

Guide to Model Neighbourhood House Constitution (November 2020)

This Guide has been produced as a companion document to assist Association Boards and management to customise the Model Constitution and/or to modernise their Constitution and reflect good governance practices.

This Model Constitution is designed to be supported by a number of Policies and Procedures including (and not limited to): Membership; Life Membership; Financial Management; Payment Authorisation; Delegations; Fit and Proper Person; Board Code of Conduct; Conflict of Interest and Sub-committees.

Any Constitutional reviews or updates undertaken by Houses should ensure any changes meet the requirements of funding bodies and funding agreements. For example, some funding agreements may have minimum requirements in regard to governance, such as the minimum number of Board meetings; or the representation of people who live and/or work in the catchment area of the House.

The Model is based on a Board of Governance and not a Committee of Management – please refer to the Resource *‘Handbook for Neighbourhood House Boards’* which provides more details to support the Constitution.

The Constitution reflects the purpose of Houses to meet the needs and improve the circumstances of people who are experiencing and/or are at risk of poverty, distress, neglect, abuse and/or disadvantage. The Model also acknowledges that Houses operate within a Community Development Framework.

The Table below lists every Rule in the Constitution; highlights any aspect of the Rule that your House needs to consider and change if required; and provides prompts for you to change and customise the Model to reflect the needs of your Association.

Please note: The information provided in this template is of a general nature and does not consider the specific context or needs of an individual House. You should consider whether the information is appropriate to your needs and seek advice from a relevant professional where required.

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Should you require any additional assistance, clarification or guidance in regard to reviewing and updating your current Constitution, please contact Neighbourhood Houses Tasmania on phone 62 28 6515.

Rule	Issue	Considerations	Action or decision
1. Name of the Association			Insert name of Association
2. Interpretation	<p>Financial year</p> <p>Options include: calendar year; 1st July to 30th June; a different 12 month period to be nominated by the Association</p>	<p>Determining the financial year that best suits the Association. Considerations include: the desired month for the Annual General Meeting; tax return and reporting (if applicable); access to and/or issues for auditor; aligning workload with the activities of the House.</p>	<p>Decide on the financial year</p>
3. Association's Office		<p>If the address of the Association changes at any time, this Rule will need to be changed</p>	<p>Insert physical address of the Association</p>
4. Objects, Purposes and Not-for-Profit status of the Association	<p>Purpose</p>	<p>Check the draft purpose to ensure it is appropriate and accurate for your Association</p> <p>Another example of the purpose and objects of a House as detailed in the Constitution of the West Moonah Community House are provided below. Thank you to West Moonah for sharing this information with the Network.</p> <p>The Purpose of the Association is to build a community which supports the needs of families with children and individuals of all ages, ethnicities, genders, religions and</p>	<p>Insert Association name</p> <p>Modify draft purpose if required</p>

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		<p>sexual orientations in West Moonah through the establishment and operation of a community house to:</p> <ul style="list-style-type: none"> a) Provide quality community services and activities which enhance the quality of life and social well-being of members of the community; b) Foster a strong sense of community spirit, c) Provide a place where people find encouragement, support and information, and share skills, knowledge, time and resources, d) Provide direct relief and support to people affected by poverty, distress and other disadvantage and provide practical immediate assistance and direct referral to access appropriate agencies for counselling and further support, e) Actively support people to rebuild their personal resilience, f) Support and/or undertake community development. <p>The basic objectives are;</p> <ul style="list-style-type: none"> I. to promote and facilitate community based services, self-help and local management; II. to promote and facilitate the integration of community services and activities within the community and to assist them where appropriate; III. to make available a venue and resources for specific groups within the community and to assist them to achieve their objectives where appropriate; IV. to provide a friendly, non-threatening, accessible 	
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		environment for members of the community.	
	Objects	<p>The objects have been drafted to reflect the aim and commitment of Houses to reduce poverty and hardship and build the capacity of participants to do this. This is to demonstrate the primary intent of what Houses do and how they do it – supporting and assisting vulnerable people</p> <p>Houses generally promote a community development model which is inclusive and welcomes all community members</p> <p>If the Association seeks tax deductibility for donations registration with the Tax Office (as a Public Benevolent Institution) the House would need to demonstrate they exclusively provide services that relieve poverty and hardship</p> <p>If the Association cannot demonstrate a total focus on reliving poverty and hardship and/or the Association clearly welcomes and provides services and support to people who are not experiencing poverty or hardship the likelihood of obtaining tax deductibility for donations is very difficult</p>	<p>Insert Association name</p> <p>The Association needs to decide how it wishes to describe itself in relation to objects – exclusively relieving poverty and/or inclusive community development</p> <p>Modify draft objects if required</p>

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		<p>A House may be able to obtain tax deductibility status if it provided fee-for-service activities to the broader community if the funds are generated to deliver services and support that reduces poverty and hardship.</p> <p>Please note object (c) fee-for-service – which enables Houses to provide goods and services to the broader community and through the community development model whereby the proceeds are used for the primary object of relieving poverty, hardship, distress and disadvantage</p>	
5. Membership of the Association	Process of becoming a member	<p>What documentation is needed and what is the process for a person becoming a member of the Association</p> <p>The Association needs to consider any reasons why a person may not be able to become a member (conflicts of interest). Examples may include staff may not be able to be a member; direct family members of staff may not be eligible for membership</p>	<p>Need a Membership Policy and Procedure and templates to support the process of a person becoming a member of the Association</p>
	Member register	<p>There is a requirement to maintain a member register</p>	<p>Need a Member Register procedure and to delegate responsibility to maintain it</p>

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	<p>Member voting rights</p>	<p>Need to consider when a new member becomes eligible to vote</p> <p>This model provides a 3 month qualifying period before a new member is entered on the member register – the new member is not able to vote at an Annual General or Special General meeting until the 3 months has elapsed and they are entered on to the member register</p> <p>A new member approved by the Board may be nominated for the Board or be co-opted to the Board during the qualifying period (where they are not eligible to vote at a General Meeting)</p> <p>There is an option of having a qualifying period for a different period</p> <p>This qualifying period is to stop a number of people becoming members in the week of the Annual or Special General Meeting and then being able to ‘stack’ votes for a decision or an election</p>	<p>If you wish to have a qualifying period for a different period to 3 months, you will need to change this rule accordingly</p>
	<p>Life membership</p>	<p>This is optional – if the Association does not want to award life memberships</p>	<p>Decide if the Association wishes to have life members</p>

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			If yes, need a Life Member Policy and Procedure
6. Liability of members	Limiting the financial liability of members	<p>There is capacity to limit the requirement of members to contribute financially to the wind-up of the Association</p> <p>The Department of Justice suggest \$ 10.00</p> <p>The Model Constitution propose the annual membership fee, so that an actual figure that may date is not included</p> <p>There is an option for your Association to nominate an actual figure if you prefer</p> <p>Some Associations have a figure of \$ 2.00</p>	Need to determine the financial limit a member is liable for if the Association is wound up
7. Income and property of the Association		<p>Members cannot be paid unless it is for goods or services they have provided, and this must be no more than accepted market rates</p> <p>No provision has been made for Board members or sub-committee members to undertake their roles -- other than re-imburement of expenses</p>	
8. Accounts of receipts and expenditure		This rule refers to account keeping records and access to these records	Need to ensure the detail of how these

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		<p>This rule delegates these roles and functions to the Treasurer or an alternative detailed in the Delegations Policy</p>	<p>processes occur is documented in Financial Management Policies and Procedures</p> <p>Need to confirm the Treasurer and/or detail and alternative in the Delegations Policy</p>
9. Banking and finance	Treasurer	<p>This rule refers to account keeping records and access to these records</p> <p>This rule delegates these roles and functions to the Treasurer or an alternative detailed in the Delegations Policy</p>	<p>Need to ensure the detail of how these processes occur is documented in Financial Policies and Procedures</p> <p>Need to confirm the Treasurer and/or detail and alternative in the Delegations Policy</p>
	Payments	<p>This rule limits account payments and financial transfers that can be undertaken by an individual to \$ 20. Any payment above \$ 20 must be by cheque or electronic transfer requiring 2 signatures</p> <p>This does not mean the Board must approve every individual transaction – approval is granted for a</p>	<p>Determine the limit of account payments and funds transfers that do not require Board approval</p> <p>Need to ensure the</p>

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		<p>number of financial transactions through approval of the budget – for example, when the budget to provide Friday Community lunches is approved, the Board are authorising the purchase of food for the year, up to the amount detailed in the budget</p> <p>This is good practice and encouraged</p> <p>If Associations have different authorities, they should be detailed in policies and procedures and this section of the Constitution modified to reflect the Associations practices</p> <p>The Association should have a requirement that all financial transactions over the \$ 20 or designated limit require 2 signatures to authorise payments or transfers – and these authorities need to be either two Board members or a Board member and a staff member – good governance would not allow approval of financial transactions by 2 staff members</p>	<p>detail of how these processes occur is documented in Payment Authorisation Policy and the Delegations Policy and Procedures</p> <p>The Delegations Policy and Procedures should also include Grants – where there is a requirement for management to inform and/or seek approval from the Board to ally for grants above a certain value for designated or changed purposes where the Board needs transparency of decisions and direction</p>
10. Auditor	Limiting the term of the auditor	<p>Some Associations place a limit on the length of time the same auditor can audit the organisation</p> <p>This is to ensure that fresh eyes check the</p>	Need to decide if the Association wishes to place a maximum period in which the same

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		<p>Association from time-to-time and to prevent the auditor from getting too close or familiar with the Association</p> <p>It is also important that the auditor has a length of tenure that enables them to understand the organisation and how it operates</p> <p>Some Associations require that the auditor must be changed after a period of 8 to 10 years</p>	auditor can undertake the audits
11.	Audit of accounts	<p>Need to determine which position is responsible for providing information to the auditor</p> <p>This rule delegates these roles and functions to the Treasurer or an alternative detailed in the Delegations Policy</p>	Need to confirm the Treasurer and/or detail and alternative in the Delegations Policy
12. Exemptions under the Act	Exemption for audit	Core funding requires the Associations finances to be audited	No action required
13. Annual general meetings 14. Special general meetings	Minute book	The constitution requires that a minute book be kept containing all minutes of Annual and Special General Meetings	Need to ensure policies and procedures manage and maintain a minute book and the historic meeting details of the Association
15. Notices of general meetings	Notice period	The notice period to advise members of general meetings (Annual and Special) being held is 14 days.	Need to change notice period if a period other

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		<p>There are options to change this – for example, some associations have a 21-day or 28-day notice period</p>	<p>than 14 days is required</p> <p>Determine period of notice if not 14 days</p>
	Public officer	<p>The Model Constitution delegates the role of advising members of general meetings to the Public Officer</p> <p>This rule delegates these roles and functions to the Public Officer or an alternative detailed in the Delegations Policy</p>	<p>Need to confirm the Public Officer and/or detail and alternative in the Delegations Policy</p>
16. Business and quorum at general meetings	Quorum	<p>Some Constitutions nominate a specific number as a minimum required as a quorum for a meeting</p> <p>This can cause difficulty if the number of members decrease and it becomes difficult to achieve a quorum – particularly if the number of members is low</p> <p>Also it can be difficult to achieve a ‘percentage-based quorum’ if there are a large number of members – for example if 51% of 100 members were required for a General Meeting, it may be difficult to get 51 members to attend the meeting</p>	<p>Determine the number of members required for a quorum to be included in the Constitution</p>

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		<p>This rule has been written to provide 2 methods of determining the quorum – an actual number and a proportion of members, whichever is the lower</p> <p>The number of members has been nominated as 10 – which can be changed if there is a more appropriate number for your Association</p>	
17. Chairperson at general meetings		In the event that an Association has 2 vice presidents – a senior and a junior, Rule 17 (c) needs to be modified to include both vice presidents	
18. Adjournment of meetings			No action required
19. Determination of questions arising at general meetings		<p>In the event that the Association requires certain voting processes, these should be prescribed here</p> <p>For example, an Association may prescribe that Constitutional changes or election of office bearers must be by secret ballot</p>	
20. Votes	Equal votes	<p>This Model Constitution determines that in the event of an equal number of votes, the motion or resolution is lost.</p> <p>Some Constitutions provide the Chairperson with a casting vote where the number of votes are equal. A casting vote can put a Chairperson in an awkward position if they are seen to choose between half</p>	

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		<p>those voting above the other half. A casting vote can also give a Chairperson power to support certain individuals and/or exercise bias</p> <p>If an Association prefers to have an alternative method of resolving an equal vote, options for consideration include tossing a coin or drawing out of a hat</p>	
	Proxy voting	<p>Proxy votes are not permitted – members must attend in person to have their vote(s) lodged</p> <p>Voting in person ensures that members are fully in control of their own vote and that those voting are informed to vote having heard and/or participated in the discussion at the meeting. Voting in person is consistent with the community development model applied to the governance of the Association</p>	
21. Taking a poll 22. When a poll is taken			No action required
23. Affairs of the Association to be managed by a Board		<p>Please note the change in language/terminology for some Associations where the management is proposed through a Board rather than a Committee of Management</p> <p>The Board Model reflects the strategic role and</p>	No action required

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		<p>governance arrangements of an Association that employs staff</p> <p>A Committee of Management is more appropriate where the Association does not employ staff and the Committee members are more 'hands-on' in the day-to-day operations of the organisation</p> <p>More details regarding the role of the Board and other differences between Boards and Management Committees is available in the Resource '<i>Handbook for Neighbourhood House Boards</i>'</p>	
24. Officers of the Association	Office bearers	<p>The Model Constitution proposes one vice-president</p> <p>Some Associations have 2 vice-presidents and if so need to modify this rule accordingly</p> <p>The Model Constitution does not include the Public Officer as an office bearer</p> <p>If you include the Public Officer as an office bearer, this section needs to be modified accordingly</p>	Include 2 vice-president positions if this is the structure of your Association
	Limits on term and roles	The Model Constitution proposes limits on the	Determine length of

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		<p>number of years that a member can consecutively serve on the Board and the number of years that can be served in any officer role</p> <p>This is to ensure there is turnover on the Board and in positions to provide opportunities for succession and new people to join the Board</p>	<p>service required</p>
<p>25. Constitution of the Board</p>	<p>Ordinary Board members</p>	<p>The Model Constitution provides 5 positions for Board members who are not office bearers</p> <p>5 has been selected add resources, skills and capacity to those of the officer bearers</p> <p>Depending on the size of the Association, there is scope to increase or decrease the number of ordinary Board members</p> <p>The Model Constitution provides for a maximum term of 10 consecutive years for ordinary Board members to ensure turnover, renewal and succession</p> <p>The Model Constitution also provides for the Board to co-opt up to 3 additional ordinary Board members</p>	<p>If you co-opt a board member you can take out voting rights if you prefer</p>

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		<p>The Board has discretion regarding voting rights of the co-opted members</p> <p>Co-opted ordinary Board members have voting rights which value their contribution and greater accountability to do best possible for the House</p> <p>Provision is also made for Boards to allow observers</p> <p>One of the reasons for allowing observers is to enable potential Board members and/or members being developed for Board positions to have access to Board meetings as part of the development process</p>	
26. Election of Members of Board	Nomination process	The Public Officer has been nominated as the receiver of Board member nomination or an alternative detailed in the Delegations Policy	Need to confirm the Public Officer and/or detail and alternative in the Delegations Policy
	Public Officer	<p>The role of Public Officer has specific legal responsibilities and therefore should be an appointment with the background and experience to undertake this role</p> <p>The Model Constitution has nominated the Board to appoint the Public Officer</p>	Decide on the process of appointing the Public Officer and modify the Constitution if required

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		<p>Some Associations elect the Public Officer at the Annual General Meeting</p> <p>If your Association has and wishes to continue this practice the Constitution needs to be modified accordingly</p>	
27. Vacation of office		<p>A Board member is removed if they do not attend 3 consecutive meetings without the permission of the Board; becomes convicted of a serious crime; has their certification of working with vulnerable people revoked – along with other circumstances</p> <p>Your Association needs to understand and be comfortable with these requirements - some Associations do not wish to remove a Board member if they miss 3 meetings</p> <p>Some of these items require policy definitions to provide additional detail and processes – such as what is a serious crime and the responsibility to inform the Association if working with vulnerable people certification is revoked</p>	<p>Need to ensure the detail of how these processes occur is documented in Fit and Proper Person Policies and Procedures and/or Board Code of Conduct document</p>
28. Meetings of Board		<p>Some Constitutions require monthly Board meetings which can be restrictive and remove flexibility to accommodate public holidays and</p>	

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		<p>Christmas</p> <p>Board meetings are proposed as a minimum of 10 per year to ensure Boards meet regularly with some flexibility</p> <p>Board meeting requirements mirror principles in General meetings – quorum; determining equal votes as a resolution being lost and so on</p> <p>There are requirements of written notice of Board meetings (and sub-committee meetings) – which can be satisfied by producing an annual calendar of meetings and/or including next meeting details in Board meeting/sub-committee minutes</p> <p>Some Boards have ‘in-camera sessions’ (Board only time) before or after Board meetings where staff and management do not attend</p> <p>This should be scheduled with every Board meeting so management and staff see this as a normal process</p> <p>Board only time is a demonstration of the strategic role of Board members and regulates time where the Board can discuss relevant strategic and</p>	
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		<p>Association issues separate from management</p> <p>Board only time values the role of Board members and represents 'good governance' practices - management need not feel nervous or threatened by Board only time nor should Boards discuss issues in Board only time where management should be present for that discussion</p> <p>This enables open strategic discussion and good governance</p> <p>Inclusion of 'Board only time'</p>	
<p>29. Disclosure of interests</p>		<p>This is an area which requires consideration in policy and procedures</p> <p>Board members may be in a conflict of interest situation for a number of reasons, such as, involvement of family members in the House; multiple roles including member, Board member, volunteer, participant; financial relationships such as paid clearer, landlady/landlord and so on</p> <p>In some cases, these relationships are so long standing they are not consciously considered as a potential conflict</p>	<p>Need to ensure the detail of disclosing and managing interests in a Conflict of Interest Policies and Procedures</p>

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		Policies and procedures are required to actively identify and manage any actual or perceived conflicts of interest	
30. Subcommittees		<p>There will be circumstances where subcommittees should be established, for example, to oversee a project which attracts significant funding, risk and/or complexity; or an important function of the Board requiring specific expertise and strategic management</p> <p>Policies and procedures should prescribe where subcommittees must be established and the scope and structure of these subcommittees – for example, such a policy may prescribe the president, treasurer or other office bearers must be on the subcommittee and in some cases may be appointed as the chairperson or convenor of the subcommittee</p>	<p>Need to detail the circumstances when subcommittees must be established in</p> <p>Subcommittee Policies and Procedures</p>
31. Executive committee		There may be other office bearers the Association wishes to include on the executive committee	Check if other office positions need to be included on the executive committee and if so, modify the Constitution accordingly
32. Annual subscription			No action required

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33. Service of notices and requisitions			No action required?
34. Expulsion of members			No action required
35. Appeals			No action required
36. Disputes			No action required
37. Not-for-profit			No action required
38. Winding up	Tax deductibility status	<p>The Model Constitution has been written to support requirements of Associations who have tax deductibility for donations status where the Association must all assets and funds that have obtained as tax deductible gifts must be transferred to another organisation that also has tax deductibility for donations status</p> <p>If you Association does not have and/or does not intend to seek tax deductibility for donations status, there is an option to modify this rule as follows:</p> <p>38. Winding up</p> <p>On winding up of the Association, the assets and amount which remains after winding up and the satisfaction of all debts and liabilities shall be handed over to an organisation which has similar objects and which is approved by the Commissioner of Taxation and the Commissioner of the Australian Charities and Not-for-profit Commission. All</p>	Determine if the Association has or may seek tax deductibility for donations status and decide the relevance of this Rule

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		Government monies required to be returned to appropriate Government Departments are to be returned.	
39. Seal of Association		<p>On most legal document the Seal is not required, although in some cases it may be requested</p> <p>This provision has been included in the Model Constitution</p>	If the Association does not have a Seal then consideration should be given to getting one made
40. Constitution		<p>Please note the increased majority required for Constitutional changes</p> <p>Provision for the Association to adopt By-laws – which is particularly relevant for those Houses that currently have By-laws</p> <p>This is not a recommendation for Houses to adopt By-laws if they do not currently have them</p> <p>The need for additional processes and practices to support the Constitution can adequately be covered in policies and procedures</p>	