

## Background & Rationale

During 2017 the PESA Board worked very closely with Social Ventures Australia (SVA) to develop a new strategic plan.

Effective governance will be a critical factor in ensuring the successful implementation of PESA's strategic plan and achievement of its vision and mission. Accordingly, a key recommendation that arose from this process was a modification of the PESA Board structure.

Currently, the Constitution provides for a maximum of 11 Member-elected directors, each of whom may hold office for no more than 2 consecutive terms of 3 years. The new strategic plan envisages Board composition of 6 member-elected directors, and 5 co-opted directors.

As PESA moves to the next phase of its journey, all members of the Board are of the view that a Board comprised of directors with a greater diversity of skills is not only desirable, but prudent.

Historically, PESA directors have predominantly been school leaders and educators. It is the Board's intention that the proposed changes to the PESA Constitution will provide the Board with an opportunity to recruit directors who will bring to the Board skills in such areas as:

- Not-for-profit management and governance
- Educational policy development
- Commercial, strategy and business development (assumed to include financial acumen)
- Marketing and promotion
- Engagement with philanthropy
- Mental health promotion
- Academic qualifications in a relevant field, preferably a Masters of Applied Positive Psychology

It will also allow the Board to orchestrate a more diverse representation of schools from across the government, independent and religious-affiliated sectors, which in turn will more accurately reflect the diversity of our membership base.

The proposed changes to the Constitution envisage formation of a Governance Nominations Committee (a Board sub-committee) which would be charged with the task of identifying and nominating appropriate candidates for election as co-opted directors.

The recommendations proposed draw on principles and guidelines established by AICD, Governance Institute of Australia, and ACNC for effective governance of non-profit organisations.

The Board is of the view that these changes reflect governance best practice, and will benefit our members through enhanced efficacy, more diverse sector representation and a broader range of skills and expertise at the Board level.

As the PESA Constitution was formalised in 2013, there are a number of additional amendments which are necessary or desirable to bring it into line with new laws, PESA's current membership structures, our updated vision and mission, and current corporate practices.

### Proposed amendments – overview

A number of amendments have been made owing to administrative convenience, improved, clearer drafting and updated references to relevant laws. We have set out below only those amendments which alter the current PESA Constitution in a material or fundamental way.

Existing Article No.	New Article No.	Comments
2 and 3		Essentially, these are drafting improvements and effect no practical fundamental changes.
	4	Added to confirm the not-for-profit nature of PESA and the limited circumstances in which payments may be made to Members.
5 MEMBERSHIP	6, 7, 8, 9, Schedule 2	Principal changes are: <ul style="list-style-type: none"> <li>• A more generic membership nomination procedure and removes reference to procedure set out in Schedule 3, which has been superseded.</li> <li>• Alteration in membership approval procedure, permitting the Secretary to accept or reject nominations, rather than this being a primary Board function.</li> <li>• Alteration to the dates specified for payment of membership fees. The changes now provide for fees to be paid on the anniversary of the date each member joined PESA rather than on arbitrary dates previously specified.</li> <li>• Replacement of the article specifying membership fees (eg. \$40 for individual members) with a clause allowing the Board to determine fees.</li> <li>• Addition of a clause providing memberships are not transferrable without the consent of the Secretary</li> <li>• Addition of a clause permitting PESA to keep membership records within a database, rather than as a hard copy</li> </ul>

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Existing Article No.	New Article No.	Comments
		<ul style="list-style-type: none"> <li>• Article 5.6 has been replaced with article 8, which simplifies the member resignation process which previously required 30 days' notice of resignation.</li> <li>• Membership fees and class rights have been updated in Schedule 2</li> </ul>
6  GENERAL MEETINGS	10	<p>Some provisions were historical and required only at the time of establishment of the Association and are now obsolete, so have been removed.</p> <p>The provision regarding a member requisitioned AGM has been altered – previously only 2 members were needed to make a requisition. This is now 25% of the membership. This applies to all general meetings.</p>
8  APPOINTING DIRECTORS	12	<p>These provisions have been materially amended, and now provide:</p> <ul style="list-style-type: none"> <li>• An altered Board composition of 6 member-elected directors, and 5 co-opted directors (rather than the current 11 member-elected directors structure).</li> <li>• The Board must at all times be comprised of a majority of member-elected directors.</li> <li>• The Board may authorise up to 11 member-elected directors if it is not possible or practical to fill all 5 co-opted positions, or it may reserve a number of positions awaiting appropriate nominations.</li> <li>• The procedure for appointment of member-elected directors is unchanged.</li> <li>• A new procedure for nomination of co-opted directors has been established, whereby a Governance Nominations Committee will nominate appropriate candidates, having regard to the nominees' skills and experience required to maintain a balanced and cohesive Board including:</li> </ul>

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Existing Article No.	New Article No.	Comments
		<ul style="list-style-type: none"> <li>○ Not-for-profit management and governance</li> <li>○ Educational policy development</li> <li>○ Commercial, strategy and business development (assumed to include financial acumen)</li> <li>○ Marketing and promotion</li> <li>○ Engagement with philanthropy</li> <li>○ Mental health promotion</li> <li>○ Academic qualifications in a relevant field, preferably a Masters of Applied Positive Psychology</li> </ul> <ul style="list-style-type: none"> <li>● The GNC will comprise at least 3 current directors, including the Chair and Vice-Chair.</li> <li>● The Board may accept or veto recommendations of the GNC.</li> <li>● Directors may now serve 3 consecutive terms, rather than 2 as previously specified.</li> </ul>
9 BOARD MEETINGS	13	<p>The noteworthy amendments are:</p> <ul style="list-style-type: none"> <li>● The Board may transact business at Board meetings which may not be specified in the notice of meeting (which specifies the general nature of the business to be transacted at the meeting), and which previously disallowed the Board from transacting any other business except that which the Directors present at the meeting unanimously agreed to treat as urgent business.</li> <li>● Written resolutions now include emailed resolutions, whereas previously a hard copy, signed resolution was required.</li> </ul>
	18	<p>These provisions clarify the process that will be undertaken to determine how any surplus assets will be dealt with if PESA ever ceases to operate.</p>

The Board seeks approval of all amendments, as incorporated in the attached Constitution dated February 2018.