

Rotary Clubs Incorporated in Victoria

9 issues for your consideration

1. The *Associations Incorporation Reform Act 2012* (new Act) has been designed to update most of the requirements of the previous legislation which has applied since 1981. The old Act (1981) contained 55 sections whereas the new Act has been expanded to 228 sections which gives some idea of the magnitude of the updating process. The new Act has largely been promoted by the Commonwealth on the basis that all Australian incorporated entities should be 'reformed' along lines which will bring them closer to the Commonwealth's Corporations legislation.
 2. Since 26 November 2012, when the new Act came into force, incorporated Rotary clubs have been able to continue operating under their pre 26 November 2012 Rules. However, "if there is any inconsistency between those and any provision of (the new) Act, the provision of (the new) Act prevails (except as provided in schedule 1". In consequence, incorporated Rotary clubs have since 26 November 2012 been operating under Rules which have been considerably altered without the members voting in any of the alterations.
 3. Nothing has occurred over the period since 26 November 2012 which should cause the members of any incorporated Rotary club in Victoria to have concerns. However other incorporated associations have needed sound legal advice to acquaint them with the need to do a wide range of things in ways their Rules did not provide for and their members had not previously contemplated.
 4. The appropriate time has now arrived when all incorporated Rotary clubs in Victoria should amend their Rules to comply with the new legislation. The longer this is delayed the greater is the chance that clubs will inadvertently blunder into situations that cause difficulties and possibly financial loss because those clubs have followed outdated Rules that have ceased to be reliable.
 5. In preparing new Rules to comply with the new Act, professional assistance should be obtained. There are many reasons for this. One reason is that the new Act frequently sets out the goals it requires incorporated associations to achieve but leaves it up to the individual clubs to determine what provisions they should include in their Rules to reach those goals.
- If a club selects provisions which are unlikely to achieve the goals provided or provisions that the courts are more likely to reject than to accept, the result may well be to the club's considerable disadvantage. The new Rules need to be flexible in order to cope with whatever gloss the courts place on the new Act's provisions.
6. McKean Park has been working since December 2012, firstly in notifying Rotary International (**RI**) in both Chicago and Parramatta of the potential conflicts between Rotary's Standard Rotary Club Constitution (**SRCC**) and Recommended Rotary Club Bylaws (**RRCBB**) provisions and the requirements of the new Act. Secondly we have negotiated for many months with RI as to what changes RI must make to the text of the SRCC in order to comply with the new Act. The Council on Legislation (**COL**) amendments and later RI's complete revision of the RRCB were then added. Thirdly it has been our task to take that document to the Department of Justice (Consumer Affairs Victoria) in order to obtain its approval. I must add that RI in both Chicago and Parramatta responded magnificently as did CAV making the task much easier than it might otherwise have been.
 7. The new Rules clearly reflect the reforms the new Act is attempting to achieve and no doubt district governance officers and others will be advising the directors of clubs as to their legal obligations under the new Act. The general thrust of the legislation is quite different to what has gone on before.
 8. In order for a Rotary club incorporated in Victoria to adopt the new Rules the adoption should be carried out at a selected weekly meeting by constituting a few minutes of that weekly meeting to be a Special General Meeting. In my view the adoption of new Rules should not occur at the Annual General Meeting but should pre-date it. A 21 days notice must be given to all members (other than honorary members) together with a copy of the motions to be put at that meeting and copies of the proposed Rules and Bylaws.

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9. Rotary Clubs who are, for any reason unable or unwilling to amend their Rules to comply with the new Act on or before 26 November 2013 should not be unduly concerned. The lodging fee will increase from \$75.20 to \$160.50 but beyond that their existing Rules remain applicable and the Annual General Meeting can still be held but subject to the proviso I have referred to in paragraph 2. It follows that Rules should be amended as soon as possible but the situation of incorporated clubs who do not make that amendment will be the same after 26 November as it was before.

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