26
Equal Opportunity in Employment.....	6.26
Understanding the Terms	6.26
<i>Who To Contact: Equal Employment Opportunity and Anti-Discrimination Legislation</i>	6.27
Exemptions Under the Equal Opportunity Act.....	6.29
Making a Complaint.....	6.30
Preventing Discrimination and Harassment	6.30
Developing Written Equal Employment Opportunity Policy	6.31
Information for CDEP Employers.....	6.32
7. TERMS AND CONDITIONS OF EMPLOYMENT	7.1
<i>Put It in Writing</i>	7.1
Awards and Industrial Agreements.....	7.1
Agreement of Employment.....	7.2
<i>Checklist: What to Include in an Agreement of Employment</i>	7.3
Workplace/Enterprise Agreements – State Legislation.....	7.3
<i>Workplace/Enterprise Agreements in the Human Services Sector</i>	7.4
<i>Who To Contact: For Advice and Assistance on Industrial Relations Legislation</i>	7.6
Workplace/Certified Agreements – Federal Legislation.....	7.7
Australian Workplace Agreements	7.7
<i>How To Make An Australian Workplace Agreement (AWA)</i>	7.7
The Employment Advocate	7.9
Minimum Conditions of Employment.....	7.10
ATTACHMENTS	
1. <i>Example Australian Workplace Agreement</i>	7.13
8. STAFF RECRUITMENT AND MANAGEMENT	8.1
Recruiting Staff.....	8.1
Clarify the Role of the Worker	8.2
<i>Job Descriptions</i>	8.2
Develop Selection Criteria	8.3
Clarify the Terms and Conditions of Employment	8.3
<i>Example Selection Criteria for the Position of HACC Service Coordinator</i>	8.4

TABLE OF CONTENTS

Advertise.....	8.5
<i>Checklist: For Advertisements</i>	8.5
Shortlist.....	8.6
Interview.....	8.6
Contact Referees	8.7
<i>Example Interview Schedule for the Position of HACC Service Coordinator</i>	8.8
Select the Worker.....	8.8
<i>Select the Right Worker</i>	8.9
Complete a Working With Children Check (NSW).....	8.9
Make an Offer	8.11
Oriente the Worker.....	8.11
<i>Checklist: For Recruiting and Starting a New Staff Person</i>	8.12
Complete Staff Records	8.13
Staff Training and Development.....	8.13
Basic Training Requirements.....	8.13
Staff Development Opportunities	8.14
Performance Reviews.....	8.15
<i>Performance Reviews Are Not...</i>	8.15
Staff Supervision	8.16
<i>Three Hundred and Sixty Degree Feedback</i>	8.16
<i>Example Performance Review Form</i>	8.17
<i>Checklist: The Performance Review Process</i>	8.18
<i>Supervision Sessions</i>	8.19
<i>Performance Management</i>	8.20
Dealing With Poor Staff Performance	8.20
<i>Example of a Staff Performance Interview Note Sheet</i>	8.22
Dealing With Staff Grievances	8.22
<i>Example Employee Code of Behaviour</i>	8.24
When a Staff Person Leaves	8.25
<i>Checklist: For When a Staff Person Leaves</i>	8.25
Exit Interviews	8.25
<i>Example Exit Interview Record</i>	8.26
Staff Reporting	8.27
Other Staff	8.27
<i>Example Coordinator or Manager's Monthly Report</i>	8.27
Critical Incident Management	8.28
Response.....	8.28
Reporting	8.28
Debriefing for Critical Incidents	8.29
<i>Debriefing for Critical Incidents</i>	8.31
Managing Volunteers.....	8.31
Benefits of Using Volunteers.....	8.31
Volunteer Recruitment	8.31
<i>Checklist: For a Volunteer Agreement</i>	8.33
<i>Checklist: For Interviewing Volunteers</i>	8.34
<i>Checklist: Management Committee Responsibilities in Staff Management (Paid and Unpaid)</i>	8.35
The Team Approach to Staff Management	8.36
What is the Team Approach?.....	8.36
Team Leadership.....	8.36
Management Skills.....	8.38
<i>Developing Team Based Management</i>	8.38
<i>Theories of Leadership</i>	8.40
Team Size.....	8.41
Teams Are Not Static	8.41
<i>Checklist: Assess Your Team</i>	8.41

ATTACHMENTS

1. <i>Example Job Description for a HACC Coordinator</i>	8.45
--	------

9.	PLANNING YOUR SERVICE	9.1
	What is Planning?	9.1
	Why Plan?	9.1
	Who Plans?	9.2
	Two Levels of Planning	9.2
	Developing an Organisation Plan	9.2
	<i>Figure 9.1: The Planning Process</i>	9.3
	<i>Figure 9.2: The Organisation Planning Framework</i>	9.4
	Clarify Your Organisation Philosophy	9.4
	<i>Clarifying Your Philosophy</i>	9.5
	Develop a Purpose Statement	9.5
	<i>Developing a Purpose Statement</i>	9.6
	<i>Purpose Statements</i>	9.7
	Develop Organisation Objectives	9.7
	<i>Developing Organisation Objectives</i>	9.8
	Develop Strategies.....	9.9
	Identify Performance Information	9.9
	<i>Identifying Outcome Measures</i>	9.10
	Evaluate and Modify the Plan.....	9.11
	Developing a Strategic Plan.....	9.11
	<i>For What Period Should We Plan?</i>	9.12
	<i>How Long is a Planning Session?</i>	9.12
	Organising a Planning Session.....	9.12
	<i>Figure 9.3: Understanding the Strategic Planning Process</i>	9.13
	<i>Use an External Facilitator</i>	9.14
	<i>SWOT</i>	9.16
	<i>Example Strategic Plan Implementation Worksheet</i>	9.19
	<i>Barriers to Planning</i>	9.20
	<i>Checklist: Organising a Planning Session</i>	9.21
10.	POLICY AND PROCEDURES	10.1
	What is Policy?	10.1
	The Importance of Written Policy and Procedures	10.1
	Policy and Procedures Manual	10.1
	A Framework for a Policy and Procedures File.....	10.2
	<i>Using Tabs</i>	10.3
	Making Sure Policy Becomes Practice.....	10.3
	<i>Checklist: Making the Jump From The Bookshelf Into Practice</i>	10.4
11.	DELIVERING A SERVICE	11.1
	Client Rights.....	11.1
	Respecting Client Rights.....	11.1
	<i>What Are the Rights of Service Clients?</i>	11.2
	Client Responsibilities	11.2
	<i>What Are the Responsibilities of Service Clients?</i>	11.3
	Client Input	11.4
	Making Services Accessible	11.4
	<i>Strategies for Client Input</i>	11.5
	<i>Is Your Service Accessible?</i>	11.6
	Strategies to Promote Wider Access to Services	11.6
	Strategies to Promote Participation From People from Culturally and Linguistically Diverse Backgrounds in Decision Making	11.7
	Promoting Your Service	11.8
	<i>Ideas for Promoting Your Service</i>	11.9
	Types of Publicity	11.10
	Image	11.10
	<i>Writing a Press Release</i>	11.11

Coordinating Services	11.12
How To Improve Coordination of Services.....	11.12
Case Management.....	11.14
The Role of the Organisation in Case Management.....	11.14
Steps in Case Management	11.15
Training in Case Management.....	11.16
Involving the Client.....	11.16
Case Management and Data Collection.....	11.16
<i>Bare Essentials of a Case Management Approach.....</i>	11.17
Respecting the Privacy of Clients	11.17
<i>Client Privacy and Data Systems.....</i>	11.18
<i>Who to Contact: The Privacy Act and Principles.....</i>	11.19
Managing Client Complaints	11.19
Complaints Procedure	11.20
<i>Example Complaints Record Form.....</i>	11.21
Confidentiality of Complaints.....	11.22
Fees.....	11.22
<i>Fees for Service</i>	11.23
<i>Administration of Fees</i>	11.24
Service Standards.....	11.24
What Are Service Standards?	11.24
Why Have Standards?.....	11.25
HACC National Service Standards.....	11.25
<i>Total Quality Management (TQM).....</i>	11.26
12. FINANCIAL MANAGEMENT	12.1
Key Players in Financial Management.....	12.1
Government.....	12.1
Management Committee	12.2
Treasurer.....	12.2
Bookkeeper.....	12.3
Auditor.....	12.3
Understanding Bookkeeping.....	12.4
Receiving Money	12.4
<i>Figure 12.1: Bookkeeping Tasks and Processes</i>	12.5
<i>Example Cash Receipt Book</i>	12.6
Making Payments.....	12.7
<i>Example Payment Voucher</i>	12.7
<i>Example Cash Payment Book</i>	12.8
General	12.9
Tying the Whole System Together	12.11
<i>The Principles of a Good Bookkeeping System</i>	12.11
Preventing the Misappropriation of Funds	12.12
Budgeting	12.13
Developing a Budget.....	12.14
<i>Example Budget.....</i>	12.15
Budgeting With the GST.....	12.16
<i>Dealing With GST in Your Budget.....</i>	12.16
Provisions	12.17
The Cashflow Chart	12.17
Cashflow Chart With Year-To-Date Information.....	12.18
<i>Example of a Simple Cashflow Chart</i>	12.19
<i>Example Quarterly Report Based on a Cashflow Chart</i>	12.20
<i>Example Cashflow Chart Showing Year-To-Date Information.....</i>	12.21
Financial Management and Computers	12.22
<i>Checklist: For Assessing the Financial Management of Your Organisation.....</i>	12.23
Importance of a Documented System.....	12.23
<i>Documenting Your System</i>	12.24

13. MEETINGS	13.1
Management Committee Meetings.....	13.1
Assess Your Management Committee Meetings.....	13.1
<i>Running a Formal Meeting</i>	13.2
Agendas.....	13.4
<i>Dealing With Correspondence</i>	13.4
<i>Management Committee Meeting: Example Agenda Format</i>	13.5
<i>Annual General Meeting: Example Agenda Format</i>	13.6
Role of the Returning Officer.....	13.6
Quorums.....	13.7
Chairing Meetings.....	13.7
The Effective Chairperson.....	13.7
Dealing With Problems in Meetings.....	13.8
<i>Example Code of Behaviour for Meetings</i>	13.9
Minutes.....	13.14
What Are They?.....	13.14
<i>How to Take Good Minutes</i>	13.15
What is Included in the Minutes?.....	13.16
<i>Example Minutes Sheet</i>	13.16
<i>Evaluate Your Management Committee Meetings</i>	13.18
14. OFFICE MANAGEMENT	14.1
Managing Your Assets.....	14.1
<i>Example Assets Register</i>	14.2
Office Layout.....	14.2
<i>Checklist: Office Layout</i>	14.2
Managing Records.....	14.3
Indexed Filing System.....	14.4
<i>Figure 14.1: Example Categories and Codes</i>	14.4
<i>Figure 14.2: Index Guide</i>	14.5
<i>Setting Up a Category File as a Miscellaneous File</i>	14.5
Labelling files.....	14.6
Colour Coding.....	14.6
<i>Suggested List of Category Headings/Keywords</i>	14.7
<i>Confidentiality of Staff and Consumers</i>	14.8
Some Tips for Filing.....	14.8
Discard Dates.....	14.8
Archiving.....	14.9
What Goes Where.....	14.9
Tracking Files.....	14.9
<i>What to Use for Files</i>	14.10

1

INCORPORATION

INCORPORATION

TYPES OF COMMUNITY ORGANISATIONS¹

Community organisations take many different forms including:

LARGE FORMAL ORGANISATIONS

These organisations, which may include churches and local government authorities, which have a formal hierarchical structure and different departments or sections carrying out different functions.

These organisations are usually headed by a board or council, with day-to-day management responsibility delegated to a paid executive officer who is responsible for the day-to-day operations of the organisation.

Advantages and Disadvantages of Large Organisations

Advantages:

- the corporate structure ensures tight control over the operations and financial affairs of an organisation;
- clear procedures and lines of responsibility exist;
- support structures exist for staff and include varied job roles and descriptions;
- there is a separation between administration and service delivery;
- there is scope to loosen the structures in relation to attached services. (For example, the management of a service can be delegated to a community based committee with overall responsibility remaining with the parent organisation. This may provide more informed management of a service by including input from the local community, staff and consumers.)

¹ Refer to Gevers, L., *Management Issues Manual*, Department for Community Development, W.A. 1992. Note that some of the information in this and in later sections is based on the *Management Issues Manual*, which in turn was based on *Management Issues Manual*, NSW Supported Accommodation Assistance Programme Management Training Project. Any direct use of material from this latter document is unintentional; however, its use as an original source is acknowledged.

Disadvantages:

- it can be difficult for consumers and staff to have input into decision making. Although there is the potential for information and ideas to go up and down from staff and consumers to the board of directors, input can be blocked at any point in the hierarchy;
- there is a potential for decision making to be slow when it has to go through the hierarchy. This can make it difficult for staff to respond quickly to critical situations;
- bureaucratic procedures may require considerable staff resources to the detriment of service delivery work;
- the decision makers are removed from the service delivery and may not appreciate the less direct effects of decisions on a service's operations and clients.



DON'T BLAME THE STRUCTURE

Choosing the right structure is important for the smooth running of any organisation, but equally important is having the right people and the right processes in place.

The chairperson, committee members and manager or key worker have vital roles in ensuring that an organisation runs smoothly.

Additionally, processes also need to be in place to ensure:

- *a planned approach to service operations;*
- *a flow of information between management, staff and clients;*
- *appropriate decisions are made and implemented;*
- *everyone understands their roles and responsibilities;*
- *appropriate policy and procedures are developed and implemented.*

CO-OPERATIVES AND COLLECTIVES

These are characterised by very 'flat' or informal structures. Although these organisations may still be incorporated and have a constitution or rules underlying their operation, decision making power is generally shared equally amongst the members rather than vested in a management committee.

A worker's collective includes only workers within the organisation, whilst a community based collective may include workers and other members of the community.

Collectives may be based on task rotation where all workers share the tasks and responsibilities in running a service.

There is no line management in a collective, workers are accountable to each other and decisions are made by the group at collective meetings.

Advantages and Disadvantages of Collectives

Advantages:

- organisation staff are directly involved in decision making. That is, decisions include those people closest to the operations of an organisation which can mean more relevant decisions;
- a broad based collective of staff and other community representatives will provide a wide range of input into the decision making process;
- a broad based collective can maintain strong community networks essential for strong community support. Strong community support can lead to more resources for an organisation and better use of an organisation;
- organisation staff are encouraged to learn new tasks and can broaden their experience;
- the consensus decision making approach often employed in collectives allows everyone's position to be reflected;
- clients of the organisation, if seen as part of the collective, have an opportunity for input.

Disadvantages:

- the group can become very closed with no external input. The scope for new ideas and fresh approaches is limited;
- a tightly knit collective can intimidate people and discourage new members. This can be especially true when trying to involve consumers in decision making;
- the collective model is dependent on a commitment from all members to the collective philosophy. If some members, especially long term members, lose their commitment the collective model can fail and power can accumulate with certain people;
- there is a conflict of interest when staff are involved in decisions about the expenditure of funds on wages, employment conditions and hiring and firing of staff. Self interest may take precedence over the needs of clients;

- task completion can be overlooked if no clear lines of responsibility are set. For instance, with no person being ultimately responsible for ensuring books are up to date, financial reports may be neglected. The collective as a whole must remain aware of all issues and this can be a difficulty;
- a closed collective has no direct lines of accountability other than to its funding body, which may not be close enough to assess ongoing service delivery to clients.

COMMUNITY BASED ORGANISATIONS

Community based organisations have a constitution which specifies their objects and rules and are characterised by a membership made up of community people and a management committee elected from the membership and accountable to the membership.

Community based organisations are incorporated under State or Territory Associations Incorporation Acts or under the Federal Aboriginal Councils and Associations Act 1976.

The management committee of community based organisations is responsible for all aspects of running the organisation including:

- legal responsibilities;
- employer responsibilities;
- financial accountability;
- responsibility for service delivery.

Responsibilities for the day-to-day management of the activities of the organisation are often delegated to the senior worker, however, ultimate responsibility rests with the management committee.



WHY INCORPORATE?

Community based organisation's are not always incorporated.

Incorporation is important if groups are involved with money, wish to enter into contracts or provide some kind of service to the public. In these situations the members of unincorporated groups are putting themselves a risk if things go wrong. Incorporation will protect the individual members of groups as long as they do not knowingly, or through neglect, allow a group to get into trouble.

This is discussed further below.

Advantages and Disadvantages of Small Community Based Organisations

Advantages:

- through a broad based membership the community can have input into the decision making process of an organisation;
- management committees can be tailored to include a range of people with different skills of use to the organisation;
- there is a great deal of scope and flexibility in this model to allow for differing degrees of staff and consumer involvement;
- the management committee of an organisation is directly accountable to the membership of the organisation. The constitution of the organisation sets out the mechanisms by which the membership can demand accountability (e.g. extraordinary meetings, extraordinary elections);
- an organisation which is strongly based in the local community will be supported by the community. More people will use the service.

Disadvantages:

- with a small membership base, power can become entrenched with a few people;
- with a weak management committee, power can become entrenched with staff;
- if staff and consumer input into the decision making process are not encouraged by the management committee, the quality of decisions can suffer and staff and consumers can feel alienated from the organisation;
- accountability to the local community and local control are eroded with a weak membership base;
- full responsibility for the organisation lies with the management committee which may not have the necessary expertise for all tasks required in managing an organisation;
- it can be difficult to attract management committee members who are prepared to accept the responsibilities of the positions.



Much of the material included in this handbook specifically addresses issues facing community based organisations, however, most of it applies equally to all types of community organisations.

INCORPORATION

Incorporation is a key step in the development of community based organisations yet it is poorly understood by both managers and management committee members.

It is through the incorporation process that a management committee takes on the legal responsibilities for an organisation. As such, every management committee member should have knowledge about incorporation and the responsibilities it assigns to the committee.

Groups can become incorporated under their State or Territory Associations Incorporation Act or under the Federal Aboriginal Councils and Associations Act 1976.

The name of the Act in each State is provided below.

THE BENEFITS OF INCORPORATION

The main benefits of groups becoming incorporated are:

- incorporation allows a group of people to be recognised as a legal entity.

Without incorporation a group is simply a number of people doing the same thing together.

If members of an un-incorporated group sign a contract each of the people who sign are responsible for the contract.

When a member of the management committee of an incorporated group signs a contract the group as a whole is generally responsible, NOT the individual person who signed;

- members of the group are provided with some protection against being sued.

Generally, the members of a management committee cannot be sued as individuals for the debts of the group except if they knowingly get the group into debt or other liabilities or if the group incurs debts or liabilities which it cannot pay and the management committee 'ought to have known what was going on';

- incorporated groups can own property, lease premises, borrow money and sign contracts.



The law emphasises the need for the management committee of an incorporated association to take seriously their responsibilities in managing the organisation.

Members of a management committee are subject to the duty of care, the duty to act in good faith and the duty to disclose any conflict of interest.

Management committees who are little more than rubber stamps and have no idea of how things operate in their organisation are putting themselves and the organisation at risk.

Management committees need to be in control of the organisation. They need to set the broad directions and the policy and procedures which govern the day-to-day operations.

LEGAL REQUIREMENTS OF INCORPORATED GROUPS

To become incorporated a group must:

- be a non-profit group (excepting for Aboriginal groups which can be for profit);
- have a constitution drafted in accordance with their Associations Incorporation Act or the Aboriginal Councils and Associations Act;
- follow the process of incorporation specified in their Incorporation Act.

Having become incorporated groups must comply with their constitution and their Associations Incorporation Act. This can include holding an annual general meeting, maintaining a minimum number of members, obtaining public liability insurance and meeting financial and auditing requirements.

The requirements on incorporated groups differ from State to State. The details for each State are provided in the Attachments to this Section. The name of the Associations Incorporation Act and the government department responsible in each State and Territory are provided above. It is important to obtain a copy of the Act and the Regulations relevant for your State or Territory, and to be clear of all the requirements.

For Your Information . . .

**ASSOCIATIONS INCORPORATION ACTS AND
ADMINISTERING DEPARTMENT**

- A.C.T.:** **Associations Incorporation Act 1991**
Registrar-General's Office <http://www.rgo.act.gov.au/home.htm>
- N.S.W.:** **Associations Incorporation Act 1984 , Amended 1992**
Department of Fair Trading <http://www.dft.nsw.gov.au/associations.html>
- N.T.:** **Associations Incorporation Act 1994, Amended 1997**
Department of Justice: Consumer & Business Affairs
www.caba.nt.gov.au
- Queensland:** **Associations Incorporation Act 1981**
Office of Fair Trading www.fairtrading.qld.gov.au
- S.A.:** **Associations Incorporation Act 1985**
Office of Consumer and Business Affairs www.ocba.sa.gov.au
- Tasmania:** **Associations Incorporation Act 1964**
Dept of Justice & Industrial Relations
<http://www.justice.tas.gov.au/breg/index.htm>
- Victoria:** **Associations Incorporation Act 1981, Amended 1997**
Consumer Affairs Victoria <http://www.consumer.vic.gov.au/>
- W.A.:** **Associations Incorporation Act 1987**
Department of Consumer & Employment Protection www.docep.wa.gov.au
- Federal:** **Aboriginal Councils and Association Act 1976**
Office of the Registrar of Aboriginal Corporations www.orac.gov.au

NOTE!

Copies of the Associations Incorporation Act are generally available from your State or Territory Government Publishing Services. The Aboriginal Councils and Associations Act is available from Commonwealth government bookshops in each State or Territory. Summarised information is usually available from the above departments. It is a good idea to have a copy of the Act as well as the summary information

Copies of Acts are also available on the internet. These can be accessed through the relevant government web site at the above addresses.



PUBLIC OFFICER

In all States and Territories except Western Australia, Incorporated Associations are required to appoint a public officer. (In Queensland this position is called a Secretary, but the responsibilities are the same as those of a public officer.)

Typically, the job of the public officer is to provide to the department administering the Associations Incorporation Act any information required under that Act (ie. Lodgement of notices) and to be a contact person for the Association.

Note that the public officer responsibilities are often included in the secretary's job. In this case the position can become known as the Secretary/Public Officer.

Note also that the position of public officer must not be vacant for more than 14 days, and the government department responsible for incorporated associations must be notified immediately of any change in this position.

Lodgement of Notices

Associations must notify or lodge a notice with their government department when there are certain changes to the association.

Changes for which a notice must be lodged include:

- change of name of the association;
- amendments to the constitution and passing of special resolutions. (see below for a definition of special resolution);
- change of name or address of the public officer (secretary in Queensland).

In addition, some States or Territories require lodgement of the following:

- a financial statement (may depend upon the gross income of the association);
- change of management committee members (Queensland and the ACT).

There are standard forms available for lodgement of notices and these forms normally have to be lodged within 1 month of the changes being made and must be accompanied by a set fee.

An additional fee is usually charged for late lodgement of notices. Contact your government department for the current fee scale and a copy of the relevant forms.

See the Attachment at the end of this Section for the requirements in each State and Territory.

Penalties Under the Associations Incorporation Act

Penalties may apply if a management committee or public officer fail to comply with the Associations Incorporation Act. It is important for management committees to be aware of all their obligations under incorporation and especially those where penalties can apply. Information on obligations and penalties should be obtained from the department responsible for associations.



INCORPORATING A NATIONAL ORGANISATION

When setting up a national incorporated body, you should follow the incorporation procedure of your State or Territory, or the State/Territory where most members reside.

Once incorporated you should contact the Australian Securities and Investments Commission in your State or Territory and provide your association number. They will place the association on a register of organisations that are nationally recognised.

THE CONSTITUTION



'Model Rules' or example rules can be obtained from the government department responsible for associations in your State or Territory or from the Office of the Registrar of Aboriginal Corporations.

Additionally, examples of constitutions for New South Wales and for Western Australia can be found on our web site at www.ggj.biz . Note that the requirements are different in each State and the example would need to be modified to meet these requirements.

The constitution is a very important document for a community group. A well-written broad ranging constitution will provide clear guidelines or rules for the operation of a group and will minimise disputes and uncertainties. Below is a checklist of items which, if clearly spelt out in a constitution, will help avoid problems. Check them for your organisation. If many items are not properly covered consider updating your constitution.

CHANGING THE CONSTITUTION

Organisations develop and change over time and often the operations of a group move away from those specified in the original constitution so that it becomes an irrelevant relic.

If this happens and internal conflicts develop in an organisation, people may try to refer back to the constitution, only to find that many of the things they currently do can be considered invalid.

To ensure the smooth running of an organisation it is crucial to update the constitution periodically or whenever practices change. The process for changing the constitution is shown below. An example of a Notice for a Special General Meeting to consider changes to a constitution is also provided below.

THE PROCESS FOR CHANGING THE CONSTITUTION

Under the Associations Incorporation Acts of all States and Territories, the following general process applies to changing the constitution of an incorporated group:

1. Clarify your membership. Be clear as to who your current members are.
2. Decide on the changes to the constitution you wish to propose.
3. Check your constitution or the Association's Incorporation Act for the notice required for a meeting to change the constitution. (This varies from State to State and is specified in the Attachments to this Section.)
4. Call a general meeting in accordance with the notice requirements and make sure the notice is sent to all of your members. The notice should state that the meeting will be considering changes to the constitution and should specify the proposed changes.
5. At the meeting, the resolution must be passed by a majority of members.

In States and Territories where a special resolution is required this will mean that three quarters (two thirds in the Northern Territory) of the members present must pass the resolution.

You will need to check with your government department, your constitution or your Associations Incorporation Act, to see if proxies are permitted to vote at this meeting. Some States allow this procedure, while others do not.

The quorum specified in the current constitution applies to this meeting.



SPECIAL RESOLUTION

Most States and Territories require that changes to the constitution be passed by a Special Resolution.

A Special Resolution is a resolution which must be passed by not less than three quarters (two thirds in the Northern Territory) of members voting at a properly called general meeting.

6. Notify the government department responsible for associations of the changes agreed to. This will usually involve the completion of a form and the payment of a fee.

Changing the constitution under the Aboriginal Councils and Associations Act is discussed below. Detailed information on changing the constitution in each State and Territory is included in the Attachments to this Section.



Under the WA Associations Incorporation Act changes to the rules take effect on lodgement of the declaration form. In South Australia the change comes into force when the change is passed at the association's meeting. Check the situation for your State or Territory.

Also, where an organisation is in receipt of taxation exemptions, the Australian Taxation Office should be advised of any changes to the constitution.

EXAMPLE
NOTICE OF A SPECIAL GENERAL MEETING TO CONSIDER
CHANGES TO THE CONSTITUTION

Dear Member,

This is to advise you of a special general meeting to consider changes to the constitution. This meeting will be held as follows:

DATE:

TIME:

PLACE:

Please note that under the **W.A. Associations Incorporation Act 1987, (Section 17)**, 'An incorporated association may alter its rules by **special resolution** but NOT otherwise'. A special resolution is a resolution passed by three quarters or more of the members of the association present at a general meeting of which notice of the resolution was given.

The changes to the constitution to be considered at this meeting are:

- (specify changes)

Yours sincerely,

Secretary
(Date)



What Should a Constitution Cover?

Check the following for your constitution. If some items are not covered you may want to update your constitution. Note that the requirements in each State or Territory vary.

- | | |
|---|--|
| <input type="checkbox"/> Objects or aims of your group | <input type="checkbox"/> Staff attendance at management committee meetings |
| <input type="checkbox"/> Non-profit clause | <input type="checkbox"/> Quorums for meetings |
| <input type="checkbox"/> Powers of the committee | <input type="checkbox"/> Voting procedures at meetings |
| <input type="checkbox"/> Membership qualifications | <input type="checkbox"/> Agendas for meetings |
| <input type="checkbox"/> Procedure for people to become members | <input type="checkbox"/> Proxies |
| <input type="checkbox"/> Keeping a Register of Members and Management Committee Members | <input type="checkbox"/> Calling of general meetings |
| <input type="checkbox"/> Membership fees | <input type="checkbox"/> Procedure at general meetings |
| <input type="checkbox"/> Disciplining/expelling members | <input type="checkbox"/> Notice of general meetings |
| <input type="checkbox"/> Positions on the management committee | <input type="checkbox"/> Keeping of finances and annual audit |
| <input type="checkbox"/> Procedure for electing the management committee and filling casual vacancies | <input type="checkbox"/> Custody of records |
| <input type="checkbox"/> Responsibilities of the management committee | <input type="checkbox"/> Inspection of records |
| <input type="checkbox"/> Duties of the chairperson, secretary, treasurer, etc. | <input type="checkbox"/> Use of the common seal |
| <input type="checkbox"/> Disciplining/ expelling management committee members | <input type="checkbox"/> Procedure for changing the constitution |
| | <input type="checkbox"/> Dissolving the group |



UNDERSTANDING SOME KEY TERMS FOUND IN CONSTITUTIONS

Quorum: *A quorum is the minimum number of people required to be in attendance at a meeting for it to be a valid meeting.*

When specifying a quorum always specify a percentage. This will avoid problems if membership numbers drop. For example, instead of specifying a quorum of six out of ten management committee members for committee meetings specify 'over 50%'. Then if committee membership drops to eight you only need five people to meet the quorum requirements.

Proxy Votes: *A proxy vote is a vote delivered by another person on behalf of a person who is not at a meeting.*

Proxy votes at general meetings are permitted only if your constitution or Associations Incorporation Act says so.

If you are going to include proxy votes in your constitution it is a good idea to limit them to one proxy vote per person and to require a written advice from the person voting by proxy. In this way you can avoid the main problem with proxies which is 'stacking' of meetings.

General Meeting or Special General Meeting: *This is a meeting to which all members of an association are invited.*

If a special general meeting is called for a particular purpose such as considering changes to the constitution, it is essential that every member is informed, otherwise the meeting can be deemed to be invalid.

Ex-Officio Members: *Committees sometimes include ex-officio members. These are people who are members because of their position in an organisation. When they leave that position they lose their place on the committee. Their replacement in their position takes over.*

Note that ex-officio members can be voting or non-voting members and this should be specified in the constitution.