

GOVERNANCE

The Committee of Management of a not-for-profit organisation is responsible for the governance of the organisation and the way the organisation is directed and controlled. Governments have created a number of formal structures (specific arrangements between members of the group) for not-for-profit groups such as incorporated associations or companies. Not-for-profit groups can arrange themselves into one of these formal legal structures, and then register their group with the government. This means their group becomes, in its own right, recognised by government, the courts, other businesses, and the public, as a formal 'legal entity'. This process of registering with the government is known as 'incorporation'

Why Incorporation?

All not-for-profit community groups will have a structure or set of rules, or arrangements between the people in the group about how the group operates.

These arrangements may include things like how the group makes decisions, what kind of activities the group undertakes, and how the group manages money. These arrangements are sometimes formal and sometimes informal and may remain unknown to non-members. Should such a group wish to rent or lease a facility from which to conduct its activities, the owner of the premises would require to know of the organisation's reliability and ability to honour its financial obligation.

Benefits of Incorporation

Separate legal entity

From the date that the group is 'registered' as an incorporated group, it becomes recognised as a 'legal entity'. This means that the group has a legal 'identity' of its own, separate and distinct from the individuals who formed or make up the group.

Because incorporation means that a group has a separate legal identity, an incorporated group can operate in its own name. For example, it can:

- sign documents and enter into contracts (leases or deeds of agreement)
- buy, sell, own, lease and rent property and other assets
- borrow money, and
- sue (take legal action in the courts) and be sued (taken to court).

When a group does these things, it is the incorporated group that is entering into the contract and the incorporated group that has rights and liabilities under the contract, not the people who make up the group (that is, not the members or the committee).

Having a separate legal identity is a benefit, particularly in terms of the reputation of the group in the eyes of government.

Obligations

There are many benefits to incorporation, including limited liability and the potential to access additional government funding and tax concessions. However, being an incorporated group also comes with obligations.

Before making a decision to incorporate, your group should consider whether it can comply with the costs, requirements and ongoing obligations of being an incorporated group. These take time and mean that people involved in the group need to be willing to take on certain tasks (like organising meetings, and keeping proper financial records). It also means that certain information about your group may become publicly available (for example, the names of certain office holders in the group, some financial information, and the rules of the group).

While there are specific requirements for each type of structure (for more information go to our Legal Structures page), in general, each piece of legislation that sets up incorporated not-for-profit group structures requires groups to:

- have a name (which sometimes must have the words 'Incorporated' or 'Inc.' or 'Limited' or 'Ltd' after it)
- have a 'constitution' or a set of written rules with purposes that the group agrees to operate in accordance with
- pay an initial registration fee to the government
- have a certain number of members and people who are willing to hold certain positions in the group (eg. on committee of management or as secretary)
- record the names of members in positions and provide them to government (these details are made publicly available)
- hold mandatory meetings and maintain certain records.

Roles and Responsibilities of Elected Committee Members-

Members of the Committee are elected by members at an Annual General Meeting for terms defined by their Constitution.

President:

The President is the chairperson of all Committee meetings and implements decisions made by the committee. The President may delegate the chairmanship when required to the Vice President or other Office Bearers when necessary.

Secretary:

The Secretary is also the Public Officer and is responsible for submitting the annual statement Consumer Affairs on behalf of the organisation following the conduct of its' Annual General Meeting. The Secretary is also responsible for the management of all internal and external communication and records including the organisation's Register of Members.

Treasurer:

The Treasurer is responsible for the management of income and expenditure of the organisation. All payments must be authorised by the committee and the organisation's financial records must be maintained and prepared in accordance with the Associations Act.

Office Bearers:

All Committee members are required to be conversant with the provisions of the Incorporated Associations Act 2012 and their organisation's constitution.

Support:

There are a number of online resources providing guidance for those involved in both the establishment and ongoing management of an incorporated association. The following sources are recommended:

- **Consumer Affairs Victoria (CAV)**

Website address: www.consumer.vic.gov.au/clubs-and-not-for-profits

References:

"Incorporated associations'

"Becoming an incorporated association"

"Running an incorporated associated"

"Model Rules for an Incorporated Association"

- **Justice Connect (formerly PILCH)**

Website address: www.justiceconnect.org.au

References:

"**Not for Profit Hub**" –

"*Secretary's Satchel*" details the secretarial role, duties & responsibilities



Policies

You will find Policy Guidelines in their own section of this Handbook.

NOTE:

A copy of your U3A's current Constitution should be filed in this section.

Forms: Refer to specimen forms etc.

- Annual Meeting Notice form
- Committee or Office Nomination form

Insurance

General guidance and recommendations covering the issue of insurance for NFPs may be found at:

Justice Connect

Website: www.justiceconnect.org.au

References:

Not for Profit Hub-

"Risk Management and Insurance Guide"

The U3A Network urges all U3As to incorporate. The Victorian Managed Insurance Authority (VMIA) covers only incorporated U3As in Victoria who are members of U3A Network for the organisational risk components listed below:

- **Public Liability –**
- **Professional Indemnity –**
- **Directors and Officers Liability –**
- **Entity Fidelity – (fraud by a staffer or volunteer)**
- **Volunteers Personal Accident –** provides benefits for injury incurred while performing a volunteering activity.

Covers: Administrators and management of the U3A
Tutors and activity leaders and other volunteers whilst carrying out U3A duties.

VMIA forwards certificates annually to each U3A detailing the extent and nature of its cover.

Victorian Managed Insurance Authority (VMIA).

Phone: (03) 9270 6900 Facsimile: (03) 9270 6949

Web Address: www.vmia.vic.gov.au

Level 10 South, 161 Collins Street

Melbourne VIC 3000

PO Box 18409, Collins Street East, VIC 8003

Unincorporated U3As are not insured by VMIA but are auspiced by U3A Network Victoria.



Note:

Medical Costs: U3As should note that medical costs or copayments incurred as a result of an incident or mishap are not claimable under this insurance coverage. Medical costs provided under the Medicare healthcare system or covered by private individual medical insurance arrangements cannot be claimed.

Assets: The cover provided through **VMIA** insurance does **not** provide compensation for any loss or damage to the assets of an organisation. This class of insurance remains the responsibility of each U3A.

Two companies which offer coverage of assets and with which Network has had policies are Acerta and Coversure

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- Unavailable works – whole or part if work not obtainable within reasonable time *
- Artistic works – maps, drawings, illustrations and pictures
- Dramatic works – plays and scripts
- Musical works – sheet music



Patron: The Honourable Linda Dessau AM Governor of Victoria

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APRA – Australasian Performing Rights Association

Public performances given by choirs, orchestras, musical groups and drama groups from U3As will require and APRA license, to be taken out by the U3A concerned, in most instances. Contact APRA on 9426 5200 or by email apra@apra.com.au for further information. The license granted to U3A Network on behalf of member U3As does **not** cover public performances. The playing of music CDs, tapes, DVDs, videos etc., for educational purposes in classes, falls into the category of *fair practice* but the burning of CDs does not. For further information go to www.copyright.org.au

Grants and Funding:

A comprehensive list of possible sources is detailed within the **Our Community** site.

The Network ebulletin details any funding available from the Victorian Government.