



BALLAARAT MECHANICS INSTITUTE EXPLANATORY MEMORANDUM DRAFT GOVERNANCE DOCUMENTS 2021

For many months now, the BMI Board has been reviewing and updating its Governance document - the Articles of Association (as amended June 2012). This activity has resulted in the draft preparation of The Constitution of the Ballaarat Mechanics Institute 2021, and the draft By-Laws of the Ballaarat Mechanics Institute 2021.

The development of these documents has relied on three key influences:

- a. The existing Articles of Association,
- b. The Australian Institute of Company Directors (AICD) Not-for-Profit governance principles, tools and templates, and
- c. The Australian Charities and Not-for-Profit Commission (ACNC) standards and reporting requirements.

Reference was also made to the Governance documents of like organisations locally and Victoria-wide.

The Constitution is a formal governing document. It sets out our fundamental principles along with some required legal information about our Institute. It identifies our name, location, purpose, Not-for-Profit (NFP) status, and the way the governing body makes decisions and consults with members. It is a public document registered with the appropriate Government authority. Certain content areas are specified. It is a member's document which can only be amended by members.

By-laws are the rules established by an organisation to regulate itself. They govern the organisation's operations. They must not contradict the Constitution. It is a Board document, developed, managed and regulated by the Board. While it is not a public document, public access offers a level of transparency.

At a time when good governance has never been more important or challenging, this revision is timely. Such revisions will need to be ongoing given the focus on increased expectations of governance by the community, along with corresponding legislative changes.

We have been guided by the ACNC principles which relate to;

- Having a clear purpose
- Clarity of roles and responsibilities
- Clarity of Board composition and structure
- Understanding of risk and its management
- Monitoring of Board performance and effectiveness
- Accountability and transparency
- Stakeholder engagement
- Conduct and compliance

We are experiencing a period of substantial change in both expectations and requirements. In framing these documents we have been conscious to ensure the essence of the Institute and its original purpose have been at the forefront of our deliberations. We have adopted a contemporary and progressive approach to our governance, based on fundamentals of greater clarity, increased ease of understanding, inclusivity and regard for our members and their engagement with the Institute.

The revised elements of the draft Constitution relate to:

#3 - Object of the Institute

This section reflects the current activities of the Institute in more contemporary terminology.

#6.1 - Members' Guarantee

#7 & #8 - Membership

- Refining membership size, eligibility criteria, membership application process
- Identifies the registration of membership, and management of the Register
- Defines categories of membership
- Membership fee determination
- Cessation and termination of membership
- Rights and responsibilities of members

#9 & 10 - General Meetings

- Proceedings at General Meetings. Contains more information reflective of legislative requirements for NFP organisations
- Protocols for conduct of General Meetings
- AGM requirements
- Matters related to appointment of a proxy
- Quorum requirements

#16 - Directors

Number of Directors

Qualifications

Nomination and election at AGM

Terms of office, re-appointment and retirement

Remuneration and expense retribution

Powers and duties

#17 - Other Office Bearers

- CEO
- Secretary

#18 - Conflicts of interest

#19 - Frequency of meetings. Proceedings of meetings

#20 - Election of office bearers

#21 - Quorum at Board meeting

#22 - Committees

#23 - Circular resolutions process

#27 to #32 - Accounts, Seal, Service of Documents, Indemnity

#33 - Amendment to the Constitution

By-laws

#2 - DEFINE FINANCIAL YEAR

- no change

#3 - MEMBERSHIP FEES DETERMINATION

#4 - DISCIPLINARY ACTION

- Process and appeals

#5 - GRIEVANCE PROCEDURE

#7 - BOARD

- Composition
- Duties
- Nomination process

#8 - BOARD MEETING PROTOCOLS

- Use of technology
- Quorum
- Conflict of Interest

FINANCIAL MATTERS #9

ALTERATION OF BY-LAWS #10

Regards,

A handwritten signature in black ink, appearing to read 'Mike Stephens', with a stylized flourish at the end.

Mike Stephens | President
Ballaarat Mechanics' Institute
May 2021