

GLOSSARY

Key words and abbreviations:

A Secretary's Satchel - Guide for Secretaries

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AASs refers to Australian Accounting Standards and is relevant to the review or audit of an incorporated association’s financial statements.

AGM refers to an annual general meeting.

AIR Act refers to the *Associations Incorporation Reform Act 2012* (Vic).

Annual statement is a document that the secretary of an incorporated association must lodge with CAV within one month of each annual general meeting (unless an extension is granted).

ATO refers to the Australian Taxation Office.

Auditor is an accountant (who is independent from the organisation) whose job is to check and confirm the accuracy of the organisation’s financial records (commonly, once a year). The auditor provides a set of audited accounts for the organisation and an auditor’s report. Some organisations are required to have their accounts audited, either under the *Associations Incorporation Reform Act 2012* (Vic) (“tier three associations”) or for other reasons, such as funding agreements.

Ballot is a method of voting in elections for office bearers and members of the committee of an organisation (like voting in an election for government). A ballot is often conducted confidentially, in which case it is called a “secret ballot”.

Bankruptcy is a legal status that offers a person protection from further action against them by creditors (that is, people to whom the person owes money).

CAV refers to Consumer Affairs Victoria, which is the government agency responsible for regulating incorporated associations in Victoria.

Committee members are members of the committee of an incorporated association – commonly, including office bearers (for example treasurer or president) and a small group of other people (often called “ordinary committee members”). Committee members may or may not be members of the organisation (depending on the organisation’s rules).

Committee is the governing body of an incorporated association, sometimes called the “board”, “management committee”, “committee of management” or “council”. The committee is responsible for overseeing the running of the organisation.

Glossary

**NOT-FOR-PROFIT
LAW | 1**

Common law means the law developed by the courts, or judge-made law (as opposed to legislation or statutes, which is law made by Parliament).

Constitution is another word for the **rules** of an incorporated association.

Convene means “arrange” or “call people together” – for example, the chairperson of an incorporated association may convene a meeting of the committee.

Fiduciary duties are special legal obligations that have been developed by common law (judge-made law) and apply to certain people in an incorporated association because of the position of trust that they hold (such as committee members and the secretary). Fiduciary duties require a person to exercise their powers in good faith for the benefit of others (in a secretary’s case, on behalf of the organisation and the members as a whole).

Financial statement is a document (or set of accounts or reports) submitted to members of an incorporated association at the annual general meeting, as required by Part 7 of the *Associations Incorporation Reform Act 2012* (Vic). The financial statement contains particular information about the financial activities of the organisation in its previous financial year.

General meeting is a meeting of the members of the incorporated association which is convened using the procedures for general meetings in the association’s rules. These procedures will include giving notice of the meeting to members. General meetings can include “annual” and “special” general meetings.

Legislation means laws that have been enacted by Parliament. A piece of legislation is called an Act. The names of all Victorian Acts include the year the law was passed and the letters “(Vic)” – for example, the *Associations Incorporation Reform Act 2012* (Vic).

Minutes are a formal written record of the matters discussed and decisions made at a meeting.

Model rules are the rules set out in Schedule 4 of the *Associations Incorporation Reform Regulations 2012* (Vic) that can be adopted (in whole or part) by an organisation when it first incorporates (registers), or at a later date. The model rules may be modified over time by legislation (ie. Through changes to Schedule 4 of the *Associations Incorporation Reform Regulations 2012* (Vic)) and/or by the organisation.

Motion is a proposal that a member puts at a meeting, so that some action is taken or decision made about an issue. Technically, when a member “moves” a motion, another member must “second” it. (Sometimes a member then moves to change (amend) the motion, and it is up to another member to

second the amendment.) Once the wording of the motion is settled, a vote is taken and, if passed, the motion becomes a resolution.

OCS refers to the Office for the Community Sector, which is an office established within the Victorian Government to help strengthen community organisations and develop policy for the not-for-profit sector.

Office bearer or **officer** means a person who is appointed to a special position on the committee. The office bearers of most organisations are the chairperson (or president), deputy chairperson (or vice-president), secretary and treasurer.

Office holder is defined in section 82 of the *Associations Incorporation Reform Act 2012 (Vic)* to include committee members, the secretary and any person (including an employee) who is involved in or influences key decisions that affect the operations or affairs of an incorporated association.

Old Act means the *Associations Incorporation Act 1981 (Vic)*, which has been replaced by the *Associations Incorporation Reform Act 2012 (Vic)*.

Organisation means, broadly, a group (whether incorporated or not). Specifically, in this Guide, the word “organisation” refers to a Victorian incorporated association.

Policy is a particular way of dealing with an issue or area of activity which the organisation has agreed on. Policies are usually (but not always) written down. An organisation may have policies about, for example, recruitment of new committee members, procedures for meetings or dispute resolution. Policies cannot override legal obligations in the *Associations Incorporation Reform Act 2012 (Vic)* or the organisation’s rules, but they can supplement them.

Poll is a method for voting on a motion at a meeting. Technically this is different to a ballot, which is for voting in elections, but sometimes people use these words to mean the same thing. A poll must be in writing. In a poll, members vote by filling out a voting paper and putting it in a box or container. These papers are then counted by those organising the poll, but not shown to other voters. When a poll is validly demanded, the result on the poll will override a vote on a show of hands.

Proxy is someone who is authorised to vote on behalf of another person at a meeting (if that person cannot attend the meeting personally). If proxies are allowed, there must be a provision in the organisation’s rules which sets out how proxies operate.

Purposes of an organisation are found in the rules and set out what the organisation has been established to do, and may also identify for whose benefit the organisation operates. An organisation must include its purposes in its rules when it applies for incorporation (this is a new requirement under the AIR Act).

Quorum is the minimum number of people that need to be present at a meeting for that meeting to proceed.

Register is essentially a list, or database, containing information about certain matters, members or documents.

Registrar refers to the Registrar of Incorporated Associations within CAV.

Register of Incorporated Associations is the register which contains information about every incorporated association in Victoria. It is maintained by CAV. Some parts of the register are available on the CAV website, and you may purchase extracts from it about your organisation or others.

Regulations refers to the *Associations Incorporation Reform Regulations 2012 (Vic)*.

Resolution is a decision that is made at a meeting. A resolution is the result of a motion (or an amended motion) put before, and passed by, the meeting.

Rules (or **constitution**) are the governing document of an incorporated association. The rules set out the organisation's purposes and the procedures for running the organisation. An association can choose to adopt the model rules (in Schedule 4 of the *Associations Incorporation Reform Regulations 2012 (Vic)*) or write its own rules (which must be approved by CAV). Every incorporated association must have rules which cover the matters listed in Schedule 1 of the *Associations Incorporation Reform Act 2012 (Vic)*.

Schedule refers to a Schedule (and the items, or paragraphs, within it) of the *Associations Incorporation Reform Act 2012 (Vic)* or the *Associations Incorporation Reform Regulations 2012 (Vic)*.

Simple majority is when more than half (50%) of the people present and voting on a motion at a meeting, must vote for (or "in favour of") passing a resolution.

Special general meeting is a type of general meeting, which is usually convened for a particular reason or purpose. Under the model rules (in Schedule 4 of the *Associations Incorporation Reform Regulations 2012 (Vic)*), any general meeting which is not an "annual" general meeting is a "special" general meeting.

Special resolution is a resolution required for certain decisions such as changing an incorporated association's rules. Special resolutions must be passed in accordance with the procedures in section 64 of the *Associations Incorporation Reform Act 2012 (Vic)*. This requires at least 21 days notice to be given to members. To pass the special resolution at least three quarters (75%) of members who are entitled to vote, and who actually *do* vote at the meeting (either in person or by proxy, if allowed), must

vote in favour of the resolution. (This can be contrasted with a resolution passed by simple majority, which only requires more than 50%.) Special resolutions are required by the *Associations Incorporation Reform Act 2012* (Vic) when an organisation makes certain important decisions, such as changing its name, rules or purposes; amalgamating with one or more other organisations; winding up the organisation voluntarily or seeking cancellation by CAV.

Statutory duties are responsibilities which are set out in particular legislation. For example, the members of the committee and office holders of an incorporated association have statutory duties (relating to how they make decisions about the running of the organisation) under the *Associations Incorporation Reform Act 2012* (Vic). (Contrast this with responsibilities that arise because of common law (judge-made law), such as “fiduciary duties”.)

Statutory manager is a person who is appointed to take over the running of an incorporated association if there are concerns about how the organisation is being managed. CAV can apply to the Magistrates Court to appoint a statutory manager. A statutory manager can be appointed if it is in the interests of the organisation’s members, its creditors (those who the organisation owes money to), or the public to do so. This provision was introduced in 2009.

Tier one association is an incorporated association that has a total yearly revenue (or income) of less than \$250,000, (or an association declared to be tier one by CAV).

Tier two association is an incorporated association that has a total yearly revenue (or income) of between \$250,000 and \$1 million, (or an association declared to be tier two by CAV).

Tier three association is an incorporated association that has a total yearly revenue (or income) of greater than \$1 million, (or an association declared to be tier three by CAV).

Wind up or **winding up** refers to the ending of an incorporated association – this can be done voluntarily by the organisation, or, in certain circumstances, by a court or CAV. When an incorporated association is wound up, it ceases to exist.

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